

## City defends leaps in property taxes

Oahu homeowners hit with huge jumps in their property-tax bills continue to lash out at the way the city calculated the amounts. Some absentee owners of the island's most expensive residences are facing an annual tab approaching or topping \$100,000.

But city officials Wednesday defended the system, saying the new law taxing \$1 million-plus, non-owner-occupied homes at a substantially higher rate is a good one. They also said the automated process used to calculate assessed values -- what property tax bills are based on -- is fair, takes into account differences in properties and accurately reflects what is happening with real estate sales.

"It's all market-driven," said Gary Kurokawa, the city's deputy budget director.

Mayor Kirk Caldwell did concede that the city needs to address one unintended consequence of the new ordinance: Longtime owners whose primary residences are being taxed at the higher "Residential A" rate because they have not claimed an owner-occupied homeowner exemption, even though they qualify for one.

The ordinance, approved last year by a 7-2 City Council vote and signed into law by Caldwell, set a rate of \$6 per \$1,000 valuation for homes that are valued at \$1 million or more and are not covered by the exemption.

The rate, intended for absentee owners, is nearly 75 percent more than the standard \$3.50 rate applied to owner-occupied dwellings.

But some owners who live in their residences have been hit with the higher rate because they are not claiming the exemption. Some were unaware they were eligible or didn't bother to claim it.

In an interview with the Honolulu Star-Advertiser, Caldwell said the new ordinance "was never intended to raise the tax for primary-residence folks."

He said his administration is considering ways to address that issue within the constraints of the law.

Beyond that unintended consequence, Caldwell described the new law as good.

The effects of the new rate and the higher assessments are showing up in 2014 property tax bills, which homeowners started receiving this month. The new math has sparked an outcry among those hardest hit by the changes.

"Every time you turn around, we're paying more and more," said St. Louis Heights homeowner Marvie Kelly, 75, who saw her tax bill for a neighboring rental property that she and her late husband built in the 1980s increase more than 100 percent. "Shame on (the administration) and the City Council."