

COUNTY OF KAUAI
Minutes of Meeting
OPEN SESSION

Approved : 3/06/2020

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| Board/Commission: | BOARD OF REVIEW | Meeting Date | February 07, 2020 |
| Location | Mo'ikeha Building, Meeting Room 2 A/B | Start of Meeting: 1:05p.m. | End of Meeting: 3:20 p.m. |
| Present | Chair Craig De Costa, Vice Chair Christopher White, Member Julie Caspillo, Member Katherine Lewi Otsuji, and Member Stella Fujita. Also: Office of the County Attorney: Deputy County Attorney Mark Bradbury, Boards & Commissions Staff: Support Clerk Arleen Kuwamura. Real Property Tax Manager: Brad Cone. COK Appraisers: Craig Arzadon, Damien Ventura, Sean Roche, Mike Hubbard, and Terry Phillips. | | |
| Excused | | | |
| Absent | None | | |

| SUBJECT | DISCUSSION | ACTION |
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| Call to Order | | Chair De Costa called the meeting to order at 1:05 p.m. with five members present which constituted a quorum. |
| Approval of Minutes | a. <u>Open Session Meeting of January 10, 2020</u> | <i>Ms. Caspillo moved to approve the Open Session Minutes of January 10, 2020, as circulated. Ms. Otsuji seconded the motion. Motion carried 5:0.</i> <i>Chair De Costa amended the agenda Moving "Established Format for Hearing of Appeal" after all appeals are heard.</i> |
| Appeals | | |
| | 10. <u>20-0000004</u> C. Arazadon Peter & Lynn Franck | <u>4-2-014-029-0001</u> |
| | Mr. and Mrs. Peter Franks was in attendance and Mrs. Lynn Franks presented their testimony to the Board. Mr. Arzadon was present on behalf of the County and presented his report to the Board. The Board reviewed the testimony provided in Executive Session. | |
| | 9. <u>20-0000047</u> C. Arazadon Denis Gueret | <u>4-2-012-025-0000</u> |

| SUBJECT | DISCUSSION | ACTION |
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| | <p>Denis Gueret was in attendance and presented his testimony to the Board. Mr. Arzadon was present on behalf of the County and presented his report to the Board.</p> <p>The Board reviewed the testimony provided in Executive Session.</p> | |
| | <p>8. <u>20-0000001 C. Arazadon Christopher A Cordle</u></p> <p>Chris Cordle was in attendance and presented his testimony to the Board. Mr. Arzadon was present on behalf of the County and presented his report to the Board.</p> <p>The Board reviewed the testimony provided in Executive Session.</p> | <p><u>4-2-006-132-0000</u></p> |
| | <p>1. <u>19-0001002 M. Hubbard Ming Fang (2016)</u></p> <p>2. <u>19-0001003 M. Hubbard Ming Fang (2017)</u></p> <p>3. <u>19-0001004 M. Hubbard Ming Fang (2018)</u></p> <p><i>Appeal withdrawn; no Board action required</i></p> | <p><u>5-1-005-045-0000</u></p> <p><u>5-1-005-045-0000</u></p> <p><u>5-1-005-045-0000</u></p> |
| | <p>6. <u>20-0000013 C. Arazadon Lani K Nagao</u></p> <p>No one was present on behalf of the appellant. Mr. Arzadon was present on behalf of the County and presented his report to the Board.</p> <p>The Board reviewed the testimony provided in Executive Session.</p> | <p><u>3-2-008-093-0001</u></p> |
| Stipulation/ Withdrawn | <p>7. <u>20-0000015 C. Arazadon Joe M Williams</u></p> <p><i>Ms. Caspillo moved to approve the County's stipulation for a market assessed value \$914,200, assessed value \$859,300, less an exemption of \$200,000, and net taxable value of \$659,300. Ms. Otsuji seconded the motion. Motion carried 5:0.</i></p> | <p><u>3-3-016-085-0000</u></p> |
| | <p>11. <u>20-0000003 C. Arazadon Sharon LL Espina Trust</u></p> | <p><u>4-2-015-025-0000</u></p> |

