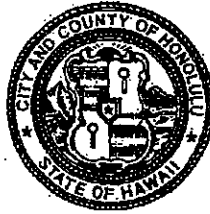


DEPARTMENT OF BUDGET AND FISCAL SERVICES

CITY AND COUNTY OF HONOLULU

REAL PROPERTY ASSESSMENT DIVISION
842 BETHEL STREET, 2ND FLOOR * HONOLULU, HAWAII 96813
PHONE: (808) 768-7901 * FAX (808) 768-7782
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PETER B. CARLISLE
MAYOR



MICHAEL R. HANSEN
DIRECTOR

GARY T. KUROKAWA
ADMINISTRATOR

February 28, 2011.

Honorable Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair
Finance Committee
House of Representatives
Hawaii State Capitol, Room 306
415 South Beretania Street
Honolulu, HI 96813

RE: HB1532 HD1 - RELATING TO REAL PROPERTY TAX APPEALS


The City and County of Honolulu supports HB1532 HD1. This amendment will provide each county the option of requiring real property tax appellants to first obtain a decision from an administrative body prior to appealing to the Tax Appeal Court via each county's property tax ordinances.

Under current City and County of Honolulu ordinance, real property tax appellants have the option to file an appeal to the Boards of Review or Tax Appeal Court (including small claims court). One of the grounds for appeal refers to the illegality, on any ground arising under the Constitution or laws of the United States of the laws of the state or the ordinances of the city in addition to the ground of illegality of the methods used. Revised Ordinances of Honolulu, Section 8-12.9(c) states that the board of review does not have the power to hear or determine objections involving the Constitution or laws of the United States.

Should an appellant file an appeal under this ground of appeal, the appellant should have the option to file directly to the Tax Appeal Court.

For reasons stated above, we urge you to pass this measure and allow the flexibility at the county level to impose appropriate requirements. Thank you for the opportunity to testify on this important matter.

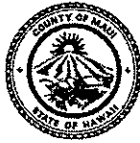
Respectfully Submitted,


Gary T. Kurokawa, Administrator
Real Property Assessment Division
City and County of Honolulu

Council Chair
Danny A. Mateo

Vice-Chair
Joseph Pontanilla

Council Members
Gladys C. Baisa
Robert Carroll
Elle Cochran
Donald G. Couch, Jr.
G. Riki Hokama
Michael P. Victorino
Mike White



Director of Council Services
Ken Fukuoka

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.maui-county.gov/council

February 28, 2011

TO: Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Joseph Pontanilla, Council Vice-Chair

A handwritten signature in cursive script, appearing to read "Joseph Pontanilla".

DATE: March 2, 2011

SUBJECT: **TESTIMONY IN SUPPORT OF HB 1532, HD1 RELATING TO REAL PROPERTY TAX APPEALS**

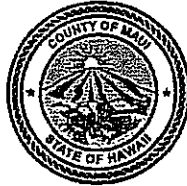
Thank you for the opportunity to testify in support of HB 1532, HD1 Relating to Real Property Tax Appeals. The purpose of the legislation requires real property tax appellants to first obtain a decision from an administration body established by county ordinance prior to appealing to the Tax Appeal Court. I provide this testimony as an individual member of the Maui County Council.

I support HB 1532, HD1 for the following:

1. Each county has one or more local review boards commissioned for the hearing of real property tax appeals. Local boards operate under less complicated procedures than formal court review fostering a quicker adjudication of appeal cases.
2. Disputed tax amounts under appeal are set aside and unavailable until resolution of an appeal as resource to the counties. The State Tax Appeal Court, under limited operating means, is currently unable to promptly hear tax appeal cases. Bypassing the county boards of review process suspends for greater duration a county's ability to access much needed revenue resources.
3. Successful resolution of appeals at a county level will alleviate burden and workload at the Hawaii State Judiciary.

I respectfully urge you to support this measure that allows for greater efficiency in the tax appeals process.

