



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 real property tax relief for certain properties that are required to install fire safety improvements pursuant to certain requirements under Chapter 20 of the Revised Ordinances of Honolulu 1990.

SECTION 2. Chapter 8, Article 7, Revised Ordinances of Honolulu 1990 ("Valuations"), is amended by adding a new section to be appropriately designated by the Revisor of Ordinances and to read as follows:

"Sec. 8-7. Dedication of certain real property to facilitate the installation of fire safety improvements."

(a) As used in this section, unless the context otherwise requires:

"Existing high-rise residential building" means the same as defined in Section 20-4.1.

"Fire safety improvements" means an automatic fire sprinkler system or alternative fire prevention and safety systems, required under Section 20-1.1, that protect an entire existing high-rise residential building.

"Owner" means the fee simple owner of a residential condominium unit property within an existing high-rise residential building.

"Residential condominium unit property" or "property" means a condominium unit that is exclusively used as the property owner's principal residence.

(b) A residential condominium unit property within an existing high-rise residential building for which the director has approved a petition for dedication to facilitate the installation of fire safety improvements, as described in subsection (c), will be exempt for a period of up to _____ years from all real property taxes assessed for that property; provided that:

(1) The total amount of the tax exemption granted during the dedication period must not exceed the owner's cost of the fire safety improvements;



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- (2) The owner has been granted an exemption under Section 8-10.4 for the property;
 - (3) The owner has not claimed a tax credit under Article 14 and does not claim that tax credit during the dedication period; and
 - (4) The owner is contractually obligated to pay for the installation of fire safety improvements and such installation must be completed no later than six months prior to the end of the dedication period.
- (c) A petition to dedicate the property to facilitate the installation of fire safety improvements must be filed with the director. The petition for dedication must include:
- (1) A declaration from the owner that fire safety improvements will be installed during the dedication period;
 - (2) A declaration from the owner that the owner will not claim a tax credit under Article 14 during the dedication period;
 - (3) Documentation that the owner is contractually obligated to pay for the installation of the fire safety improvements enumerated in the declaration; and
 - (4) Documentation specifying the cost of installation of the fire safety improvements.
- (d) Upon receipt of a petition under subsection (c), the director shall make a finding of fact as to whether the property meets the requirements for the dedication under this section. The finding may be based on other criteria as the director may deem appropriate and not inconsistent with this section. If the director's findings are favorable, the director shall approve the petition and declare the property to be dedicated for the purpose of facilitating the installation of fire safety improvements. The director may consult with the fire chief to determine whether the enumerated improvements are required under Section 20-1.1.
- (e) The director's approval of the petition to dedicate will constitute a forfeiture on the part of the owner of any right to disallow the contracted installation of the fire safety improvements during the dedication period.



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- (f) The petition for dedication must be filed with the director by September 1 of any calendar year. The notice of assessment shall serve as notice of approval or disapproval of the petition for dedication. If approved, the assessment will be effective on October 1 of the same calendar year.
- (g) The owner of property dedicated pursuant to this section shall annually submit a report to the director regarding the progress of the installation of the fire safety improvements no later than September 1 following each tax year of the dedication. The report may be rejected by the director in the event the report is incomplete or contains erroneous or incorrect information. The report must be accepted or rejected by the director by December 15 of the year in which it is submitted. The director shall prescribe the form of the report. The report must include, but is not limited to:
- (1) A progress report, as may be evidenced by, among other things, minutes from meetings of the association of apartment owners of the existing high-rise residential building or of the association's board of directors, specifying the progress being made to install the fire safety improvements;
 - (2) A declaration, if applicable, that the owner will continue to facilitate the contractual installation of the fire safety improvements through the remainder of the dedication period; and
 - (3) Any other information required by the director.
- (h) In the event that a dedication is canceled or expires, the director shall execute a notice of expiration or cancelation of the dedication.
- (i) In the event the director finds, upon inspection, that:
- (1) The installation of fire safety improvements has not been completed no later than six months prior to the end of the dedication period;
 - (2) The contract to install the fire safety improvements has been canceled;
 - (3) Timely progress is not being made to install the fire safety improvements, as determined by the director;
 - (4) The property owner failed to file the report required in subsection (g) in a timely manner; or



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(5) The required report must be rejected;

the owner must be notified of the finding and shall have 60 days to address the finding.

(j) In the event the owner fails to satisfactorily address any finding made under subsection (i), the dedication will be canceled and the property owner will be subject to a rollback tax and penalty. The rollback tax will be the difference between the taxes owed for the property at 100 percent of the property's assessed value at fair market value and the taxes actually imposed on the property, retroactive from June 30 of the tax year in which the dedication was canceled to July 1 of the initial year of the dedication at the tax rate applicable for the respective tax years. The penalty will be 10 percent for each year of the rollback tax. The rollback tax and penalty will be a paramount lien upon the property.

(k) The owner may appeal, in the same manner as an appeal from an assessment, the disapproval of any petition for dedication, the rejection of the report required in subsection (g), the cancellation of a dedication, or the imposition of a rollback tax and penalty under subsection (i).

(l) Notwithstanding any provision in this section to the contrary, the occurrence of events beyond the owner's control that make it unfeasible to install the fire safety improvements, including, but not limited to:

(1) A natural disaster such as a windstorm or flood that results in the total destruction of the dedicated property as determined by the director; or

(2) The condemnation of the dedicated parcel or any portion thereof by a governmental entity,

will cause the dedication to be canceled without the imposition of any rollback taxes or penalties whatsoever."

SECTION 3. Section 8-14.2, Revised Ordinances of Honolulu 1990 ("Automatic sprinkler system tax credit established"), is amended by amending subsection (a) to read as follows:

"(a) An owner of residential real property in an existing high-rise residential building is entitled to a tax credit under this article against the owner's real property tax [liability if: 1) an automatic] liability; provided that:



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- (1) An automatic sprinkler system is either installed throughout the existing residential high-rise building or throughout the common areas of the existing residential high-rise building; [~~and 2) the~~]
- (2) The owner has been granted an exemption under Section 8-10.4[.]; and
- (3) The owner has not successfully petitioned the director for the dedication specified in Section 8-7. ."

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.



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SECTION 5. This ordinance takes effect upon its approval and applies to the tax years beginning July 1, 2023 and thereafter.

INTRODUCED BY:

Carol Johnson

DATE OF INTRODUCTION:

AUG - 5 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