

BOARD OF REVIEW ANNUAL REPORT FOR TAX YEAR 2013

This annual report for tax year 2013 is a joint collaborative effort of Boards I, II, and III. Because it is a requirement for each Board Chair to submit an Annual Report and to avoid duplication of time, effort, and resources, a combined joint report is hereby submitted. The report is divided into five categories.

- I. ORDINANCES AUTHORIZING BOARDS OF REVIEW
- II. MEETING SCHEDULE OF EACH BOARD
- III. TYPES OF APPEALS AND ASSIGNMENT OF CASES
- IV. CHAIRS' LEADERSHIP ROLE AND RESPONSIBILITY
- V. RECOMMENDATIONS

SECTION I. ORDINANCES AUTHORIZING BOARDS OF REVIEW

As per Department of Finance of the City and County of Honolulu, State of Hawaii, Title 4 Subtitle 5 Real Property Taxation- Chapter 17- Assignment of the Director of Finance relating to the Assignment of Real Property Tax Appeal cases to the Board of Review pursuant to Subsection 8-12.7 (b), Revised Ordinances of Honolulu Part XXIV.

SECTION II. MEETING SCHEDULE OF EACH BOARD

The Boards, in total, meet approximately three times per week, fifty weeks per year, hearing appeals covering; (a) Residential, (b) Hotel and Resort, (c) Commercial, (d) Industrial, (e) Agriculture, (f) Preservation, (g) Public Service, (h) Vacant Agriculture Classes, and (i) Residential A. (ROH Section 8-7.1 (C) (1).)

Board I; Meets at 2:00 pm almost every Tuesday and Thursday

Board II; Meets at 2:00 pm on some Wednesdays and Fridays

Board III; Meets at 1:00 pm one Tuesday per month, in some months

Boards I and II meet at 842 Bethel Street, Basement, Honolulu, Hawaii, 96813

Board III meets at 1000 Uluohia Street, Room 106, Kapolei, Hawaii, 96707

SECTION III. TYPES OF APPEALS AND ASSIGNMENT OF CASES

All three Boards of Review resolve real property assessments and/or disallowance of exemption disputes between taxpayers and the City Real Property Assessor. The Boards consist of five members who are appointed by the Mayor and confirmed by the City Council for staggered terms up to five years.

Appeals are mainly concerned with valuations based on and interpreted by the City Real Property Assessor.

For real property tax appeals the ROH Section 8-23.3 specifies four grounds for appeal of the property;

1. Assessments of the property in question exceeds by more than 10% of the market value of the property, or
2. Lack of uniformity or inequality, brought about by the illegality of the methods used or error in the application of the methods to the property involved, or
3. Denial of an exemption to which the taxpayer is entitled to and for which person has qualified, or
4. Illegality, based on any grounds arising under the Constitution or laws of the United States or the laws of the State of Hawaii or the ordinances of the City and County of Honolulu in addition to grounds of illegality of the methods used, mentioned in clause (2).

IV. CHAIRS' LEADERSHIP ROLE AND RESPONSIBILITY

Chairs should have at least two years of experience running Board hearings or its equivalent. They should be able to attend the majority of the hearings and be available to represent the Board at official functions as necessary.

They should have the ability to manage a full agenda of appeals. They should be effective in writing and in oral communication. They should be able to demonstrate seasoned judgment, common sense, understanding and professionalism in dealing with people. Chairs should have the dedication and time to come in and least twenty minutes early and not leave until all business is completed, and all documents are signed and checked. They should be able to serve as the point of contact between divisions and departments as required. They should have a working knowledge of property valuations as calculated by the City Real Property Assessor.

V. RECOMMENDATIONS

The three Boards listen to thousands of appeals each year and try to keep an excellent rapport between the taxpayer and the City. The Board members listen to appellants, young and old presenting their evidence and concerns. Because of manpower shortages in the Assessor Office there has often been a backlog of two, three, and sometimes even four appeals from the same appellant on his/her property valuations for consecutive years. It may not be in the best interests of the City to lump all the appeals of consecutive years together.

Board III had a real positive impact on reducing the case loads and making the residents feel the City is responding to the people's needs in West Oahu (Ewa, Kapolei, Nanakuli, Makaha, Ocean Point, etc.). However, Board III lost enough members in the past year, that they no longer have a quorum – Board III currently has only two members. The Mayor's Office has been notified that Board III needs more members appointed.

It's recommended that all Board hearings have a member from the office of the Corporation Counsel present to review any and all legal questions that may arise.

An ordinance could be passed as to have Realtors/Escrow companies advise new homeowners of home exemptions that are currently available to them.

Public service announcements should be considered to ensure that all homeowner-occupants are aware of the home exemption, the requirements for filing, and the requirements to notify the Real Property Assessment Division

The City Council should look at changing the assessment date to January from October as to bring Honolulu County in line with the other three neighbor island counties.

The new computerized equipment has been made operational and familiarity with it has increased. The overhead projector has been used to display the list of appellants present waiting to be heard and can be used for any other relative information necessary for a fair solution (taxmaps, comps, etc.). The projector had some technical problems has now been replaced. Appraisers are beginning to present their cases via PowerPoint presentations.

Presently there are three BORs handling all the cases on Oahu. The attached table shows how many appeals were filed in the tax years from 2004 through 2014, the cases heard and closed in the 2013 tax year (July 1, 2013 to June 30, 2014) up until June 6, 2014, and the the numbers and percentages of cases where the taxpayers prevailed.

Priority should be given to staffing each Board with its full complement of five members. The City Council should consider raising the appeal fees to \$50.00 from the present \$25.00 to at least cover the cost of doing business in a timely manner by staffing additional manpower in the Assessors' office. Appeals should be heard in the tax year of the filing and not lumped together later with other back-logged appeals. However, the backlog of appeals is being corrected, and there are now less old appeals than before.

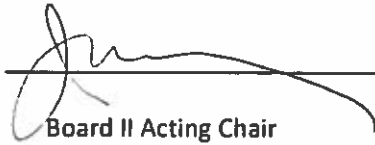
Board I has handled the bulk of the appeals filed, working two days a week, and Board II a few days per month, and Board III on one Tuesday per month. All members should have their stipends increased to \$50 from the present \$25. Chair's should have their stipends increase to \$75 because of the added time spent as the chairperson and being responsible for setting the

agenda and certification of all appeals. By increasing the stipends the City will be able to attract highly qualified people to staff all of its Boards and Commissions.



Board I Chair

Ruth Lin



Board II Acting Chair

James Wong



Board III Chair

Lee Gordon

June 17, 2014

Copy to : Mayor of Honolulu
City Council
Director Budget & Fiscal Services
BOR Deputy Corporation Counsel
Real Property Assessment Administrator

carrollcox.com