

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
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**HOUSE COMMITTEE ON FINANCE
TESTIMONY REGARDING SB 2610
RELATING TO CONVEYANCE TAX**

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

DATE: MARCH 25, 2010

TIME: 3:30PM

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 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
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MAYOR



RIX MAURER III
DIRECTOR

MARK K. OTO
DEPUTY DIRECTOR

GARY T. KUROKAWA
ADMINISTRATOR

March 25, 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 SB2610 - Relating to Conveyance Tax

The City and County of Honolulu supports SB2610, 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,

A handwritten signature in black ink, appearing to read "Gary T. Kurokawa".

Gary T. Kurokawa
Administrator

Real Property Assessment Division

Bernard P. Carvalho, Jr.
Mayor

Gary K. Heu
Administrative Assistant



Wallace Rezentes, Jr.
Director

Belma Baris
Deputy Director

DEPARTMENT OF FINANCE

Real Property Assessment Division

County of Kauai, State of Hawaii
4444 Rice Street, Suite A-454, Lihu'e, Hawaii'i 96766
TEL (808) 241-4224 FAX (808) 241-6252

March 25, 2010

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

RE: SB 2610 Relating to Conveyance Tax

The County of Kauai supports SB 2610, which requires the director of taxation to provide the real property assessment division of each county with an image and an index 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.

Respectfully Submitted,

John W. Herring
Real Property Administrator
County of Kauai