

## MINUTES

### **BUDGET & FINANCE COMMITTEE February 4, 2009**

A meeting of the Budget & Finance Committee of the Council of the County of Kaua'i, State of Hawai'i, was called to order by Councilmember Daryl W. Kaneshiro, Chair, at the Historic County Building, Room 201, Lihu'e, Kaua'i, on Wednesday, February 4, 2009, at 9:32 a.m. and recessed at 9:32 a.m.

The meeting was called back to order at 9:36 a.m., after which the following members answered the call of the roll:

Honorable Bill "Kaipo" Asing  
Honorable Tim Bynum  
Honorable Dickie Chang  
Honorable Jay Furfaro (excused at 10:48 a.m.)  
Honorable Daryl W. Kaneshiro  
Honorable Lani T. Kawahara  
Honorable Derek S. K. Kawakami

Minutes of the January 22, 2009 Budget & Finance Committee Meeting

Upon motion duly made by Councilmember Kawakami, seconded by Councilmember Bynum, and unanimously carried, the Minutes of the January 22, 2009 Budget & Finance Committee Meeting was approved.

The Committee proceeded on its agenda items as shown in the following Committee report which is incorporated herein by reference and as follows:

**CR-B&F 2009-02:** on B&F 2009-1      Communication (1/29/2009) from Committee Chair Daryl W. Kaneshiro, requesting that the Director of Parks & Recreation provide an update on funding for park facilities lighting retrofit project.  
[Received for the record.]

Bill No. 2292      A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, KAUA'I COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAX APPEALS  
[This item was deferred.]

**DARYL W. KANESHIRO, BUDGET & FINANCE CHAIR:** Let me announce up front that I will be deferring this bill as requested by some of the members of my committee. And Mr. Mickens, I read your testimony and just to let you know up front, we are not deferring this bill to consider Bill 2274. I'm not sure where you got that from. I just saw this on your written testimony today and as the chair of this committee I'm going to tell you up front that is not our intent. So you can make your testimony if you want, but I have it...the written testimony in front of us right now. So that was never our intent at all and I can tell you as the Committee Chair I'm not going to make that an intent of this committee. There are some issues that have been brought up as we took this bill along and those are some of the issues that we're working on right now and we're going to focus on resolving those issues. And basically, we're not going to go all over this bill. We're just focusing on the appeal process and the agenda item is to...to...you know, look at the matters on the

appeal process. So if any testimonies come about, I would like to keep the testimony as presented on the agenda. If you speak other than what's presented on the agenda, I will slam the hammer and prohibit you from speaking anything else that's on this current agenda. So at this time, I'll open it up. I'll suspend the rules and open it up for comments first. So, Mr. Lewis.

There being no objections, the rules were suspended.

WALTER LEWIS: Councilmembers, good morning, and thank you for opening the door a little bit for us, Daryl.

Mr. Kaneshiro: Mr. Lewis, before you start, you have two written testimonies here. I do see two written testimonies.

Mr. Lewis: What...I would like to do, if I may...

Mr. Kaneshiro: So I would like some clarification...

Mr. Lewis: ...is give my testimony which is the one page document and then refer you to the two-page document which is written in response to commentaries which I understand the Council has received from the Real Property Assessor's Office and which I will not provide orally at this time.

Mr. Kaneshiro: Okay. All right, thank you. Mr. Lewis, you can start. You have your first three minutes to go ahead and proceed.

Mr. Lewis: Thank you. The purpose of the bill is to provide relief for taxpayers who are unjustly assessed. We don't know who that will be. Maybe there will be none, but if they are, the purpose of the bill is to provide a better way of meeting the problems that exist than is in the current law. The present law in practice gives the real property tax assessor the license to assess up to 120% of fair market value and provides no remedy to the taxpayer. In the past, while Kaua'i's properties have been escalating in value, this deficiency in the law has not been unduly onerous, but we're now in a problem area where prices of property are falling, not rising, and where people are having economic troubles and they need to be better served than the law presently allows. And we think that this Council should have compassion for its taxpayers and to make the accommodations in the law which will assure that if they do have a grievance with the assessment that has been made that there's appropriate opportunity in a fair way to have that position of theirs expressed and considered.

