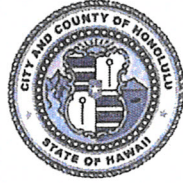


DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
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RICK BLANGIARDI
MAYOR

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DIRECTOR DESIGNATE

KELLI J. NISHIMURA
ACTING DEPUTY DIRECTOR

February 2, 2021

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 31 (2020), CD1

The Department of Budget and Fiscal Services (BFS) is in opposition of Bill 31, which seeks to cap any increase of the assessed value of certain industrial properties at five percent over the previous year's assessed value.

Property characteristics such as the lack of sidewalk maintenance by the City, non-City refuse collection, and the location on non-City owned streets are accounted for during the market analysis of inferior and superior property characteristics relative to the comparable sales. There are many other properties of each classification throughout the City that also lack such City amenities. BFS strives for equity when assessing properties by including these factors in its valuation process. Bill 31 would disrupt Chapter 8 of Revised Ordinances of Honolulu and the mass appraisal methodology causing inequity throughout the real property tax base.

The passage of this bill may also set a precedent and lead to valuation caps of other classifications, which could have serious negative repercussions on the City's fiscal stability, whose budget is heavily reliant on real property tax collection.

Because the City continues to navigate through the pandemic with reduced revenues and higher operating costs, a tax revenue cap in any form would adversely affect the City's ability to maintain its core services for the public.

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The Honorable Calvin Say, Chair
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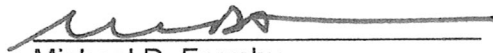
Please call me at 768-3901 if you have any questions.

Sincerely,



Andrew T. Kawano, Director Designate
Budget and Fiscal Services

APPROVED:



Michael D. Formby
Managing Director Designate