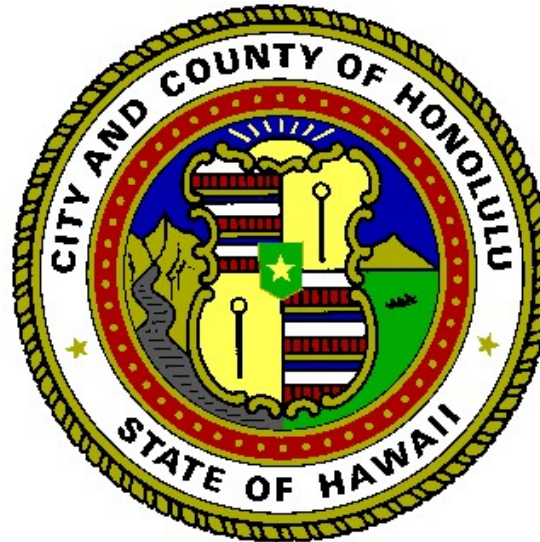
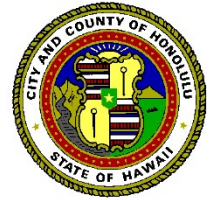


***FY 2021 - 2022  
Oahu Real Property Tax Advisory Commission  
Overview***



**July 2021**

DEPT. COM. 585



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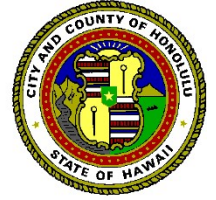
# ***Revised Ordinances of Honolulu (ROH)***

## ***Chapter 8***

- ❖ **Legislative Intent** - The purpose of this chapter is to implement the authority granted to the City and County of Honolulu to assess, impose and collect real property taxes based on an amendment to the Constitution of the State of Hawaii which was adopted on November 7, 1978, by the electorate. <sup>(1)</sup>
- ❖ The **Real Property Assessment Division** assesses all taxable real property within the City and County of Honolulu.
- ❖ The **Treasury Division** bills and collects the real property tax along with other fees.

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<sup>(1)</sup> ROH Sec. 8-1.1



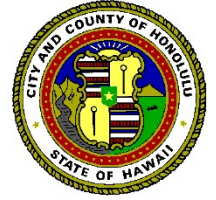
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## ***Real Property Taxes Vital to City Operations***

- ❖ Primary source of general fund revenue
- ❖ Integral to City's general obligation bond rating
- ❖ For tax year 2021-2022, assessed values were adjusted for exemptions and dedications that
  - ❖ reduced assessed values by \$33.6 billion; and
  - ❖ decreased real property tax revenue by approximately \$164.1 million
- ❖ For tax year 2021-2022, taxes were credited to 3,286 applicants that totaled approximately \$5 million <sup>(1)</sup>
- ❖ Exceptions (exemptions, dedications and tax credits) to the mass appraisal process require substantial resources to administer

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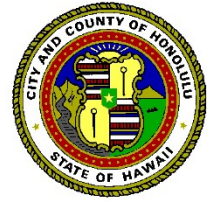
<sup>(1)</sup> ROH Sec. 8-13 – County Tax Credit



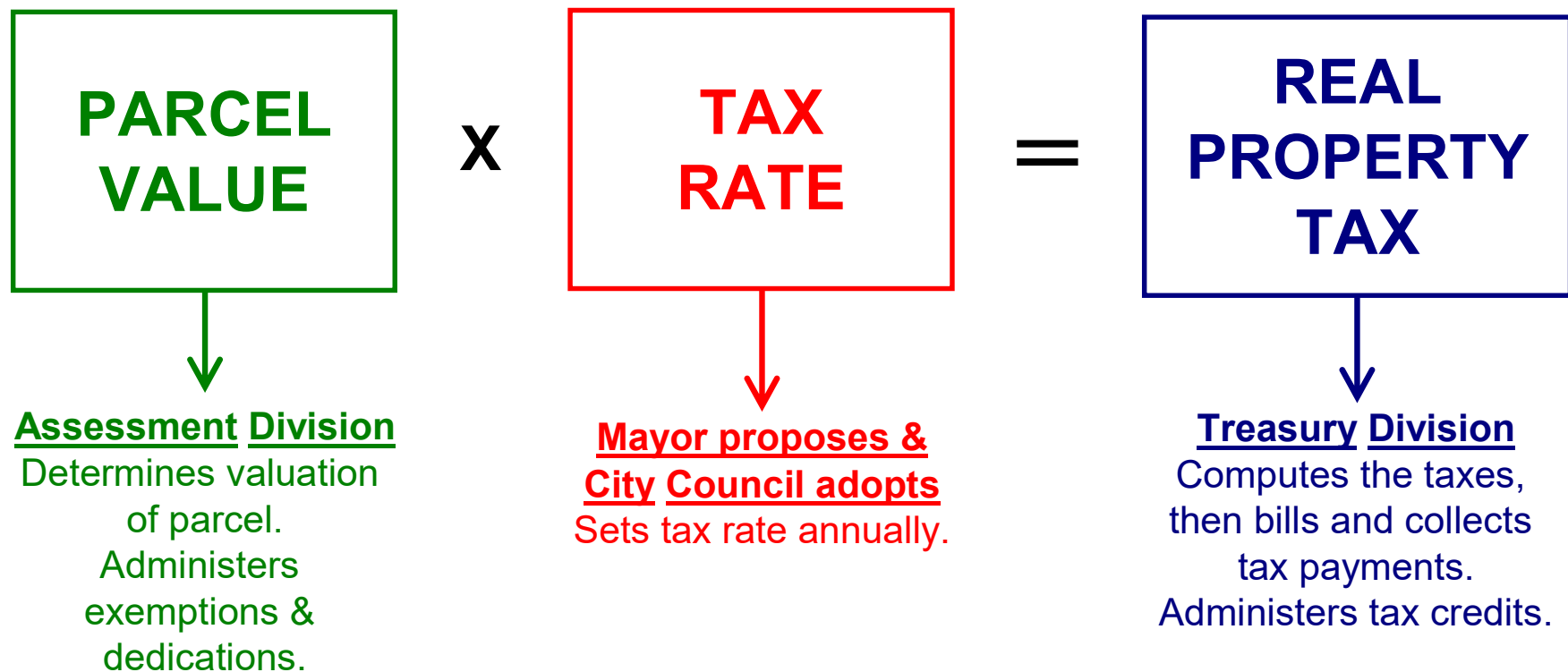
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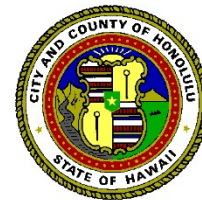
## ***Real property tax revenue integral to City's general obligation bond ratings***