I think the bill as amended by the floor amendment which has been already made is a step in the right direction, but I...in my view feel it needs to be further amended in three respects. First, Section 5A-12.3 of the Kaua'i County Code now sets forth the barriers to taxpayer appeals. Section 1...subsection 1 of that Section deals with assessments. Now I would submit to you if you read it it's unintelligible. Even the assessors have given up on what the terms of that section mean. Read it yourself and you'll see what I'm talking about. I ask that that subsection should read, to be consistent with the purposes that I believe are in the bill, assessment of the property exceeds by more than 10% the value that the taxpayer claims is the fair market value of the property. My second point is that Section 5A-12.8 of the code now provides for an arbitration process, but it isn't as clear as it ought to be with regard to how that arbitration process is to be used. I believe that the proper

course is to establish that that is one of the options of the taxpayer, that the other option would be...other options would be to have the appeal heard by the Board of Review or to take it directly to the Tax Court.

Mr. Kaneshiro: Excuse me, Mr. Lewis, your three minutes did beep off, but I'm going to let you go ahead if you would like to and continue...

Mr. Lewis: I thank you. I'd like to continue, if I may.

Mr. Kaneshiro: ...and for the additional three minutes.

Mr. Lewis: I have just one more point I want to raise and it would be helpful to me anyway to...

Mr. Kaneshiro: We'll give you...you've got an additional three minutes.

Mr. Lewis: All right.

Mr. Kaneshiro: Go ahead.

Mr. Lewis: Thank you. The present bill provides in its Section 4 that the ordinance, if and when adopted, would take effect in 2010. The problem with that in my point of view is that it does not allow the bill's purposes to be served with regard to the tax assessments which are now being made and that would require that the bill, if adopted, would be...should be adopted in my opinion upon its...should be effective upon its adoption. Then I wanted to conclude by saying I have prepared a separate statement which responds to the materials which have been submitted to this Council by the Real Property Tax Assessor's Office concerning the bill and I think I will not proceed on them at this time unless there's some part of it the Council would like to ask me about. But I think they respond to and I think appropriately answer the points of concern which are expressed in the five-page materials which you have received from the Real Property Tax Assessor's Office. Thank you very much.

Mr. Kaneshiro: Thank you. Any questions for Mr. Lewis? If not, thank you very much, Walter.

Mr. Lewis: Thank you.

Mr. Kaneshiro: Anyone else wanted to speak on this? Go ahead.

MIKE DYER: For the record my name is Mike Dyer. Thank you, Mr. Chairman and Committee members. Bill 2292, I believe, offers a certain measure of relief to Kaua'i property owners who feel that their assessments are too high. I think by lowering the threshold for appeal from 20% to 10%... it makes it possible for the taxpayer to get a little more justice from the appeal process and because values on Kaua'i have risen to such a high level in recent years, the difference between 20% and 10% in tax paid by the taxpayer can be a significant amount of money. I've attached to this copy of my testimony a copy...a partial copy really of an appeal that I went through last year, one that really kind of crystallized my concerns about what's going on with the appeal process right now. Everything from the appeal isn't there, like the map showing the comparables and things like that, my comparables and so forth, but it shows that...in this particular appeal which was for a piece of property that my wife and I acquired more than 30 years

ago which we farmed for 25 years, which has become an enormous burden to us now since we lost our irrigation water and papaya production on Kaua'i which is what we were in, has dropped considerably. I appealed this property with a valuation dispute of over a half a million dollars and the point I'm trying to make is that this 10% to 20% difference can be a significant amount of money at current rates. In this case it amounted to a difference of about a couple thousand dollars in this particular appeal. As I point out in my testimony, I learned quite a bit in this particular appeal. You know I viewed my property as a piece of no-view ag land with no water whereas the Assessor's Office views it as a CALP Model 232, Base Size 10 acres, Base Rate \$200,000, Adj. Rate 25%, \$50,000 with FMV/Applied and no 2008 SAR valued by the Direct Market Comparison Approach based on the Principle of Substitution. My comparable sales of properties in the Kilauea area didn't stand a chance against this kind of language. It's generally, from my experience, incomprehensible what the assessor is doing relative to what the taxpayer is doing in trying to show what market value is. In summary, I support lowering the appeal threshold to 10% on either the building or the land component in the assessment.

