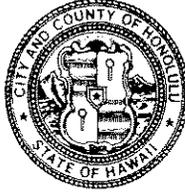


DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov

MUFI HANNEMANN
MAYOR



MARY PATRICIA WATERHOUSE
DIRECTOR

MARK K. OTO
DEPUTY DIRECTOR

December 23, 2008

The Honorable Todd K. Apo, Chair
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

RECEIVED
DEC 29 3 10 AM '08
CITY CLERK
HONOLULU, HAWAII

Dear Chair Apo and Councilmembers:

Resolution 08-156 urging the Department of Budget and Fiscal Services (BFS) to establish procedures to permit the use of credit and debit cards for payment of real property tax assessments included a provision for BFS to submit a report to the council no later than December 31, 2008 that details:

- 1) The progress made to establish procedures to permit the use of credit and debit cards for payment of real property tax assessments;
- 2) Whether legislation is needed to establish fees to defray the cost of administering the program; and
- 3) Any other changes to the Revised Ordinances of Honolulu that may be required to implement the program.

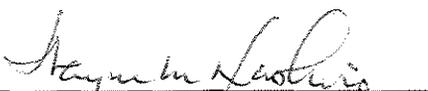
You will find our report attached. Please call me at 768-3901 if you have any questions.

Sincerely,


Mary Pat Waterhouse, Director
Department of Budget and Fiscal Services

MPW:est

APPROVED:


Wayne M. Hashiro, P.E.
Managing Director

cc: Office of the Mayor

DEPT. COM. 874

**REPORT TO THE HONOLULU CITY COUNCIL
REGARDING RESOLUTION 08-156
DECEMBER 23, 2008**

Resolution 08-156: Urging the Department of Budget and Fiscal Services to Establish Procedures to Permit the Use of Credit and Debit Cards for Payment of Real Property Tax Assessments.

- 1) The progress made to establish procedures to permit the use of credit and debit cards for payment of real property tax assessments.**

The Budget and Fiscal Services Director believes there are more efficient and cost effective alternatives to the use of credit and debit cards for the payment of real property tax assessments. Most (if not all) financial institutions offer online and telephone bill payment services at no cost. Taxpayers would be afforded comparable convenience to paying their real property taxes by card on a City sponsored website free of charge and the City would save on administrative costs by avoiding the need to develop, implement and administer procedures for a new payment source. In contrast, the City would probably engage a third party service provider to administer payments by card. Such a provider would charge a convenience fee of, on average, 2.49%, not including any City administrative costs, of the payment amount. That convenience fee would either be passed on to the taxpayer or absorbed by the City.

- 2) Whether legislation is needed to establish fees to defray the cost of administering the program.**

Legislation is not needed to establish fees to defray the cost of administering the program. Under Section 2-4.2(b)(4) of the Revised Ordinances of Honolulu, 1990, as amended (ROH), the Director of Budget and Fiscal Services is authorized to establish convenience and service fees for electronic payments by adopting departmental rules. The Rules and Regulations of the Department of Budget and Fiscal Services, Subtitle 3, Chapter 12, "Electronic Transaction Convenience Fee," were adopted on October 19, 2000.

- 3) Any other changes to the Revised Ordinances of Honolulu that may be required to implement the program.**

Implementation of the program, notwithstanding the Budget and Fiscal Services Director's determination, would require amending Section 2-4.2(b)(3) of the Revised Ordinances of Honolulu (ROH), 1990, as amended, to exclude real property taxes and ROH Chapter 8 to require the acceptance of credit and debit cards for the payment of real property taxes.