- ❖ City has the power and is obligated to levy ad valorem taxes, without limitation as to rate or amount, on all real property subject to taxation by the City for the payment of general obligation bond principal and interest
- ❖ City's general obligation bonds are rated high quality
  - ❖ Aa1 by Moody's 7/21/2021
  - ❖ AA+ by Fitch 7/21/2021
- ❖ Positive rating factors
  - ❖ Expanding and stable real property tax base
  - ❖ Tax base highly concentrated with residential primary homes
  - ❖ Solid history of prudent fiscal management



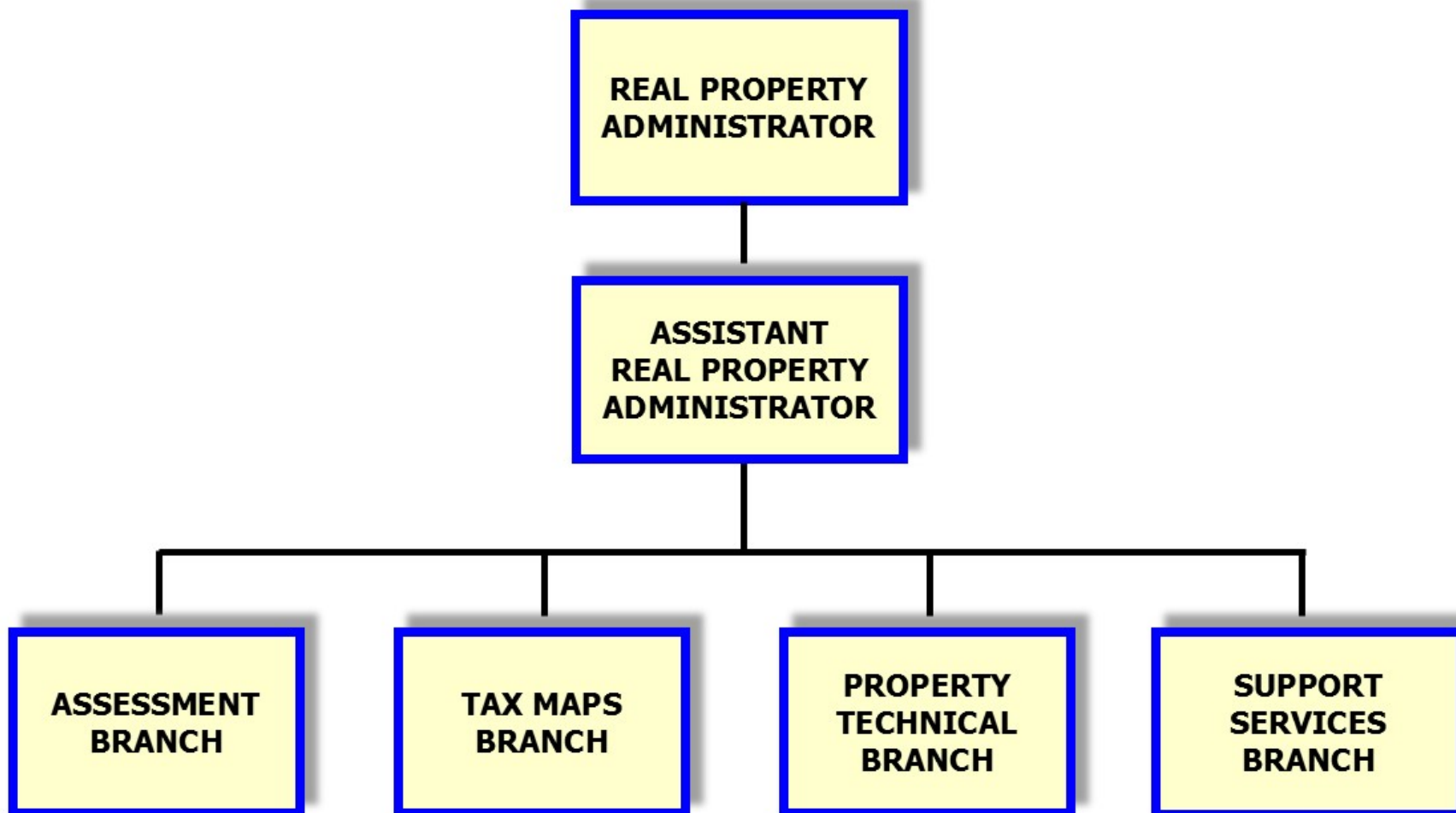
# ***Distribution of Real Property Tax Responsibilities***