(Timer alarm ringing.)

Mr. Kaneshiro: Go ahead.

Mr. Dyer: Can I continue?

Mr. Kaneshiro: I see you're almost done.

Mr. Dyer: I believe that Section 5A-12 should require that the assessor meet with the appellant following the filing of an appeal in order to attempt to try to work things out. At this point, it's kind of a hit and miss deal. Sometimes you can find out what the assessor's thoughts are on your property and sometimes you can't. You won't find out what their comparables are so that you can try to debate whether...you know they're fair or not. I also support the concept of substituting binding arbitration for the Board of Review. I believe that a single experienced arbitrator would provide a more impartial and accurate decision than does the current Board of Review. Finally, again I don't want to go too much into 2274, but I believe this is actually in Chapter 5...12 of 5A and that is that there's a proposal to increase the size of the Board from five to seven, which doesn't seem to make much point to me. And in a few years, the appeal cost is going to rise to \$100 per appeal. I just was talking to Steve Hunt. I thought that the people that were on this board were compensated in some way, but apparently they are not. So apparently there's no cost other than the staff that has to come into an appeal. But there's going to be so much money charged to the taxpayer to appeal in just a couple of years that they should be buying an experienced arbitrator, a real arbitrator who can make a true judgment on...on whether your appeal is appropriate or not. Thank you.

Mr. Kaneshiro: Thank you. Any questions for Mike? Thank you, Mike. Mr. Mickens.

GLENN MICKENS: For the record Glenn Mickens. Thanks, Daryl. I believe that Walter might have made the case of passing 2292 very well and I do agree with him. And if, Daryl, as you stated your deferral has nothing to do with Bill 2274, then I do stand corrected. Thus, I'll say that the failure to adopt 2292 will jeopardize our citizens' businesses and farmers—you have that testimony before you—for over-assessments of their properties which they will be unlikely to contest

successfully. In these severe times, it's unjustified to add the burdens...to add to the burdens of our people. I hope that you are persuaded that fairness to our taxpayers requires the adoption of Bill 2292 amended, I guess, as Jay has wisely done, and I urge you to do so. Thank you.

Mr. Kaneshiro: Thank you. Any questions? Mr. Furfaro, go ahead.

JAY FURFARO: Yes, perhaps first I want to clarify the record so that we're all kind of copasetic here. The...the Bill 2292 was ne...if you read the bill, it is intended to be in place by the year 2010, not tomorrow, not this year, for a designed purpose and I'm very methodical about this. The fact of the matter is we are in a real economic challenge. That would sum it up. The President is still struggling to get a money bill out of Congress. The State has a situation going on right now that they're \$118 million short just for the remainder of this year. And have I stated as well for the next two years, they believe they're \$1.8 billion short in general revenue for the State. They are talking about taking from the counties—it's on the table—the Transient Accommodation Tax. We have \$158 million, that's \$11 million right off the top. They are talking about taking money from the Hurricane Relief Fund. Substantially, we have the biggest exposure. So, I want to say that during this time of these Hawai'i legislative actions, the State of California is \$40 billion short. They are now paying people with IOUs, seriously. You get a promissory note instead of your tax return. These are the kinds of things that I think methodically we need to look at. At the same time, I think what Mike Dyer said, what Walter Lewis has said and so forth, this is something that we need to prepare for to give a vehicle to allow people to arbitrate what their fair share is. But our challenge right now is the fact that we need to be on the same page and have a clear understanding of finance as to what are the predictabilities of some of these things. And some of us are going to shortly have some interaction with Mr. Rezentes in the Finance Department on our overall picture. I do not want to shift the responsibility of saying this bill is about, you know, finding out what we're spending. No. I want us to look at it and say, this bill is about finding out what our exposure is and so how can we appropriately put a vehicle in place to have people evaluate their fair share, their fair assessment. This is not about let's make it perfect now because everyone at this table, we don't understand that horizon totally. We don't understand the horizon with the State, but we are working methodically to come up with a vehicle that we can put in place here.

