

REPORT OF THE COMMITTEE ON BUDGET

Voting Members:

Calvin K.Y. Say, Chair; Radiant Cordero, Vice-Chair;
Brandon J.C. Elefante, Esther Kia'aina, Heidi Tsuneyoshi, Andria Tupola

Committee Meeting Held
July 21, 2021

Honorable Tommy Waters
Chair, City Council
City and County of Honolulu

Mr. Chair:

Your Committee on Budget, which considered Bill 20 (2021) entitled:

"A BILL FOR AN ORDINANCE RELATING TO REAL PROPERTY TAXATION,"

The purpose of the bill is to address properties classified as Residential A for real property tax purposes. It does so by amending: (1) the provisions relating to the threshold of assessed value of a parcel of real property and the number of improved single family dwelling units on the parcel for purposes of classifying the parcel as Residential A for real property tax purposes; and (2) the manner of determination of tax rates for certain parcels classified as Residential A.

The Director of Budget and Fiscal Services and a representative of the Department of Budget and Fiscal Services answered questions from the Committee.

Your Committee received testimony in support of the bill from five individuals. Comments were received from the following organizations: Church of the Crossroads and Faith Action for Community Equity.

Your Committee considered and approved a proposed posted CD1 version that makes the following amendments:

- A. Lowers the number of proposed tax rate tiers for properties classified as residential A from five to three.

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON _____

COMMITTEE REPORT NO. 213

REPORT OF THE COMMITTEE ON BUDGET

Voting Members:

Calvin K.Y. Say, Chair; Radiant Cordero, Vice-Chair;
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- B. Changes the amounts of the net taxable value of a property classified as residential A for the purposes of assignment to a tax rate tier as follows:
- Residential A Tier 1 tax rate: applied to the net taxable value of the property up to \$1,300,000;
 - Residential A Tier 2 tax rate: applied to the net taxable value of the property in excess of \$1,300,000 and up to \$5,000,000; and
 - Residential A Tier 3 tax rate: applied to the net taxable value of the property in excess of \$5,000,000.
- C. Makes miscellaneous technical and nonsubstantive amendments.

Your Committee on Budget is in accord with the intent and purpose of Bill 20 (2021), as amended herein, and recommends that it pass second reading, be scheduled for a public hearing, and be referred back to Committee in the form attached hereto as Bill 20 (2021), CD1. (Ayes: Cordero, Elefante, Kia'āina, Say, Tsuneyoshi – 5; Noes: None; Excused: Tupola – 1.)

Bill 20, CD1 rereferred to the Committee
on Budget (CC-296).

Respectfully submitted,



Committee Chair

BILL 20(21) was filed on 04/06/23 pursuant to ROH automatic filing deadline.

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON _____

COMMITTEE REPORT NO. 213



A BILL FOR AN ORDINANCE

RELATING TO REAL PROPERTY TAXATION.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to address properties classified as Residential A for real property tax purposes. It does so by amending: (1) the provisions relating to the threshold of assessed value of a parcel of real property and the number of improved single family dwelling units on the parcel for purposes of classifying the parcel as Residential A for real property tax purposes; and (2) the manner of determination of tax rates for certain parcels classified as Residential A.

SECTION 2. Section 8-7.1, Revised Ordinances of Honolulu 1990 ("Valuation—Considerations in fixing"), as amended by Ordinance 19-32, is amended by amending subsection (i) to read as follows:

"(i) "Residential A" shall mean a parcel, or portion thereof, which:

- (1) Is improved with no more than [~~two~~] three single family dwelling units[~~;- and~~] and:
 - (A) Has an assessed value of [~~\$1,000,000~~] \$1,300,000 or more;
 - (B) Does not have a home exemption; and
 - (C) Is zoned R-3.5, R-5, R-7.5, R-10, or R-20 or is dedicated for residential use;
- (2) Is vacant land zoned R-3.5, R-5, R-7.5, R-10, or R-20 and has an assessed value of [~~\$1,000,000~~] \$1,300,000 or more; or
- (3) Is a condominium unit with an assessed valuation of [~~\$1,000,000~~] \$1,300,000 or more and does not have a home exemption.

Residential A excludes any parcel, or portion thereof, improved with military housing located on or outside of a military base."



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL 20 (2021), CD1

A BILL FOR AN ORDINANCE

SECTION 3. Section 8-11.1, Revised Ordinances of Honolulu 1990 ("Real property tax—Determination of rates"), is amended by amending subsection (h) to read as follows:

"(h) Notwithstanding any provision to the contrary, rates for property classified as residential A must be assigned to ~~two~~ three tiers based on the valuation of the property. The tiers are as follows:

- (1) Residential A Tier 1 tax rate: applied to the net taxable value of the property up to ~~[\$1,000,000; and]~~ \$1,300,000;
- (2) Residential A Tier 2 tax rate: applied to the net taxable value of the property in excess of ~~[\$1,000,000;]~~ \$1,300,000 and up to \$5,000,000; and
- (3) Residential A Tier 3 tax rate: applied to the net taxable value of the property in excess of \$5,000,000."

SECTION 4. Ordinance material to be repealed is bracketed and stricken. New material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the Revisor of Ordinances need not include the brackets, the material that has been bracketed and stricken, or the underscoring.



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL **20 (2021), CD1**

A BILL FOR AN ORDINANCE

SECTION 5. This ordinance takes effect upon its approval and applies to the tax years beginning July 1, 2022 and thereafter.

INTRODUCED BY:

Radiant Cordero

DATE OF INTRODUCTION:

April 6, 2021
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20 _____.

RICK BLANGIARDI, Mayor
City and County of Honolulu