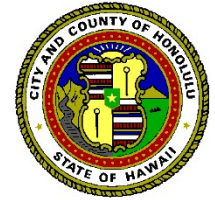




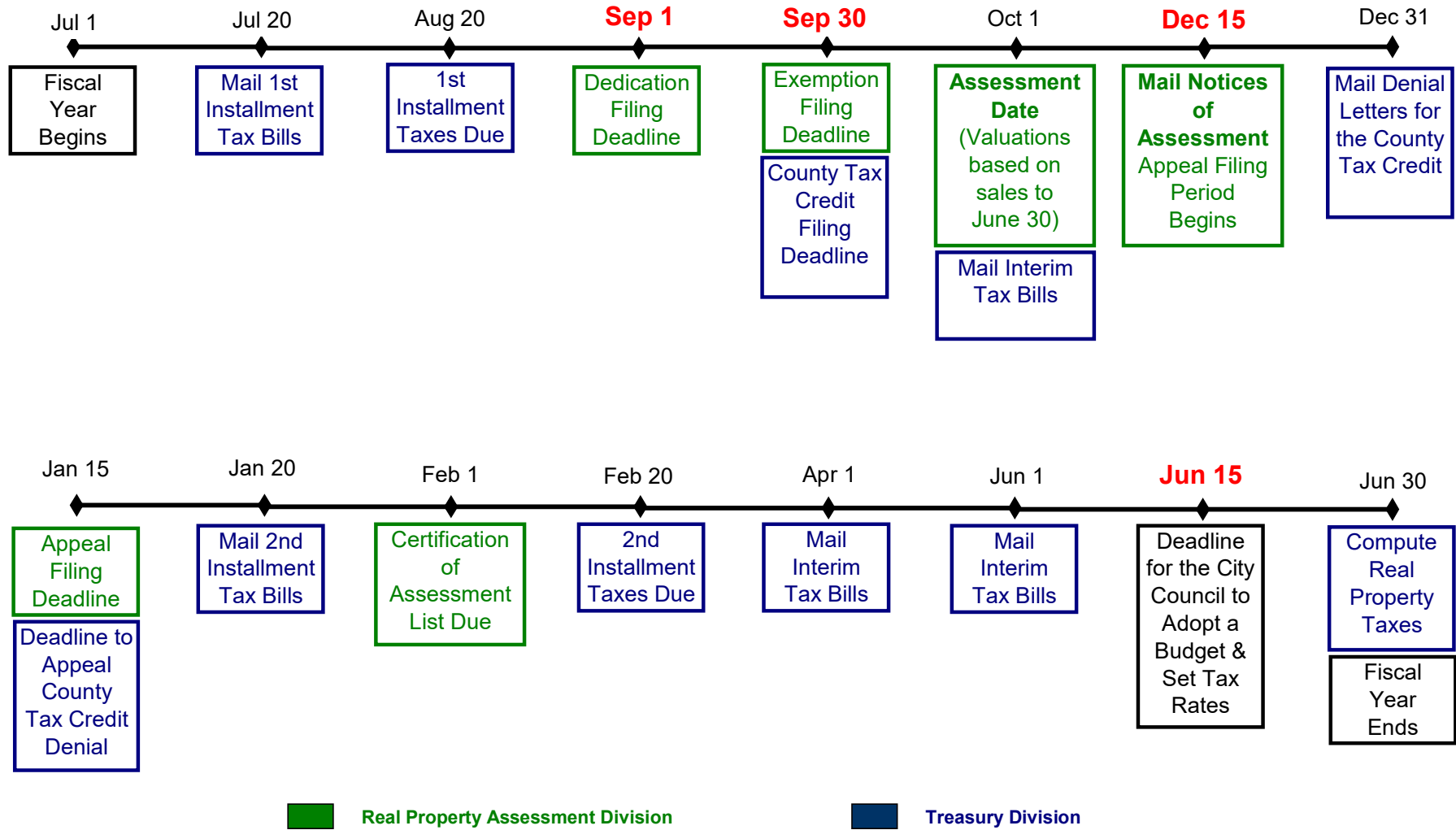
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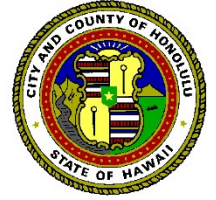
# ***Real Property Assessment Division***