Now, people have been referring to the amendment and there is an amendment...there is an amendment. It was never introduced. Let's make sure we understand that. And I would want to say that what...I had the amendment prepared and circulated but then the Finance Department asked us to defer so that we could hear from them. So that amendment has not been introduced, but it was made and perhaps this is my fault trying to stay ahead of the communication. We had it circulated, we never introduced it, and it was available to those in the audience that day, but if you recall, the Finance Department asked for additional time. So we gotta make sure. It wasn't introduced, it was discussed, it was circulated and I think Mr. Lewis' comments were addressing that document. Now, if in procedure I made an error in an effort to be able to communicate, you know I apologize to everyone. But, you know, we want people to participate in this review of the appeals because we do believe it is something that we need to have an open discussion on. What other impact we're going to have is a big question. But should it affect the appeals process? No. But should we know where we're going to come out with dropping property values? Yes, we should. You know, if you follow the articles and I'm sorry I may use my entitled eight minutes to speak on this, but if you look at this process we're in right now, we have...bank foreclosures are up 75%.

Hawai'i did not get caught up in the packaging of the subprime. We have banks that are very responsible. But not everybody realizes that when they packaged all of those subprime mortgages and they sold them overseas, they may have been at super inflated prices, which now when the federal government gives money out to give these banks some relief so they can loosen up credit, the banks are basically saying, you know, we don't know what's in the package and when we know that and we know what our exposure is, then we'll start loosening up credit again. And all I'm trying to say here is I agree to the deferral because we need to understand what's in the package. I mean that's the responsible thing to do. But I did want to give clarity on the amendment. We had it out on the table. We never introduced it and I think that's what Mr. Lewis was testifying on.

Mr. Mickens: We are obviously applauding you, Jay, for that amendment. You know I think the people really appreciate that particular amendment. Now, as you said if it's getting stalled in Finance or anything, that's beyond your control, but I think you went in the right direction, so we're saying that. But...for my information, you're not saying that this is going to 2010...the injustice being done to the people being assessed on the 20% is going to cut into our revenue so we shouldn't be...so we should look...

Mr. Furfaro: No, that's not what I said.

Mr. Mickens: Oh, I...

Mr. Furfaro: Let me, let's get it. I introduced this because I think we need a vehicle. You people keep saying relief. I'm saying we need a vehicle. It's two different things. Secondly, to get Finance not in a challenging position with us, but to get them to understand what future exposure we have, we need to really say to ourselves what are the revenue impacts and so forth that we're faced with because just as you say revenue and I just used the term revenue, the reality is, as Mr. Lewis has said, if these values drop too far, we're not talking about a loss of revenue, we're talking about the County being in a deficit. We're talking about people who had \$700 homes...\$700,000 homes now only having a home that's worth 550. And so we're not going to enjoy the income between the 750 to 150. We want to set up a vehicle, but you know what, guys? Really make a revenue projection that says to us what is happening with these assessments and I praise the Finance Department for getting Mr. Hunt on-board so that we can get these appraisals current. But it's a...it's a bigger picture what you say relief and I'm saying coming up is a vehicle to feed everybody fairly but also remember what's on the horizon. We have a declining real estate market right now. How far is it declining? You know, I'm not absolutely sure. But let's get the mechanism in place that we can have a fair understanding of what our costs are as well as the fact that what vehicle can we put in place to make fair evaluations for everybody. It is not a simple issue. It is...in this environment both nationally, in the State and globally for that matter, it is a big concern that we should all be paying attention to right now.