| SUBJECT | DISCUSSION | ACTION |
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| | <p>No one was present on behalf of the appellant. Mr. Arzadon was present on behalf of the County and presented his written report to the Board.</p> <p>The Board reviewed the testimony provided in Executive Session.</p> | |
| | <p>4. <u>20-0000005</u> S. Roche Mele Kai LLC</p> <p>5. <u>20-0000006</u> S. Roche Mele Kai LLC</p> <p>No one was present on behalf of the appellant; however, written letter was provided to the Board. Mr. Roche was present on behalf of the County and presented his written report to the Board.</p> <p>Chair De Costa asked for confirmation on item 4 & 5 having the same appellant but different property? Mr. Roche stated confirmed it as such.</p> <p>The Board reviewed the testimony provided in Executive Session.</p> | <p>2-8-020-068-0001</p> <p>2-8-020-068-0002</p> |
| Executive Session | | <p><i>Pursuant to HRS § 92-4, 92-5(a) (4), 92-9(a) (1-4) (b) and 92-6(a) (2). Ms. Caspillo moved that the Board go into Executive Session at 1:47p.m. for the purpose of reviewing and approving the Executive Session minutes. Ms. Otsuji seconded the motion. Motion carried 5:0.</i></p> |
| Return to Open Session | <p><u>Ratify Board of Review actions taken in Executive Session for appeals shown on the attached listing and make those decisions public</u></p> | <p>The meeting resumed in Open Session at 2:14 p.m.</p> <p><i>Ms. Otsuji moved to ratify the Board's actions in Executive Session and to make those decisions public. Mr. White seconded the motion. The Hearing no objections, Motion carried 5:0.</i></p> |
| Appeals | <p>4. <u>20-0000005</u> S. Roche Mele Kai LLC</p> | <p>2-8-020-068-0001</p> |

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| | <i>Mr. White moved to sustain the County's Assessed value \$588,400. Ms. Fujita seconded the motion. Motion carried 5:0.</i> |
| 5. | <u>20-0000006 S. Roche Mele Kai LLC 2-8-020-068-0002</u> |
| | <i>Mr. White moved to sustain the County's Assessed value \$1,213,300. Ms. Fujita seconded the motion. Motion carried 5:0.</i> |
| 6. | <u>20-0000013 C. Arazadon Lani K Nagao 3-2-008-093-0001</u> |
| | <i>Ms. Otsuji moved to deny the appeal due to being filed untimely. Mr. White seconded the motion. Motion carried 5:0.</i> |
| 8. | <u>20-0000001 C. Arazadon Christopher A Cordle 4-2-006-132-0000</u> |
| | <i>Ms. Caspillo Moved to sustain the County's denial of exemption for the 2020 tax year. Ms. Fujita seconded the motion. Motion carried 5:0.</i> |
| 9. | <u>20-0000047 C. Arazadon Denis Gueret 4-2-012-025-0000</u> |
| | <i>Ms. Caspillo moved to sustain the County's denial of exemption. Mr. White seconded the motion. Motion carried 5:0.</i> |
| 10. | <u>20-0000004 C. Arazadon Peter & Lynn Franck 4-2-014-029-0001</u> |
| | <i>Mr. White moved to sustain the County's denial of exemption. Ms. Caspillo seconded the motion. Motion carried 5:0.</i> |
| 11. | <u>20-0000003 C. Arazadon Sharon LL Espina Trust 4-2-015-025-0000</u> |
| | <i>Ms. Caspillo moved to sustain the County's denial of exemption. Ms. Fujita seconded the motion. Motion carried 5:0.</i> |
| Establish Format for Hearing of Appeals | <p>b. <u>Orientation from the County Attorney's Office regarding Board of Review procedure and applicable Sunshine Law</u></p> <p>Deputy County Attorney Mark Bradbury requested for Mr. Cone to present first because some of the information overlapping.</p> |
| | <p>c. <u>PowerPoint presentation from the Real Property Tax Manager on an overview of appeals, assessment methods, tax classifications, and an update on changes to the laws</u></p> <p>Brad Cone introduced Megan Shimamoto who is the Subject Matter Expert with the property tax relief offered by the County and she would be available after the presentation in case the Board members had questions.</p> |

Mr. Cone explained that he would go through the presentation and at the end, there would be a question and answer session for any questions that the Board may have during the presentation. The presentation he had prepared was essentially the overview for 2020. He started with the Notice of Real Property Assessments for 2020.

Mr. Cone presented his PowerPoint presentation to the Board (on file).

Mr. Cone went over the Notice of Real Property Assessment Form, which included Real Property Division Contact information, value and class tax data pertinent to the parcels, and on the back of the form explained that the form had information directing the taxpayer on how to appeal their property assessment in the event they did not agree with the value, exemption information and/or tax class. He stressed that they mailed out the Notice once a year, and the importance of understanding what is on the notice. Also pointed out, contact numbers provided for taxpayers to call and open up a conversation with the appraiser regarding whatever concerns or questions they might have.

