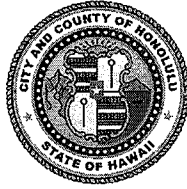


DEPARTMENT OF BUDGET AND FISCAL SERVICES
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March 1, 2022

The Honorable Calvin Say, Chair
and Members
Committee on Budget
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Say and Councilmembers:

SUBJECT: Bill 9 (2022) – Relating to Real Property Taxation

The Department of Budget and Fiscal Services (BFS) shares its concerns on Bill 9 which seeks to create a supplemental empty homes tax in Chapter 8 of the Revised Ordinances of Honolulu.

BFS' Real Property Assessment Division (RPAD) administers and enforces Chapter 8 as the real property tax assessment and valuation division of the Administration. As currently staffed and configured, RPAD is not a property management agency and does not have the expertise, staffing, nor the needed resources, to properly implement and administer Bill 9.

Based on recent discussions with staff from the City of Vancouver, British Columbia, and information contained in the 2020 University of California Los Angeles Luskin School of Public Affairs for the Mayor's Office of Housing (HOU), BFS recommends the City and County of Honolulu ("City") issue a Request for Information (RFI) solicitation for a study to determine the following:

- Fiscal impact to the City's finances, and necessary City resources including, but not limited to, staffing, office space, office equipment, programming software, and vehicles;
- The appropriateness of creating a separate division within BFS to properly administer and enforce the requirements of Bill 9;
- Recommended community engagement, communications and strategic planning to implement an effective vacant homes program; and

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and Members
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- A realistic time-frame for the City to achieve the necessary resource capacity to successfully implement and enforce the requirements of Bill 9.

Finally, there is concern regarding the appropriate supplemental tax rate which best balances the City's desire to curb the proliferation of vacant homes while generating revenue for affordable housing.

Please call me at 768-3901 if you have any questions.

Sincerely,



Andrew T. Kawano, Director
Budget and Fiscal Services

APPROVED:



Michael D. Formby
Managing Director