Mr. Mickens: But if as you're saying the process is wrong, the process should be corrected. I mean...

Mr. Furfaro: You have a way of putting words in my mouth. I said the process needs improvement.

Mr. Kaneshiro: Yes.

Mr. Mickens: The process needs improvement.

Mr. Furfaro: The process needs improvement.

Mr. Mickens: Well, you did that with your amendment.

Mr. Furfaro: Yup.

Mr. Mickens: You're improving the process.

Mr. Kaneshiro: Let's...let's not speak on the amendment. It's not on the floor yet.

Mr. Furfaro: Thank you, Mr. Chair, and...

Mr. Kaneshiro: And it could have been my fault. As the Chair, I've been trying to be proactive in having my members distribute it out to the public and if we're going to start getting into questions and debates about an amendment that is not legally on the floor...

Mr. Mickens: I understand, Daryl.

Mr. Kaneshiro: I will probably stop that proactiveness.

Mr. Mickens: Yeah.

Mr. Kaneshiro: So, I...you know, let's all play fair here.

Mr. Mickens: Yes.

Mr. Kaneshiro: You know we've been fair enough to give you folks an opportunity to look at it. It hasn't been introduced...

Mr. Mickens: Right.

Mr. Kaneshiro: ...on the floor yet, but you're commenting already on what hasn't even been introduced on the floor.

Mr. Mickens: It's on 2292 obviously.

Mr. Furfaro: You know what, Mr. Mickens...

Mr. Kaneshiro: Well, no.

Mr. Furfaro: Mr. Mickens...

Mr. Kaneshiro: Let me tell you something, Glenn...

Mr. Furfaro: ...let him finish.

Mr. Kaneshiro: ...and this is why I'm trying to tell you. If we're going to get into this...people or the public giving testimony on items that have not been introduced on the floor, that's amendment, I as the Chair of the Finance and Budget Committee will not allow any of my committee members to distribute this out to the committee, to any of the members of the public unless it will be brought

on the floor and voted on the floor as an amendment to be put on the agenda. So, let me make this straight, you know, and I've been nice as a committee chair. You've asked about a proactive Council and I think we're trying to do that and then when we start getting into discussions and trying to stop you from getting into any more discussions on any of the supposedly floating amendments, you know, you still want to focus a comment on that, I'm going to stop that at this point.

Mr. Mickens: I understand, Daryl and I do appreciate, Daryl, your latitude in letting us talk about these things and I'm sorry if I went where I wasn't supposed to. I thought it was all kind of part of the package and that's the only reason I was picking up on Jay's amendment that I (inaudible). I understand what you're saying. Thank you.

Mr. Kaneshiro: Any more questions for Mr. Mickens? Questions now, no comments I'm asking. We can save comments when I call the meeting back to order. If you have a question for Mr. Mickens, go ahead.

LANI KAWAHARA: No, no questions.

Mr. Kaneshiro: Okay, any more questions for Mr. Mickens, members? If not, thank you very much, Glenn. Anyone else wanted to speak on this item? Mr. Taylor?

KEN TAYLOR: Chair and members of the Council, my name is Ken Taylor. I certainly agree with some of the issues that not only Mike but Mr. Lewis raised on this issue and I think it is very important that...you knowing the economic problems that not only the State and the County are having but a lot of the local people are also having, people that are getting their jobs cut in time, some losing their jobs, things are tough out there and they're going to get a lot tougher and I think the sooner you move forward with facilities that allow people to address their tax concerns, the better off we are. But I would also say that it's...the time is coming where we have to start having some discussions on changing the way our lifestyles function because that has everything to do with economics and if money is not coming in, there's no money to spend on all these wonderful projects that we've seen in the last few years as the economic values of properties went sky high. So along with what you're doing on this bill and I think it's very important that you also start taking some...having some discussion and open public meetings on how are we going to address these issues in the future and how are we...it's not just budgets, it's the lifestyle that we have to change in order to change our economic needs and I think this is an important thing that has to be looked at and discussed and it's going to require you folks working with people in the community to address these issues and as we move forward. Thank you very much.

