



**SUZANNE
NAKANO**

REALTY, INC.

Integrity, Excellence, Knowledge

Invest Aloha

WHAT EVERY HAWAII REAL ESTATE INVESTOR SHOULD KNOW

Residential A Classification (RAC) Update

What is RAC? A property tax classification for a Honolulu residential-zoned parcel with no more than two single family dwelling units, an assessed value of \$1,000,000 or more, and no home exemption. A condominium unit with an assessed valuation \$1,000,000 or more without a home exemption is also considered a RAC. The RAC tax rate is \$6 per \$1,000 of the assessed value. The standard residential property tax rate of \$3.50 for every 1,000 of assessed value.

What was ruled on October 17, 2016? Tax Appeal Court Judge Gary W.B. Chang ruled against the RAC, deeming it illegal and unconstitutional. This ruling calls into question whether the City and County of Honolulu is able to collect taxes from the approximately 8,700 owners of RAC properties.

What happened next? The day after Judge Chang's ruling, the City's Corporation Counsel Donna Leong said in a statement that the tax is legal and constitutional. The city intends to appeal the court's ruling to the State of Hawaii appellate courts and to defend the Residential A classification.

What are the City & County of Honolulu instructing taxpayers to do? Pay your real property tax bill as received.

This situation may lead to the city considering an amendment to the RAC. Stay tuned to Suzanne Nakano Realty, Inc. news for updates.

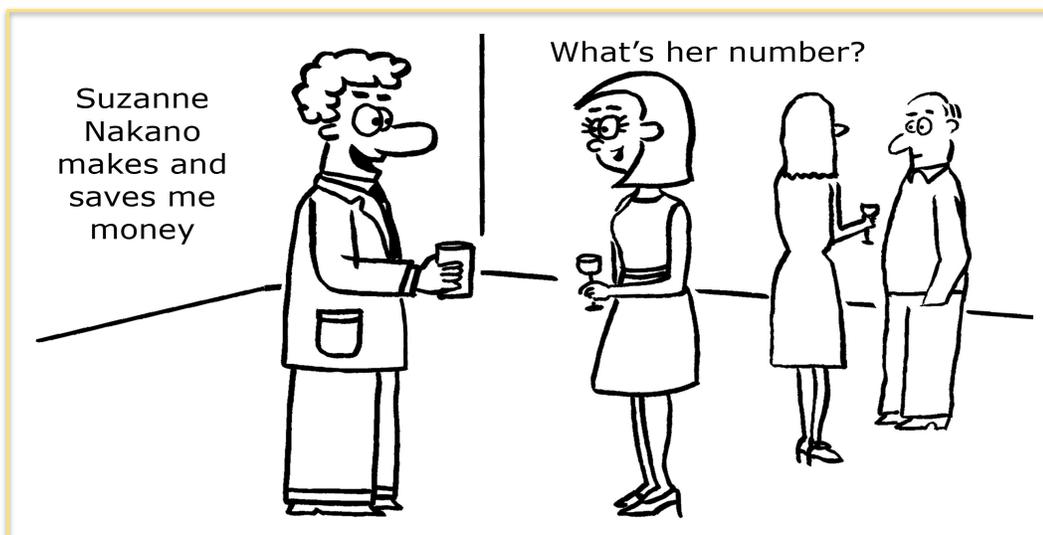
FREE from Hawai'i Energy for multifamily properties.

Hawai'i Energy will provide free materials and labor to install energy-efficient technologies into your units.

How come? Hawai'i Energy is a HECO ratepayer-funded energy conservation program to help property investors and businesses reduce their electric and water/sewer bills.

Some energy-efficient technologies that can be installed are: high-efficiency showerheads, high-efficiency faucet aerators for kitchen and bath, advanced power strips, and Energy Star CFL and LED lighting.

The estimated value of materials and labor for a standard two-bedroom one-bath unit is over \$150. The annual electricity cost savings per year is about \$250. The total value of this free benefit in the first year is approximately \$400 per unit. Hawai'i Energy offers other benefits such as rebates for energy-efficient appliance trade ups. See <http://www.hawaiienergy.com/>



Do you have unclaimed property in Hawaii?

To find out, search <https://www.ehawaii.gov/lilo/app>

Examples of unclaimed property: safe deposit box contents, utility company deposits, dormant savings and checking accounts, insurance and medical refunds, shares of stock, uncashed travelers checks, money orders, dividend checks, payroll checks.