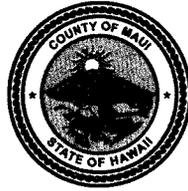


ALAN M. ARAKAWA
Mayor



DANILO F. AGSALOG
Director

MARK R. WALKER
Deputy Director

COUNTY OF MAUI
DEPARTMENT OF FINANCE
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

April 6, 2017

Ms. Lynn A.S. Araki-Regan *LR*
Budget Director, County of Maui
200 South High Street
Wailuku, Hawaii 96793

Honorable Alan M. Arakawa
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Alan Arakawa 4/2/17
Mayor Date

For Transmittal to:

Honorable Riki Hokama
Chair, Budget and Finance Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Hokama:

SUBJECT: FISCAL YEAR ("FY") 2018 (FN-7) (BF-1)

This is in response to your letter dated April 3, 2017. Your request for a response regarding the three Real Property Compliance Specialist I positions is as follows:

1. Describe the role of the Real Property Compliance Specialist I positions in assessing real property tax.

Response: The role of the Real Property Compliance Specialist I is to conduct field and desk audits of properties with exemptions, use classifications, dedications, and use values. The assessments are reviewed for compliance with the real property tax codes, rules, ordinances, and rules of procedure. Based on observations and data collected, exemptions, classifications, dedications, and use values are either verified or removed. As more experience is gained, the compliance efforts under appeal will be defended before the Board of Review or Tax Appeal Court.

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COUNTY CLERK
707 551-7100

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2. Provide the hire date and position description for each of the three positions. Identify how each position has contributed to compliance issues relating to real property tax.

Response: DF-0191 date of hire: 01/05/2016
DF-0190 date of hire: 03/01/2017
DF-0194 date of hire: 03/06/2017

The position description is attached.

Since the positions were created in January 2016, the staff has been primarily working on the home exemption program. However, the newly hired staff (2017) is currently training on agricultural dedication compliance in addition to home exemption compliance. They have already begun inspections for 2018.

Social security numbers are being collected for home exemptions on file that were blank, which is helping RPAD match claimants to State of Hawaii Department of Health and Taxation data. In 2016, there were 722 exemptions with no social security number. In 2017 there were only 218 exemptions with no social security number.

For FY 2017, 1,085 disallowance letters were sent out resulting in 516 exemptions being removed. This resulted in \$1,200,000 in unbudgeted revenue collected by the county. Also, 1,737 letters were sent to claimants who were not on the State of Hawaii resident tax return list for 2015. These letters reminded homeowners that they need to file a State of Hawaii resident tax return every year to qualify for the tax relief program.

3. Explain whether these positions work in conjunction with enforcement personnel in the Department of Planning as it relates to transient vacation rentals and short-term rental home permits.

Response: These positions do not work in conjunction with enforcement personnel in the Department of Planning as it relates to transient vacation rentals and short-term rental home permits. Short-term rental home permit holders are not allowed a homeowner exemption so it is not applicable. The Real Property Assessment Division (RPAD), with Planning's help, ensures that TVR, B&B and STRH permit holders do not get exemptions annually.

If it is discovered that a home is being rented in its entirety to anyone, long or short term, the exemption will be removed. Planning enforcement has notified RPAD of these cases in the past and RPAD has taken action. Planning does provide RPAD with a list of properties where transient vacation rental enforcement has taken place. Because Planning stops the use, it usually does not result in RPAD compliance. There have been very few cases where the owners have a current home exemption.

*Honorable G. Riki Hokama, Chair
And Members of Budget and Finance Committee
April 6, 2017
Page 2 of 3*

Thank you for the opportunity to provide comment regarding this matter and should you have any questions, please feel free to contact me at Ext. 7475.

Sincerely,

A handwritten signature in black ink, appearing to read 'DANILLO F. AGSALOG', with a long horizontal flourish extending to the right.

DANILO F. AGSALOG
Director of Finance

cc: Honorable Alan M. Arakawa, Mayor
Scott K. Teruya, Real Property Tax Administrator

REAL PROPERTY COMPLIANCE SPECIALIST I

DUTIES OF THE POSITION

% OF
TIME

This position is situated in the Compliance and Enforcement section, Real Property Assessment Division, County of Maui. This position is under the immediate supervision of the Real Property Assessment Administrators.

MAJOR DUTIES AND RESPONSIBILITIES

Under close supervision receives initial orientation, classroom and on-the-job training in the principles, theories, methods and techniques of assessing real property. Receive training on real property tax laws and the basic concepts and philosophy of the county system in real property assessments and taxation; the use and interpretation of tax maps, blueprints, and various types of property transaction documents; the use and application of the building and land classification system along with the techniques in classifying properties for tax assessment purposes; and assists higher level analysts in processing various assessment forms and applications; the Computer Assisted Mass Appraisal computer system and software components. This position also learns interviewing techniques, introduced to various sources and methods of securing information, and learns to elicit information from legal documents.

(a) 40%

Under close supervision, this position accompanies higher level staff in conducting field audits and assessment of properties with less-complex exemptions, classification, and dedications for compliance with the real property tax codes, rules, ordinances, and rules of procedure. Receives training on how to review and record documents on-line with the Bureau of Conveyances. Must be able to travel by land or sea and operate a motorized vehicle to commute to various sites.

Assists higher level staff in gathering information through on-site field audits, personal interviews, and searches in files, records, codes, ordinances, and laws within the department and outside sources to ascertain whether violations exist. This position must be able to inspect and collect data on the design, physical, and functional aspects of specified land and building(s) and to verify use as it relates to existing exemptions, classification, and dedications. If necessary, obtains inspection warrant and/or Police escort as needed.

Under close supervision and following specific instructions, collects and verifies information through on-site inspections and interviews by contacting landlords, occupants, building contractors, developers, fee appraisers, brokers, property managers, accountants, or any others to collect, verify and substantiate exemption, classification, and/or dedication.

REAL PROPERTY COMPLIANCE SPECIALIST I

Must be able to work effectively with the other Branches of the Real Property Assessment Division and other county agencies in reviewing all necessary documentations. Must be able to coordinate inspections and reviews inter-related codes, ordinances, or rules of procedure. (a,b) 20%

Receives training and learns to analyze and evaluate information collected, and interpret and apply real property tax laws and related rules and ordinances to make appropriate adjustments to existing exemption and dedication amounts or percentages and ensure equity and fairness in the taxation of all property types.

Based on observations and data collected, remove existing exemptions and disqualify dedications in accordance with county rules or ordinances.

Must process, analyze, and correlate data collected for systematic mass assessment purposes. Also learns to prepare supporting sketches, maps, statistical spreadsheets, and other reports as necessary. (a,b) 20%

With guidance from higher level staff, provides written and verbal communication to defend and explain findings and decisions to superiors, taxpayers, claimants, petitioners, and to the general public.

Attends and completes introductory appraisal course from the International Association of Assessing Officers. (a,b) 10%

Provides direct support in implementing special appraisal projects involving the division. Participates and assists in the orientation and training programs for the real property appraisers and assessment staff.

Assists other branches of the Real Property Assessment Division relating to exemptions, classification and/or dedications, and other tax relief programs. May also assist in processing, preparing, and replying to taxpayer's queries concerning existing exemptions, classification, and dedications. Performs other duties as required. (a) 10%

Notes:

- (a) The performance of this function is the reason that the job exists.
- (b) The number of other employees available to perform this function is limited.
- (c) This function is highly specialized, and the employee is hired for special expertise or ability to perform this function.