

LINDA LINGLE  
GOVERNOR

JAMES R. AIONA, JR.  
LT. GOVERNOR



KURT KAWAFUCHI  
DIRECTOR OF TAXATION

STANLEY SHIRAKI  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF TAXATION  
P.O. BOX 259  
HONOLULU, HAWAII 96809

PHONE NO: (808) 587-1510  
FAX NO: (808) 587-1560

**HOUSE COMMITTEE ON FINANCE  
TESTIMONY REGARDING HB 2171  
RELATING TO CONVEYANCE TAX**

**TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)**

**DATE: FEBRUARY 23, 2010**

**TIME: 1:30PM**

**ROOM: 308**

---

This measure, among other things, requires the Department of Taxation (Department) to electronically image conveyance tax certificates and transmit these documents to the counties within 10 days after the close of each week.

The Department **opposes** this measure.

**REDIRECTS LIMITED RESOURCES**—The Department opposes this measure because it redirects already limited resources to provide county services, rather than allowing the Department to focus its efforts on processing and depositing tax revenues to the State general fund.

**REPRIORITIZING COULD IMPACT GENERAL FUND PROCESSING & COLLECTIONS**—The Department does not have the resources to accomplish the requirements of this measure in the time prescribed. The Department's primary focus, especially during current economic times when the general fund is operating at a deficit, is to process returns and tax checks as soon as possible with the highest priority. Quite simply, this measure could have an immediate impact on the general fund if the Department is forced to reprioritize its processing efforts.

**BILL SHOULD BE HELD**—The Department recommends that this bill be held. The Department is currently providing timely conveyance tax documents to the counties in a timely and reasonable manner, given the Department's general fund priority.

DEPARTMENT OF BUDGET AND FISCAL SERVICES  
**CITY AND COUNTY OF HONOLULU**

REAL PROPERTY ASSESSMENT DIVISION  
33 SOUTH KING STREET, #101 \* HONOLULU, HAWAII 96813  
PHONE: (808) 768-3799 \* FAX (808) 768-5540  
WWW.HONOLULU.GOV

MUFI HANNEMANN  
MAYOR



RIX MAURER III  
DIRECTOR

MARK K. OTO  
DEPUTY DIRECTOR

GARY T. KUROKAWA  
ADMINISTRATOR

February 23, 2010

Honorable Marcus Oshiro,  
Chair, Committee on Finance  
House of Representatives  
Hawaii State Capitol, Room 308  
415 South Beretania Street  
Honolulu, HI 96813

**RE: Proposed HB2171 - Relating to Conveyance Tax**

The City and County of Honolulu supports HB2171, which requires the director of taxation to provide the real property assessment division of each county with an image of all certificates of conveyance filed with the Bureau of Conveyances.

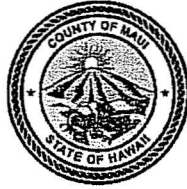
The current method, whereby the city makes weekly pickups of the printed certificates from the Department of Taxation, is not efficient and would be greatly improved with electronic data transfers of the conveyance certificates filed with the Bureau of Conveyances. Additionally, the Department of Taxation would no longer need to provide printed copies of these certificates for the counties. Since the Department of Taxation has already implemented scanning of these documents, it would be extremely beneficial for the counties to receive digital copies of these conveyance records. These documents contain information that would enable the counties to promptly track recorded ownership, encumbrances, restrictions, uses, and sales prices of real property for the purpose of determining real property tax assessments.

Your consideration and approval of this bill is greatly appreciated.

Sincerely,

  
Gary T. Kurokawa  
Administrator  
Real Property Assessment Division

CHARMAINE TAVARES  
Mayor



KALBERT K. YOUNG  
Director of Finance

AGNES M. HAYASHI  
Deputy Director of Finance

SCOTT K. TERUYA  
Administrator

GERY MADRIAGA  
Assistant Administrator

COUNTY OF MAUI  
DEPARTMENT OF FINANCE  
**REAL PROPERTY TAX DIVISION**  
70 E. KAAHUMANU AVENUE, SUITE A-16, KAHULUI, MAUI, HAWAII 96732  
Assessment: (808) 270-7297 | Billing and Collection: (808) 270-7697 | Fax: (808) 270-7884  
www.mauipropertytax.com

February 22, 2010

**COMMITTEE ON FINANCE**

Honorable Representative Marcus R. Oshiro, Chair  
Honorable Representative Marilyn B. Lee, Vice Chair

County of Maui, Department of Finance, Real Property Tax Division  
Tuesday, February 23, 2010

**Strong support of HB 2171, Relating to Conveyance Tax**

The County of Maui, Real Property Tax Division supports HB 2171, Relating to Conveyance Tax, which would require the Director of Taxation to provide each county's Real Property Tax Division with an image of all certificates of conveyance for their respective county filed with the Bureau of Conveyances within ten days after the end of each week and free of charge.

Obtaining documents in a timely manner enables the Counties to promptly maintain ownership records necessary for public notification and real property taxation purposes.

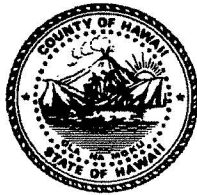
Retrieving the documents from the Department of Taxation requires coordination between the County of Maui and the City and County of Honolulu's assessment offices. By providing each County with their respective certificates electronically, this would assure Maui County a process of receiving its certificates without the need to travel to Oahu or rely on a third party.

We urge you to pass this important amendment and give the Counties the means to maintain their records in a timely manner for the public's best interest. Thank you for the opportunity to testify on this matter.

Sincerely,

Scott K. Teruya  
Real Property Tax Division Administrator

William P. Kenoi  
Mayor



Nancy E. Crawford  
Director

Deanna S. Sako  
Deputy Director

## County of Hawai'i

### Finance Department

25 Aupuni Street, Suite 2103 • Hilo, Hawaii 96720  
(808) 961-8234 • Fax (808) 961-8569

February 22, 2010

The Honorable Marcus Oshiro, Chair  
And Members of the Committee on Finance  
Hawai'i State Capitol, Room 308  
415 South Beretania Street  
Honolulu, Hawai'i 96813

RE: Testimony in Support of House Bill No. 2171  
Relating to Conveyance Tax

Aloha, Representative Oshiro and Committee Members,

The County of Hawai'i strongly supports H.B. 2171, relating to conveyance tax. This bill requires the Director of Taxation to provide, within 10 days and free of charge, an image and index of all conveyance tax certificates related to real property transactions filed with the Bureau of Conveyances to the administrator of the City and County of Honolulu's real property assessment division. The City and County of Honolulu's real property assessment division will then make that data available to the other counties.

County of Hawai'i Real Property Tax Division is tasked with assessing real property and maintaining current ownership records for Ad Valorem tax purposes. This amendment enables the counties to promptly track ownership, sales prices, and mailing addresses for real property assessment and billing purposes. Access to these documents filed with the Bureau of Conveyances is critical to the counties' real property assessment and tax programs.

This transfer of this data has, to date, been dependent on private agreements, and these agreements are currently in jeopardy. The real property divisions face the prospect of either adding greatly to the costs of running the real property assessment process or, worse, being cut off from data needed to function.

Honorable Marcus Oshiro  
February 22, 2010  
Page 2

Other jurisdictions assessing a real property tax have similar mechanisms in place requiring the rapid and accurate transfer of all conveyance documents on a regular basis, as all recognize the vital nature of this link.

We urge the committee to pass this extremely important bill as this would give the counties the means to equitably administer their real property tax programs in a timely and cost effective manner.

Thank you for your consideration.

Sincerely,



Nancy E. Crawford  
Director of Finance