Mr. Kaneshiro: Thank you. Any questions for Mr. Taylor? If not, thank you. Mr. Lewis, I've given you your six minutes.

Mr. Lewis: (Inaudible in the gallery)...get your indulgence for a couple minutes more?

Mr. Kaneshiro: If you...at this point, you know, I've given you the opportunity to speak for your six minutes so I won't allow you to come back and speak. So at this time, anyone else that wanted to speak on this particular item. If not, I would like to... We have someone? Okay. Go ahead.

STEVE HUNT: (Inaudible in the gallery)...member of the public whether I have to be called or not.

Mr. Kaneshiro: Go ahead. The rules are suspended, so state your name and you may speak.

Mr. Hunt: Thank you. Steven Hunt for the record with Real Property Assessment. I just wanted to comment about Mr. Fur...Chair Fur...Vice Chair Mr. Furfaro's comments regarding this Bill 2292. It is not meant as a relief measure. It is meant as an accuracy measure.

Mr. Furfaro: So you concur with my statements.

Mr. Hunt: Yes, yes.

Mr. Furfaro: It's to be a vehicle.

Mr. Hunt: Yeah, the market itself is creating its own relief. We are followers...students of the market and what we're dealing with is statistical information. I think some of the former speakers here from the public have assumed that the assessment is equivalent to an appraisal. An assessment is based on statistics, benchmarking and statistical anomalies. Some of those statistical anomalies produce assessments which some of the appellants that we've seen in Board of Review and Tax Court appeal are beyond a reasonable standard deviation from that statistic. And what we're essentially doing here is trying to sharpen our pencils, create new benchmarks, and I very much appreciate your looking to the 2010 year because we are scrambling to finish and collect data from 2008 for our 2009 and to have that imposed on us, the 10% for 2009 assessments, would be onerous.

Mr. Kaneshiro: Very good. Any questions?

Ms. Kawahara: I do have a question.

Mr. Kaneshiro: Go ahead, Lani.

Ms. Kawahara: Thank you, Councilmember Kaneshiro. Can you tell me in percentage points actually how many parcels are affected by this tax?

Mr. Hunt: As far as the proposed or the exist...how many appeals we've had?

Ms. Kawahara: Ah, yes, the appeals...

Mr. Hunt: Okay.

Ms. Kawahara: ...and how much.

Mr. Hunt: As a percentage of the overall parcels, I believe there were 208 appeals formally which out of 32,000 plus parcels is, I believe, a little less than 1%. The...just to explain the appeal process, it's really...it's already existing, a tertiary system. Prior to going to Board of Review, normally we would receive at the Tax Office a phone call from the appellant who...or prior to becoming appellant, just someone who received their Notice of Assessment. From that, if they feel that it's over assessed, we initially share information which has to do with what

sales and what neighborhoods they were coded with. Often you could have a neighborhood which could have up to 60 lots or up to 600 lots depending on the size and the uniformity of the parcels within that neighborhood code. So we share that information, the sales information that we have. Often a lot of the people don't file appeals or based on if they filed an appeal, will either withdraw or in the case where we're wrong and we've over assessed based on information, we will stipulate to their value without going to Board of Review. So the 208 cases we had at Board of Review were essentially the ones we felt needed to be heard, that we were strong in our opinion of those values, which is also why I believe the percentage of those appeals have always favored the County because those, again, we feel are stronger cases and are worth hearing.

Ms. Kawahara: Okay. I do have a question about...could you tell me the staff hours it takes per appeal?

Mr. Hunt: It can range...

Ms. Kawahara: Generally, yeah?

Mr. Hunt: Generally I'd say 5-6 hours on a simple appeal or one that you've had multiple appeals within the same project maybe 3 hours. More complex appraisals, especially commercial, can take actually sometimes weeks and often they aren't even heard within the same tax year because of the complexity of it.

Ms. Kawahara: Okay, thank you. That's all I have, thanks.

