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Residential tax rates rising

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WEST HAWAII DISTRICTS TO BE HIT HARDEST BY PROPOSED HIKES

HILO — North Kona and Kohala will be hit the hardest by Mayor Billy Kenoi's plans to hike property taxes on residential property not covered by homeowner's exemptions.

The County Council members representing those districts are

mixed in their support for the plan that hits the wealthy the hardest while trying to spare working-class residents, union members and voters.

Kenoi is proposing tax rate hikes

of 28.2 percent for buildings and 12.4 percent for land in the residential class that includes most of the county's second homes and part-time residents. That's an additional \$2 in tax per \$1,000 of value for the

buildings and \$1 for the land.

The category accounts for \$62.1 million of Kenoi's proposed \$376 million 2010-2011 budget.

A full 82 percent of the \$5.6 billion in taxable value of that category

is in the four council districts covering West Hawaii — Ka'u, South Kona, North Kona and Kohala. That's up from 77 percent last year.

The four districts account for 76.2 percent of all property value in the county, a 1 percent drop compared to last year. The county is divided into nine council districts.

Kohala Councilman Pete

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Hoffmann called Kenoi's choice of residential property and golf courses for the biggest tax hikes a politically astute move, but he said he doesn't support it.

"The people who are not full-time residents — the nonvoters if you will — these are the people who have supported the growth on this island, especially in West Hawaii," Hoffmann said. "They're the people we would hopefully look for to help us in economic ventures in the future."

Hoffmann, a retired Pentagon accountant who created budgets for military intelligence services, is on a panel with Kenoi at a town hall meeting at the Old Kona Airport on Tuesday, where they'll discuss the budget and other topics.

The residential class com-

prises property whose owners can't claim homeowner's exemptions, because they aren't full-time residents, they rent out rooms or use the property for other reasons not eligible for property tax savings.

That category has grown the most in North Kona, increasing 34 percent in property value in one year alone.

Yet County Councilman Kelly Greenwell, who represents that district, says the tax hike is perfectly acceptable to him. Greenwell earlier this year tried to get the County Council to approve a \$2,500 daily voluntary parking fee for private aircraft parking at Kona International Airport.

"The wealthy are getting wealthier and the poor are getting poorer," he said.

Greenwell said the county should have been more

aggressive seeking federal stimulus funding, his first choice for additional dollars. This is the next best place to find it, he said.

"Somebody's going to have to pay some money," Greenwell said. "It may be fair, it may not be fair, but life's not fair."

Other property categories facing tax hikes are buildings on agricultural zoned land, facing a 31.5 percent rate increase; apartments, facing 21.6 percent increase; and "conservation" land, primarily including golf courses and some single-family homes. All but the conservation land, however, have decreased in value to make the tax rate hike a wash, at least until property values begin rising again.

Hoffmann said he opposes any property tax hikes until the "sacred cows" are

taken out of the budget. Among them, he said are funded vacant positions, overtime and other personnel costs.

Kenoi's budget unfunds 70 vacant positions, furloughs employees except those in public safety two unpaid days a month, freezes pay for managerial and appointed employees and cuts travel, conferences and vehicle expenses.

"We are asking our public employees to share in the kinds of sacrifices that have been imposed on so many in the private sector during these difficult times," Kenoi said in his budget message. "At the same time, we ask our public workers to renew their commitment to public service."

"The mayor has made some effort on this," Hoffmann said. "I just don't think he's done enough."