# Real Property Tax Timeline





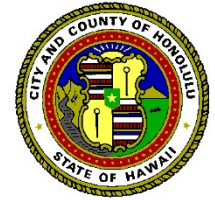
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***Real Property Assessment Division  
offers two websites with  
useful information and services to the public***

- ❖ [www.honolulupropertytax.com](http://www.honolulupropertytax.com) provides access to view real property tax records of individual parcels.
- ❖ [www.realpropertyhonolulu.com](http://www.realpropertyhonolulu.com) is a secure site that offers online services and real property tax information.
  - ❖ Current and historical state wide real property tax data can be found in “REPORTS” tab
  - ❖ Important dates, applicable City ordinances, and frequently asked questions can be found on this website.



# www.honolulupropertytax.com



Log In Search search...

Layers GIS Map Search Results **Report** Home

## Parcel Information

Parcel Number 980250300000  
Location Address KIHAE ST  
Project Name  
Legal Information LOT 58 AIEALANI TRACT  
Property Class RESIDENTIAL  
Land Area (approximate sq ft) 4,257  
Land Area (acres) 0.0977

[Plat Map PDF](#) [GIS Parcel Map](#)

Email us at [bfsr@mailbox@honolulu.gov](mailto:bfsr@mailbox@honolulu.gov) regarding Supplemental Plat Map PDFs.

## Owner Information

Owner Names  
CITY AND COUNTY OF HONOLULU Fee Owner

## Assessment Information

[Show Historical Assessments](#)

Columns

Assessment Year	Property Class	Assessed Land Value	Dedicated Use Value	Land Exemption	Net Taxable Land Value	Assessed Building Value	Building Exemption	Net Taxable Building Value	Total Property Assessed Value	Total Property Exemption	Total Net Taxable Value
2021	RESIDENTIAL	\$100	\$0	\$100	\$0	\$0	\$0	\$0	\$100	\$100	\$0

2021 amended values not to be posted until new tax rates are processed on or after July 20.

[How to calculate real property taxes](#)

## Land Information

Columns

Property Class	Square Footage	Acreage	Agricultural Use Indicator
RESIDENTIAL	4,257	0.0977	

[Department of Planning and Permitting \(DPP\)](#)

## Information



City and County of Honolulu  
Real Property Assessment  
Division

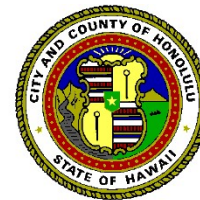
[Property Search Instructions](#)  
(Click Here)



Downtown Office  
[842 Bethel Street, Basement](#)  
[Honolulu, HI 96813](#)  
(808) 768-3799



Kapolei Office  
[1000 Uluohia Street, #206](#)  
[Kapolei, HI 96707](#)



# [www.realpropertyhonolulu.com](http://www.realpropertyhonolulu.com)

**City and County of  
HONOLULU**

**DEPARTMENT OF BUDGET AND FISCAL SERVICES  
REAL PROPERTY ASSESSMENT DIVISION**

[VISIT HONOLULU.GOV](http://VISIT.HONOLULU.GOV)

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[FORMS](#) [APPEALS](#) [EXEMPTIONS](#) [DEDICATIONS](#) [REPORTS](#) [HELP & RESOURCES](#) [WHAT'S NEW](#)

## What can we help you with?



### FILE A HOMEOWNERS EXEMPTION

First time filing? Start here to file  
online the easy way!



### FILE AN APPEAL

Use your unique ID on your  
assessment notice to file an appeal  
online.



### RECEIVE ASSESSMENT NOTICES BY EMAIL

Have your assessment notices sent  
directly to your inbox.



### PROPERTY RECORDS SEARCH

Search for a property by address,  
parcel ID (TMK), or map.



### PAY TAXES

Pay your real property tax online or  
by telephone with a credit/debit card.



### CHANGE MAILING ADDRESS

Moving? Update your current mailing  
address.



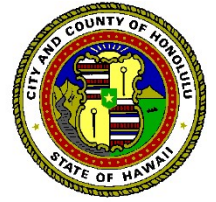
### REMOVE AN EXEMPTION

Remove an exemption from your  
property.



### CHANGE C/O ADDRESS

Update the "care of" address or  
location for a property.

