

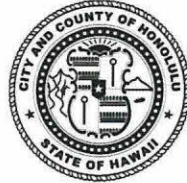
DEPARTMENT OF BUDGET AND FISCAL SERVICES

KA 'OIHANA MĀLAMA MO'OHELU A KĀLĀ

CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813  
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • WEB: www.honolulu.gov

RICK BLANGIARDI  
MAYOR  
MEIA



ANDREW T. KAWANO  
DIRECTOR  
PO'O

CARRIE CASTLE  
DEPUTY DIRECTOR  
HOPE PO'O

July 24, 2023

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

Dear Chair Cordero and Councilmembers:

SUBJECT: Bill 39 (2023) - Relating to Real Property Taxation

The Department of Budget and Fiscal Services ("BFS") is opposed to Bill 39 which proposes 100 percent exemption of assessment value for residential real property located within a one mile radius of, and impacted by, an active operation of a landfill. Please refer to the attached BFS testimony in opposition to HCR 107 HD1 (2023), hearing dated March 28, 2023.

Section 1 of this bill describes larger issues beyond a residential real property exemption. Passage of Bill 39 independent of landfill requirement considerations and the location of the next landfill may further complicate City obligations, operations, and its budgeting process.

To have the impacted residential properties pay minimum or no real property taxes ignores their market value and financial obligation toward core City services and amenities. Other properties experiencing similar adverse influences, also known as an external obsolescence, such as their proximity to waste water processing plants, electrical power plants and towers could also request the same tax relief option to shift their tax burden onto others.

Our interpretation of this bill and resulting fiscal impact of residential properties of the Waimanalo Gulch Sanitary and the PVT Landfills would approximate a \$7.2 million loss in revenue should this program have been in effect for FY24. There are approximately 4,300 residential parcels within the one mile radius of these landfills, and recent sales prices indicate market value of some properties in excess of \$2 million.

DEPT. COM. 555

The Honorable Radiant Cordero, Chair  
and Members  
Committee on Budget  
July 24, 2023  
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Thank you for the opportunity to comment on this matter. Please contact me with any questions at (808) 768-3901.

Sincerely,

  
Andrew T. Kawano, Director  
Budget and Fiscal Services

Attachment

APPROVED:

  
Michael D. Formby  
Managing Director

DEPARTMENT OF BUDGET AND FISCAL SERVICES  
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RICK BLANGIARDI  
MAYOR

ANDREW T. KAWANO  
DIRECTOR

CARRIE CASTLE  
DEPUTY DIRECTOR

March 24, 2023

The Honorable Linda Ichiyama, Chair  
The Honorable Mahina Poepoe, Vice-Chair  
and Members of the Committee on Water and Land  
State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Ichiyama, Vice-Chair Poepoe, and Committee Members:

SUBJECT: Testimony in Opposition to HCR 107 (2023)  
Hearing: Tuesday, March 28, 2023, 9:30 a.m., Room 430, via videoconference

The City and County of Honolulu ("City"), Department of Budget and Fiscal Services ("BFS"), is in opposition to HCR 107. The measure urges the City to exempt from real property taxation the owners of residential units located within one-half mile of an active municipal solid waste landfill, or construction and demolition of a landfill.

The City is tasked with equitably assessing real property within the County. Provisions of real property tax exemptions generally shifts tax burden to taxpayers that do not qualify for the exemption. Furthermore, the City's reliance on the market approach to valuation customarily and objectively resolves environmental impacts on subject property value.

BFS is available for further discussion regarding matters of House Concurrent Resolution 107, Thirty-Second Legislature, 2023.

Sincerely,

A handwritten signature in black ink that reads "A. T. Kawano".

Digitally signed by Kawano,  
Andy  
Date: 2023.03.24 10:41:56  
-10'00'

Andrew T. Kawano, Director  
Budget and Fiscal Services