ALAN M. ARAKAWA
Mayor



DANILO F. AGSALOG
Director of Finance

JEREMIAH L. SAVAGE
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-18, KAHULUI, MAUI, HAWAII 96732
Assessment: (808) 270-7297 | Billing and Collection: (808) 270-7697 | Fax: (808) 270-7884
www.mauipropertytax.com

February 28, 2011

Testimony of Scott K. Teruya, Real Property Tax Division Administrator, County of Maui
on HB 1532, HD1
Relating to Real Property Tax Appeals

To the House Committee on Finance
March 2, 2011, 1:00 p.m., Room 308

Honorable Chair Marcus R. Oshiro and Committee Members:

The County of Maui Real Property Tax Division and Honorable Mayor Alan M. Arakawa are testifying in support of HB 1532, HD1, Relating to Real Property Tax Appeals.

The proposed amendment would require persons challenging real property tax assessments to first appeal to the applicable county's board of review prior to lodging an appeal with the State Tax Appeal Court (TAC). Currently, taxpayers have the option of appealing either to the TAC or the local boards.

The procedures before the boards are generally less complicated than court procedures thereby enabling a quicker adjudication of the appeals. Moreover, each County has at least one board of review whereas the judiciary has only one judge hearing tax appeals. Current trial dates for cases filed at TAC are approximately eighteen months from the filing date.

Until appeals are resolved, the amount of taxes in dispute must be set aside and cannot be used for county programs. The bypassing of county boards of review ties up significant resources for the counties. For instance, in 2010 alone, Maui County had 680 cases filed directly to TAC with \$6,500,000 in real property taxes frozen until the cases are resolved. In past history, most cases filed with TAC are eventually settled just prior to trial. We believe that such resolutions can be accomplished by filing at the local board of review level. In doing so, the counties can free up badly needed resources and alleviate the workload at the Hawaii State Judiciary.

We urge you to pass this important measure and give the Counties the opportunity to adjudicate the case at the local level. Thank you for the opportunity to testify on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott K. Teruya".

Scott K. Teruya
Real Property Tax Division Administrator

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TAX APPEALS, Real property tax appeals

BILL NUMBER: HB 1532, HD-1

INTRODUCED BY: House Committee on Judiciary

BRIEF SUMMARY: Amends HRS section 232-16 to require a taxpayer appealing a real property tax assessment to first obtain a decision from an administrative body established by county ordinance before appealing to the Tax Appeal Court. Where county law requires a taxpayer appealing a real property tax assessment to first obtain a decision from an administrative body established by county ordinance prior to appealing to the Tax Appeal Court, the notice of appeal shall be accompanied by a copy of the decision from the administrative body.

EFFECTIVE DATE: Upon approval

STAFF COMMENTS: Currently a taxpayer may appeal a real property tax assessment to: (1) a real property tax board of review; or (2) the Tax Appeal Court or the small claims procedure of the Tax Appeal Court for disputes under \$1,000. This measure would require a taxpayer to obtain a decision by the real property assessment division of the respective county prior to appealing any assessment to the Tax Appeal Court. It appears that this measure proposes to alleviate unnecessary appeals to the Tax Appeal Court, some of which may have been attributable to errors on the property assessment made by the respective county's real property tax office. On the other hand, the adoption of this measure would prohibit the filing of an appeal of a real property assessment directly with the Tax Appeal Court and this may be a denial of a taxpayer's due process.

It should be noted that while the real property taxing powers have been transferred to the respective counties, the proposed measure, which encroaches on the county's real property taxing powers, may be construed to be unconstitutional.

Digested 3/1/11

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 28, 2011 11:36 AM
To: FINTestimony
Cc: olindaaiwohi@yahoo.com
Subject: Testimony for HB1532 on 3/2/2011 1:00:00 PM

Testimony for FIN 3/2/2011 1:00:00 PM HB1532

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Jared Aiwohi
Organization: Individual
Address:
Phone:
E-mail: olindaaiwohi@yahoo.com
Submitted on: 2/28/2011

Comments:

I oppose this bill because it is a definite illegal move by the county and the states. It denies me my constitutional right to file an appeal in either court, to me it would cost more for an individual and the county. The county already has a backlog they cannot even meet, and they want to do it all. People go to the state because the counties are not doing their job. I myself went in to have questions answered and the person helping me said I had to file an appeal, all I wanted was some answers. We here in the Hawaiian Homesteads are being unfairly taxed by the county of Maui for property tax on lands we do not own. My question was, Do renters pay real property tax and if so how much and on what? To this no answer. Legislative law should be passed to help the victims of these illegal taxations, and not be victimized. This bill may open the way to an even worse situation. mahalo