Mr. Kaneshiro: Thank you. Any other questions for Mr. Hunt? Thank you, Steve. At this time is there anyone else that wanted to speak on this item? If not, I'll call this meeting back to order. I'll open up for comments before we call for a deferral on this item.

There being no one else wishing to speak, the meeting was called back to order.

Mr. Kaneshiro: Mr. Asing, go ahead.

BILL "KAIPO" ASING: Yes, I want to make a couple of statements. One is, you know, in reference to Councilmember Furfaro's, you know, status of the State and the economy and the problems that we have regarding, you know, what the legislature and the governor might be thinking about, you know, he referenced the (inaudible - two people speaking at once) tax, you know, many issues. Well, let me tell you, it's not what they're thinking of doing. It's what they are in fact doing. I will read you House Bill 1744 introduced January 28, 2009, just introduced by the Speaker of the House Calvin Say. "The purpose of this act is to temporarily suspend the distribution of transient accommodation tax revenues to the counties." It's not what they're thinking of doing. It is there today. If we lose this...if we lose this, last year our transient accommodation tax revenues for this county alone was \$14.5 million. We will lose \$14.5 million if this bill passes. So, it's not what they're saying, it's what they're doing, and this bill has been introduced. So, I want to just, you know, clear that, make things clear.

Now, I believe the statement made by our representative from the Real Property Tax Office when you mentioned that the percentage as 1%, I think what you really meant was point six percent (0.6%), the 208 of the 3200 (sic) parcels. And you know, when I look at that, if you compare all of the islands compared to us...for

2008 we had a 0.6 ratio of appeals to parcels. If you take the island of Hawai'i, they're at 1% and if you take 0.6, you know they're nearly, and I'm going to use the word nearly, double us in appeals. If you take the island of O'ahu, they're also at 1%. So they're nearly double our appeals, yeah, ratio-wise. You take the island of Maui. Maui is 2.1. You could say nearly three times more than us. So, you know, the...the figures to me does not warrant or I don't see a big problem and so I...you know I have some difficulty in that the statistics that I've been given and I've been looking at does not show me that. It simply does not show me that and that's the problem that I have. And I will continue to review the information that I've been looking at and I just don't see a problem that is major in nature. If it ain't broke, don't fix it as far as I'm concerned. So that's my...my feel. Thank you.

Mr. Kaneshiro: Thank you, Mr. Chair. At this time Councilmember Furfaro.

Mr. Furfaro: Thank you. And I want to thank the Council Chair for pointing out that some of the things in my commentary are a real reality but also Committee Chairman Kaneshiro, I want to thank you for reminding us again that there is a set of rules when we balance an attempt to circulate information until it's actually introduced as an amendment and would hope the audience would recognize we've got to find a balance in when we're trying to share information versus their interpretation of what has happened with the process. I also want to thank Mr. Hunt for concurring with me that the intent of this bill is to put a vehicle in place that is addressing appeals. That...that small portion that we have here needs to be reviewed and I think also with the Council Chair's comment and my comments in the past, the fact of the matter is our appeals are down because we are one of the few counties that have other measures in place that cap taxes which thus may reduce some appeals for primary home use. The fact of the matter is we are all going to get additional information from the Finance Department and I want to make sure we're thinking of this bill as a bill that provides a vehicle for individuals who need some justice done to their property assessments. It is not and please do not label it as a relief bill. That it is not as Mr. Hunt saw in his commentary on my comments regarding this bill. I want to thank you very much for running an efficient meeting and those are my comments and I will be supporting a deferral in an effort to continue to get more information from Finance.

Mr. Kaneshiro: Thank you. Mr. Bynum, go ahead.