Mr. Cone noted one of the more complex issues right now is the Ordinance 997, the "Assessment Cap". It creates a little confusion in values and taxes, because the assessed value is going to be limited for those with an approved home owner's exemption being property tax class homestead or commercialize home use. Ordinance 997 will limit those changes to the assessment to 3% plus or minus on an annual bases. For example, the environment we are in right now where property values increase, let's just say they increase an average of 6% a year over a 4 year period. There is going to be an increase in difference between the market value and the assess value, so it can be confusing when we are in this arena talking about values and there is often confusion with the taxpayer when we start talking about value. The taxes are going to be based on assessed value. What we are going to be arguing about here, is the market value and we can only defend the market value in an evaluation appeal.

Mr. Cone stated that the most important date for taxpayers to remember is September 30th which is the deadline for filing Exemptions.

Mr. Cone answered a few questions after the presentation and the Board thanked Mr. Cone for a great presentation.

b. Orientation from the County Attorney's Office regarding Board of Review procedure and applicable Sunshine Law

Deputy Attorney Mark Bradbury reviewed the Board of Review procedure and applicable Sunshine Law requirements. Mr. White enquired about the Board having the power to allow or disallow exemptions, and if it was based on law and under the

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| | <p>frame work of the legislation. Mr. Bradbury agreed and gave an example of “late filings” The example of situations the Board has seen where an individual has a homestead exemption on another island, we can wipe the one away here. Chair De Costa asked if there were any more questions. Seeing none. They moved on to a.</p> <p>a. <u>Reprints from the County of Kaua‘i’s webpage on <i>Understanding your Real Property Taxes</i> and Information for Taxpayers concerning <i>Property Assessments Appeals to the Board of Review</i></u></p> <p>Chair De Costa pointed out that “Understanding you Real Property Taxes” and “Property Assessments Appeals to the Board of Review” information is found on County Website. Mr. Bradbury pointed out that there are a lot of complaints about “No Notice” but they can access the website for information. Chair De Costa shared a time when deadlines got changed and the mail out had too much information on it, the Board advised to keep mail out information simple.</p> <p>Ms. Otsuji noted that right now we are in a rising market, the market value in many cases is higher than the assessed value. So does the general public understand that there is no point in appealing their market value if it’s not going to be less than their assessed value? Mr. White stated he thought that was a really good point.</p> <p>Chair De Costa stated that according to his understanding once the appeal is filed, it goes to an assessor who then makes contact with that person and tries to engage in mitigation with that person. That’s how we get withdrawals and stipulation and so forth, and it also helps the appellant kind of focus their presentation if they are really listening to what the assessor is saying because then they know where the County is coming from even though you don’t have their written report.</p> <p>Mr. White asked if the appellants get their appeal feedback to which Ms. Caspillo stated they did.</p> |
| <p>Discussion on Board of Review Annual Report to the Mayor for 2019</p> | <p>Chair De Costa inquired if anyone emailed the clerk with any ideas. Ms. Caspillo noted she did not and apologized.</p> <p>Chair De Costa stated the Long-term affordable rental is already in effect. Mr. White pointed out it was in effect in June. Chair De Costa noted with regards to the deadlines specifically “Notices” concerning “Amended Notices” that have a different deadline, it’s not a calendar deadline, it’s a 60 day deadline. And so, one of the suggestion’s might be to make them put the language on there when they do send an Amended Notice. Informing the taxpayer that they have sixty days from date of this</p> |

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| | <p>notice of appeal to make it more conspicuously, as it is on there but buried just like what was brought up today with the Tax Office Assessment vs Permitted Uses. Ms. Otsuji stated that was a different issue then what was brought up today. Mr. De Costa asked her to elaborate. The Board had a lengthy discussion regarding situations illegal vacation rentals and adding the Use Permit in because it's the County's observation. Similar with square footage and enclosed garages and how it is taxed while not having a permit. Resulting in taxpayers take on the tax office description as being legal.</p> <p>The Board agreed the presentations was great and discussed ideas in getting that type of information out to the general public. Some of the ideas they discussed was maybe having a public information officer, ESA on the radio perhaps starting September 1st letting the general public know the deadline is coming up, and placing some type of information during the County Council live meetings informing of the deadline. Also, informing people that the deadline is September 30th and what the Use deadline was while keeping it simple. After a lengthy discussion Chair stated he would be willing to draft suggestion.</p> |
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| Announcements | Next Meeting: <u>Friday, February 14, 2020</u> |
| Adjournment | <p><i>Mr. White moved to adjourn. Ms. Otsuji seconded the motion. Motion carried 5:0.</i></p> <p>Chair De Costa adjourned the meeting at 3:20 p.m.</p> |

Submitted by: _____
 Arleen Kuwamura, Staff Support Clerk

Reviewed and Approved by: _____
 Craig De Costa, Chair

- () Approved as circulated.
- (X) Approved with amendments. See minutes of 3/06/2020 meeting.