

ORPTAC Testimony

4/7/22 Meeting

TO: Members of the Oahu Real Property Tax Advisory Commission

FROM: Natalie Iwasa, CPA, CFE, 808-395-3233
Former Commissioner 2011 and 2019 ORPTACs

RE: Existing Credits and Exemptions

DATE: Thursday, April 7, 2022

Aloha Commissioners,

Thank you for allowing testimony for this meeting and for laying recommendations out by ROH Section.

Sec. 10.4 Homes. The exemption for homeowners does not apply equally to all residential properties, i.e., landlords who provide homes to renters are not provided any tax benefit under this section.

Renters make up more than 40% of our island's population. Some of them receive assistance via Section 8 housing. Others, however, live in homes that fall under Residential A, and those properties have significantly higher taxes than homeowner-occupied homes. As landlords face higher taxes, those costs will be passed on to tenants. That will in turn put downward pressure on the rental market.

Before any additional increases in exemptions are given to homeowners who are fortunate to own their own homes, **please do something about the Residential A classification. The minimum threshold should be increased, to at least \$1.25 million, and then indexed.**

Sec. 10.10 Charitable purposes. I support changing the definition of "charitable" for this section of the ROH. If you ask people what "charitable" means, most will say something similar to what's included as the definition in IRC Sec. 501(c)(3).

Sec. 10.22 Historic residential properties. I support the increase in the minimum tax from \$300 to \$1,000. As I recall, many of the homes that fall under this exemption are assessed at over \$1 million. The tax for those properties would be at least \$3,500, so there would still be a substantial savings to motivate these owners to preserve their properties.

Sec. 10-24 Credit unions. I absolutely support removing this exemption. Since they compete directly with banks, there is no longer any valid reason for giving them a tax break. (See attached ad for one FCU.)

Sec. 10.33 For-profit child care centers. Child care centers may obtain exemption from the IRS under 501(c)(3) as charitable organizations. These types of organizations are required to provide various disclosures to the public in exchange for their tax-favored status. For-profit entities, however, do not have to make such disclosures. They do not have to disclose their financial statements or how much their executives or top employees earn.

For-profit child care centers were put on notice back in 2015 that consideration was being given to removing this exemption and that they could apply for exempt status as charitable organizations if they wanted to continue paying just the minimum tax. **There is no good reason to continue providing this exemption. Please recommend it be repealed.**

A **better** place to bank,
might not be a bank.

Get \$50 Open a Savings, Checking & Debit Card*

www.HawaiiStateFCU.com/promo



**HAWAII
STATE**

FEDERAL CREDIT UNION

always right by you

www.HawaiiStateFCU.com
H/HawaiiStateFCU

Member Service Call Center
Oahu (808) 587-2700
Toll-free: 1 (888) 586-1856

*New (18) opened and purchase transactions with a HFCU debit card within 30 days of checking account opening are required to qualify. Or open a new checking account with a direct deposit within 60 days of account opening. Annual percentage yields as of January 1, 2019, are as follows: Regular Savings: 0.20%, Savings Checking: 0.10%, Checkoff Checking: 0.10%, Relationship Checking: 0.10% for balances up to \$9,999.99, 0.10% for balances \$10,000 to \$24,999.99, 0.15% for balances \$25,000 to \$49,999.99 and 0.20% for balances \$50,000+.

Promot will be made to the savings account within 60 days after opening conditions. APYs and other rates change at any time. Offer applies to new members only. Limit of one per member. Promot subject to 1099 reporting requirements.

Federally insured by NCUA

March 2020

White, George

From: Dayle Olmos <dayle-michiko@hawaii.rr.com>
Sent: Thursday, April 7, 2022 9:31 AM
To: White, George
Subject: Written Testimony Real Property Tax Advisory Commission Meeting 5/7/2022

CAUTION: Email received from an EXTERNAL sender. Please confirm the content is safe prior to opening attachments or links.

Thank you for allowing me to voice my concern today.

As the price of homes have skyrocketed recently, so have our Real Property Tax Assessment. If nothing is done, it will increase everyone's real property tax bill.

This would have a huge impact on local residents already struggling to make ends meet, especially on seniors with a fixed income. Many of our local families have no intention of selling our homes, but are being penalized by the unprecedented rise in our real estate market.

Also, this will put a burden on our already tight rental market. As we know the increase in expenses will eventually be passed down. Rental properties over \$1,000,000 are being pushed into a class A category causing the real property tax rate to increase substantially. In one example that I was given (by the Real Property Tax Assessment office) real property taxes would increase by \$1,000 per year because it got pushed into the class A. Since, the median price for single family homes are over \$1,000,000, the cut off for class A classification needs to be revised.

Please consider measures to keep our real property taxes affordable, especially at this crucial time. Thank you for taking the time in this very serious and important situation.

Dayle Olmos

Sent from my iPad