TIM BYNUM: Yeah, I have...this is a very interesting thing that's happened in the last couple of...and since we brought this up, you know, I didn't know we were going to have a deferral today and I'm not certain...you know what, I mean I'll support that if that's what councilmembers want, but I want to make several...One is the dialogue about the economy is very interesting. You know, we have an economic crisis in this nation and it impacts all levels of government including what...and what the State decides how to deal with their budget crisis, one of their options is to lay the burden...to soften their burden by laying it on the counties and of course we hope that that doesn't occur and there are a number of proposals floating at the State Legislature about how to deal with their crisis which will impact us in varying degrees and so we have to be cognizant of that. But that's really not what was on the agenda today. It was...the discussion was about the appeals and then the issue of you know circulating the amendment before it's introduced on the floor. I think...I like the idea that we are circulating potential amendments for public scrutiny and for people to prepare so we can use our meeting times more efficiently. The OIP recently said that that was okay and it helped bring about better further discussion of community...discussion. However, I don't

think we should have discussion on the floor until the amendments are actually introduced. They should be circulated, people can, you know, understand about it, but it caused some confusion for me today because there...the bill doesn't say anything about arbitration for instance. That's a potential amendment. And so, to have community members speaking about appeal as if it had already introduced can be confusing...so...and so I thought today we would get into that because Real Property is here. They can give their perspective and I'm sure we will in the future when we bring this amendment back. But I just want to make that comment about I support the idea of circulating potential amendments, but I don't think we should get into public dialogue, even public testimony about those until we go through the procedures here of introducing them and engaging in discussion. So I look forward to a future meeting and having a rich dialogue on this issue with presentations from Real Property and from the community members that are impacted by the appeals process. I take very seriously the communication that is coming from our citizens saying they have concerns about the appeals process. So that's why I think it's important we have this dialogue and look at changes potentially to our procedures. And I'm sure we'll get to that. Some of the statistics that the Chair just announced about the number of appeals on different islands is interesting, but I know members of the community would say those numbers are down because they've lost faith in the appeals process and they don't believe that, you know, the appeals would be successful and that impacts the number that are actually filed. And so, you know I take those concerns seriously and I know...I believe there is a sincere intention by councilmembers, by the Real Property Tax Division in administration to have this dialogue and see if we can come to conclusions about what changes might be necessary. So, thanks for that opportunity to make those comments.

Mr. Kaneshiro: Thank you, Mr. Bynum. Any further comments before deferring this item?

Ms. Kawahara: I do.

Mr. Kaneshiro: Lani, go ahead.

Ms. Kawahara: Thank you, Councilmember Kaneshiro.

Mr. Kaneshiro: For the record I just want to announce that Mr. Furfaro does have an excuse. He had to leave at 10:30 a.m. So just for the record he won't be back for the rest of this meeting. So Lani, go ahead.

Ms. Kawahara: Yes, thank you. I wanted to address some of the testimony that was given here. The people that are impacted now is, as we discussed earlier, 2008 is 0.6% of taxable parcels. So to...to draw a conclusion that it's a lot of...it's going to affect many people was which what I heard Mr. Mickens saying, in, you know, a total big amount in the community, I just want to put it into perspective. It is something that they have given to us is a 0.6% and I wanted to add to Council Chair Asing's, in 2007 it was 1.1% here, 2006 1.1 and 2005 it was 2%. So I also agree with Councilmember Bynum that it could be because people have given up on it, but there's also the other side is that we're doing comparable...comparable work in appeals to other islands. So, that's...that's just what I wanted to add. Thank you.

Mr. Kaneshiro: Okay, anyone else? Anyone else has any comments to make? Again, we're going to be deferring this item to the next Committee meeting. So committee members, if you have some questions that because of dialogue that was brought up today that you want to address, get those questions to

me and we will forward it to the appropriate agencies, whether it's to Real Property Tax or even questions for some of the comments that were made by our committee members. So at this time, can I have a call for the motion to defer?

Upon motion duly made by Councilmember Bynum, seconded by Councilmember Chang, and unanimously carried, Bill No. 2292 was deferred.

There being no further business, the meeting was adjourned at 10:50 a.m.

Respectfully submitted,

*Wilma Akiona*

Wilma Akiona  
Secretary

APPROVED at the Committee Meeting held on February 18, 2009:

  
DARYL W. KANESHIRO  
Chair, Budget & Finance Committee

