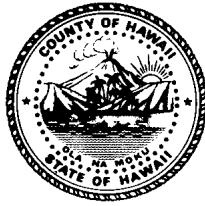


C. Kimo Alameda, Ph.D.
Mayor

William V. Brilhante Jr.
Managing Director



Diane Nakagawa
Finance Director

Malia A. Kekai
Deputy Director

County of Hawai'i

DEPARTMENT OF FINANCE - REAL PROPERTY TAX

Aupuni Center • 101 Pauahi Street • Suite No. 4 • Hilo, Hawai'i 96720-4679 • Fax (808) 961-8415
Appraisers (808) 961-8354 • Clerical (808) 961-8201 • Collections (808) 961-8282
West Hawai'i Civic Center • 74-5044 Ane Keohokalole Hwy. • Bldg. D, 2nd Flr. • Kailua Kona, Hawai'i 96740
Fax (808) 327-3538 • Appraisers (808) 323-4881 • Clerical (808) 323-4880

May 5, 2026

To: Ashley Kierkiewicz, County of Hawai'i Council Member

From: Lisa Miura, Real Property Tax Administrator *lm*

Subject: Downtown Pāhoa Special District Bills 126, 124 & 125

Specific questions that have been raised regarding how the creation of this special district would have an effect on real property taxes. This response is based on the bills as they are currently written.

Does the change in a zoning designation in or of itself trigger a tax increase?

No. Real Property Taxes are a result of the taxable value and the tax rate (tax classification).

$$\text{taxable value} \times \text{tax rate} = \text{real property taxes}$$

The taxable value in itself will not change if the use has not changed. For future years, values are dependent on sales. If sales increase in future years, then the values would increase.

The tax rates are based on the tax classifications. There is no separate tax classification for special districts.

Does the tax rate change?

No. As there are no separate tax classifications for special districts. The typical use and zoning is residential or commercial for this particular area. While zoning is a contributing factor to tax classification, it is not the only factor utilized in determining a tax class for real property tax purposes.

If there is a residential improvement and is utilized as a residence, the tax classification would remain as residential until a time when it is utilized as commercial.