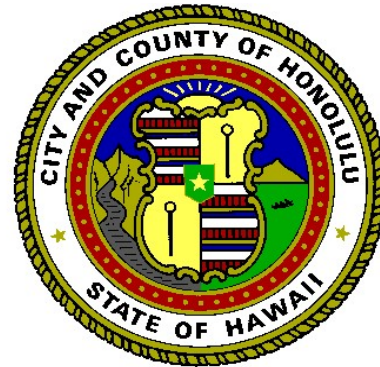


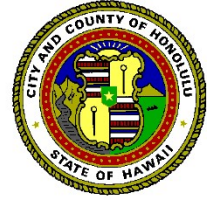
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## ***Resolution 11-143, FD1***

- ❖ Establishes the Oahu Real Property Tax Advisory Commission
- ❖ Purpose: to advise and assist the City Council by conducting a bi-annual review of the City's real property tax system
- ❖ Objective: a systematic review of the City's real property tax system's classes, exemptions, credits and minimum property tax, using such standards as equity and efficiency

# Valuations





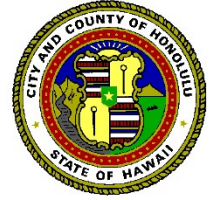
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## ***Real Property Assessment's major real property tax responsibilities***

- ❖ Professional valuation and classification of all taxable real property within the City following IAAO <sup>(1)</sup> standards
- ❖ Administer exemptions, dedications and appeals
- ❖ Maintain ownership records and addresses
- ❖ Update tax maps and assign tax map keys

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<sup>(1)</sup> International Association of Assessment Officers

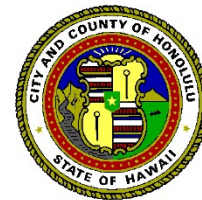


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# ***Valuations***

## **ROH Sec. 8-7.1**

- (a) The director of budget and fiscal services shall cause the fair market value of all taxable real property to be determined and annually assessed by the market data and cost approaches to value using appropriate systematic methods suitable for mass valuation of real property for ad valorem taxation purposes, so selected and applied to obtain, as far as possible, uniform and equalized assessments throughout the county.



---

# ***Valuations***

## ***(ROH Chapter 8, Article 7)***

### ❖ Considerations in determining valuations

- ❖ Fair market value
- ❖ Market data and cost approaches

### ❖ Classifications

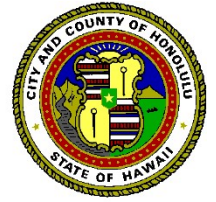
- ❖ Highest and best use

### ❖ Tax Classes for FY21-22 tax, rate per \$1,000 net taxable<sup>(1)</sup>

Residential	\$ 3.50 (0.35%)	Agricultural	\$5.70 (0.57%)
Hotel and resort	\$13.90 (1.39%)	Preservation	\$5.70 (0.57%)
Commercial	\$12.40 (1.24%)	Public service	\$0.00 (0.00%)
Industrial	\$12.40 (1.24%)	Vacant Agricultural	\$8.50 (0.85%)
Residential A T1:	\$ 4.50 (0.45%)	Bed and breakfast home	
T2:	\$10.50 (1.05%)		\$6.50 (0.65%)

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<sup>(1)</sup> City and County of Honolulu, Resolution 21-62, FD1



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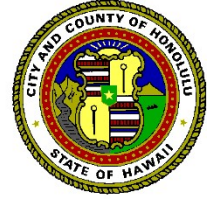
# ***Mass Appraisal***

- ❖ Definition
  - ❖ Systematic appraisal of groups of properties as of a given date using standardized procedures and statistical testing<sup>(1)</sup>
- ❖ Purpose
  - ❖ Equitable and efficient appraisal of all property in a jurisdiction for ad valorem tax purposes<sup>(1)</sup>
- ❖ Mass appraisal requires the use of valuation tables, schedules and models
- ❖ Mass appraisal systems
  - ❖ Must be cost effective and efficient
  - ❖ Result in annual assessments that are uniform and equalized throughout the county

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<sup>(1)</sup> Mass Appraisal of Real Property, 1<sup>st</sup> edition, 1999, pg.23

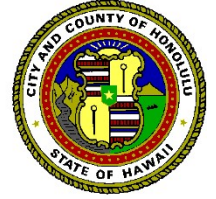




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## ***Cost Approach***

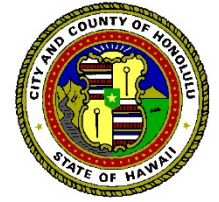
The **cost approach** is a method of deriving the value of real property by estimating the land value and adding the replacement cost new of the improvements less all forms of depreciation. The cost approach assumes that a rational, informed buyer would not pay more for a property than the cost of constructing an acceptable substitute with similar utility.



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## ***Market Data Approach***

The **market data approach** is a method of deriving the value of real property by comparing sales of comparable properties to the subject property. The sale prices of the comparable sales are adjusted for differences between the subject and comparable properties. The market data approach assumes that the market price is set by the price of available substitutes.

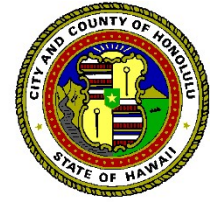


# Real Property Tax Valuation

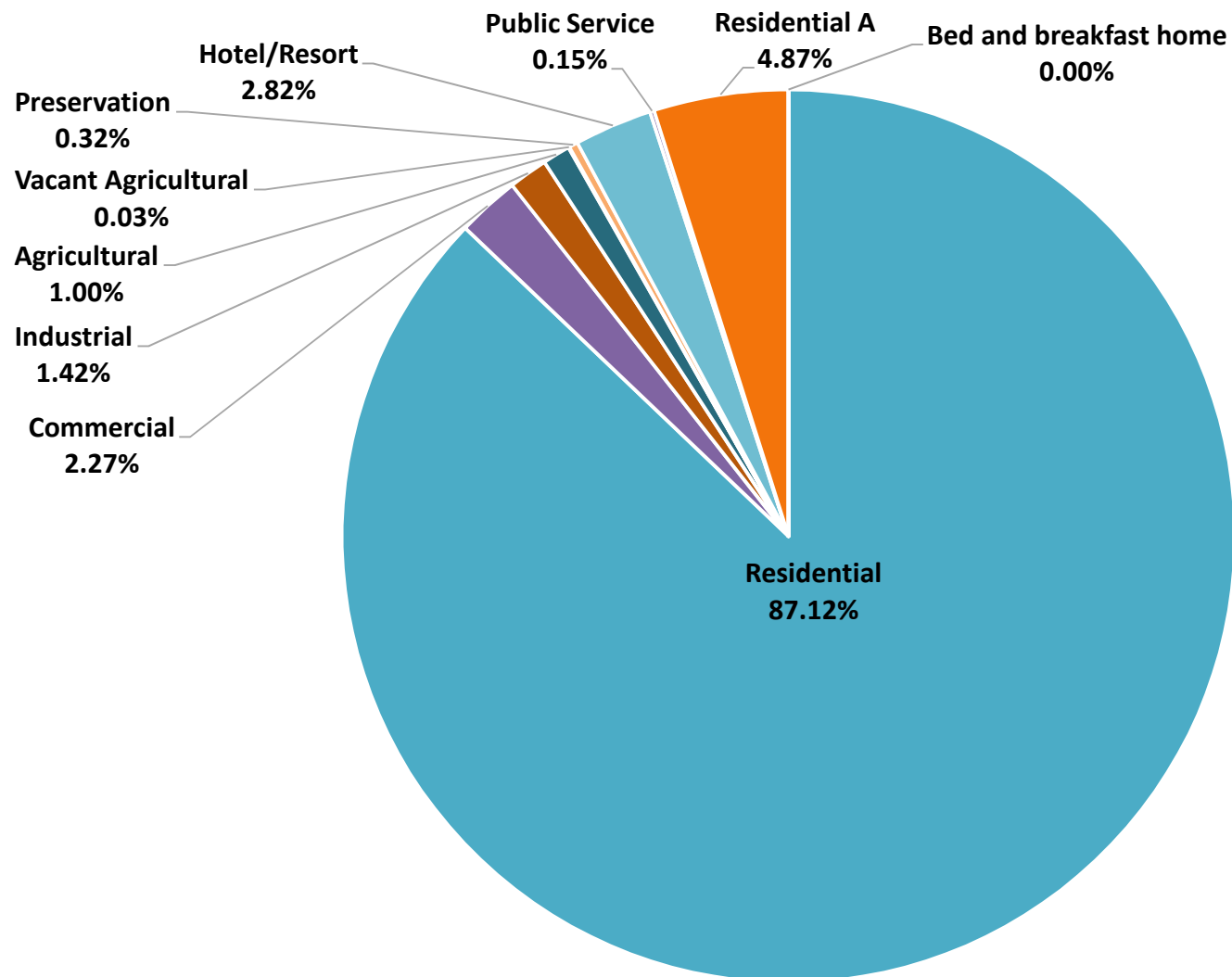
## FY 2021 - 2022

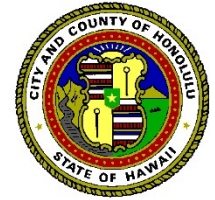
(\$ In Thousands of Dollars – except tax rates)

Land Use Class	# of Records	Gross Valuation	Total Exemptions	Net Valuation	50% Of Appeal Value	Number Of Appeals	Valuation For Tax Rate	Tax Rate Per \$1,000 Value	Amount Raised by Taxation
Residential	260,155	\$195,183,899	\$28,578,300	\$166,605,599	\$431,709	437	\$166,173,890	\$3.50	\$581,609
Commercial	6,767	\$27,380,185	\$4,078,316	\$23,301,869	\$853,875	336	\$22,447,994	\$12.40	\$278,335
Industrial	4,239	\$14,014,415	\$1,079,411	\$12,935,005	\$233,826	120	\$12,701,179	\$12.40	\$157,495
Agricultural	2,988	\$1,403,476	\$129,184	\$1,274,292	\$27,083	24	\$1,247,210	\$5.70	\$7,109
Vacant Agricultural	103	\$58,521	\$106	\$58,415	\$0	0	\$58,415	\$8.50	\$497
Preservation	964	\$557,005	\$60,363	\$496,642	\$39,609	17	\$457,033	\$5.70	\$2,605
Hotel/Resort	8,418	\$15,291,561	\$62,550	\$15,229,012	\$1,307,993	476	\$13,921,018	\$13.90	\$193,502
Public Service	461	\$1,181,819	\$1,181,819	\$0	\$0	2	\$0	\$0.00	\$0
Residential A	14,530	\$24,219,726	\$1,012,158	\$23,207,568	\$92,144	173	\$23,115,423	T1: \$4.50 T2: \$10.50	\$63,235 \$95,163
Bed and Breakfast home	0	\$0	\$0	\$0	\$0	0	\$0	\$6.50	\$0
<b>TOTAL</b>	<b>298,625</b>	<b>\$279,290,607</b>	<b>\$36,182,207</b>	<b>\$243,108,402</b>	<b>\$2,986,239</b>	<b>1,585</b>	<b>\$240,122,162</b>		<b>\$1,379,569</b>

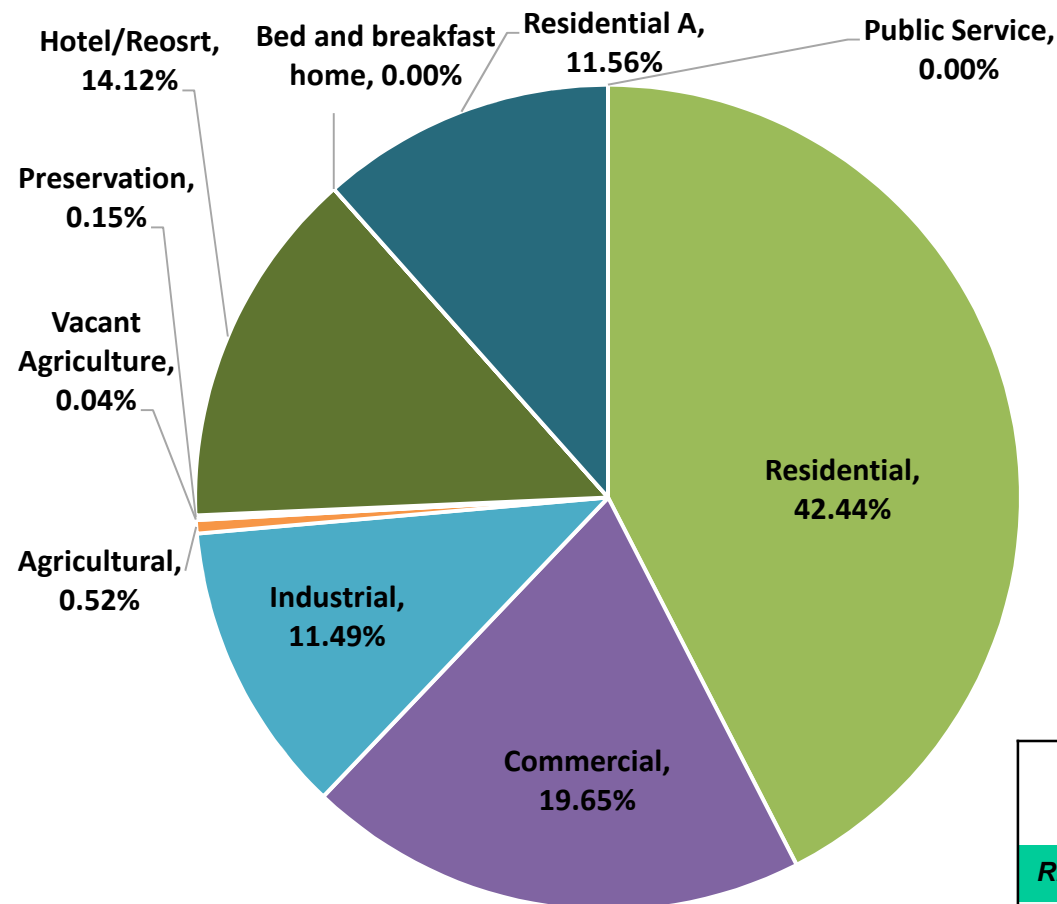


## ***% Net Valuation by Class (FY21-22)***





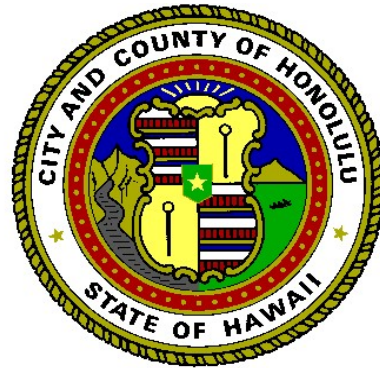
## *% Taxes Raised by Class (FY21-22)*

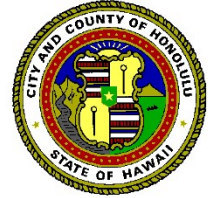


GROUP OF CLASSES	% TAXES RAISED	
	ACTUAL	GOAL
<b>RESIDENTIAL</b>	54.00%	55%
<b>NON-RESIDENTIAL</b>	45.29%	45%
<b>EXCLUSIONS</b>	00.71%	

Resolution 07-060, CD1- Policy that real property tax rates be set to achieve the following goals:  
55% taxes raised from RESIDENTIAL group (residential and residential A)  
45% taxes raised from NON-RESIDENTIAL group (commercial, hotel and resort, and industrial)  
Exclusions (agricultural, vacant agricultural, preservation and public service)

# Exemptions and Dedications

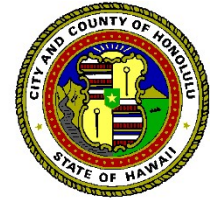




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## ***Exemptions Differ from Dedications***

- ❖ Exemptions (ROH Chapter 8, Article 10)
  - ❖ Reduces the valuation on which taxes are computed
    - ❖ Decreases the real property tax base
    - ❖ Lessens the real property tax liability for the taxpayer
  - ❖ Property must meet certain conditions for the tax year only
  - ❖ Exemptions are either a predetermined dollar amount or a percentage of gross valuation
  - ❖ Currently, there are approximately 156,000 exemptions
- ❖ Dedications (ROH Chapter 8, Articles 7 & 10)
  - ❖ Property owner commits to certain conditions for a stated period of time in return for reduced taxes
  - ❖ May change class or gross valuation, or
  - ❖ May be applied as an exemption to the portion that qualifies



# Tax Benefit Provided by Exemptions

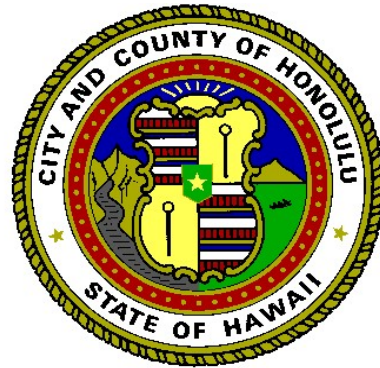
## FY 2021 – 2022

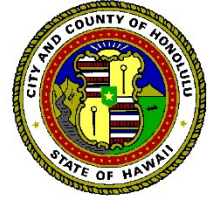
( \$ In Thousands of Dollars )

ROH Section	Type of Exemption	Count	Total Exempted Valuation	Tax Benefit
8-10.4	Homes	148,839	\$17,866,392	\$62,717
8-10.4	In-lieu of home exemption	120	\$24,000	\$84
8-10.6	Homes of totally disabled veterans	2,008	\$1,625,534	\$5,696
8-10.7	Persons affected with Hansen's	2	\$50	\$0
8-10.8	Persons with impaired sight	210	\$5,250	\$18
8-10.8	Persons with impaired hearing	73	\$1,850	\$7
8-10.8	Persons totally disabled	1,591	\$39,719	\$140
8-10.10	Charitable purposes (cemeteries)	42	\$46,845	\$257
8-10.10	Charitable purposes (church)	893	\$2,644,189	\$17,304
8-10.10	Charitable purposes (hospital and nursing homes)	130	\$1,306,353	\$15,393
8-10.10	Charitable purposes (group child care centers)	9	\$36,135	\$244
8-10.10	Charitable purposes (non-profit corporations)	893	\$2,902,490	\$24,483
8-10.10	Charitable purposes (schools)	126	\$1,297,972	\$6,183
8-10.12	Crop shelters	18	\$2,168	\$12
8-10.13	Dedication (dedicated lands in urban districts)	6	\$16,678	\$62
8-10.15	Alternate energy improvements	13	\$430,133	\$5,334
8-10.20	Low-income rental housing	303	\$3,014,667	\$16,624
8-10.22	Historic residential real property dedicated for preservation	376	\$657,377	\$4,193
8-10.24	Credit union	92	\$275,180	\$3,409
8-10.25	Slaughterhouses	1	\$2,496	\$14
8-10.27	Public service	480	\$1,199,809	\$0
8-10.30	Historic commercial real property dedicated for preservation	14	\$41,295	\$512
8-10.32	Kuleana land	53	\$50,237	\$251
8-10.33	For-profit child care centers	14	\$19,571	\$243
8-10.34	Central Kakaako industrial zone limited development	73	\$77,607	\$962
8-10.36	Qualifying Affordable Dwelling Units or Rental Housing Units	0	\$0	\$0
8-10.37	During Construction Affordable Dwelling or Rental Housing Units	0	\$0	\$0
<b>Subtotal (Taxable)</b>		<b>156,588</b>	<b>\$33,583,998</b>	<b>\$164,141</b>



# Tax Credit Programs

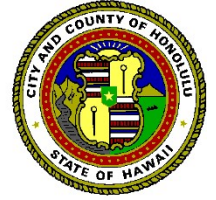




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## ***Tax Credit Programs***

- ❖ County Tax Credit
  - ❖ ROH Article 8-13
  - ❖ Provides tax relief based on income
  - ❖ Property owners must apply annually
- ❖ Tax Credit for Septic Tank to Replace Household Cesspool
  - ❖ ROH Article 8-16
  - ❖ Provides a tax credit of up to 50% of the total cost of the septic tank and disposal system

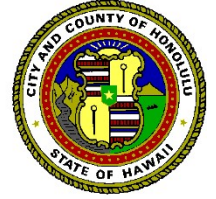


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# ***County Tax Credit Program***

***(ROH 8-13)***

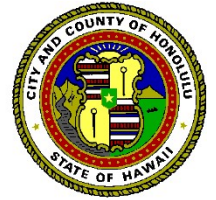
- ❖ Amount of the tax credit
  - ❖ Difference between the assessed real property tax and 3% percent of their income (\$60,000 limit)
- ❖ Taxpayers must apply by September 30 for a credit on their subsequent year's taxes
  - ❖ Example: Apply by September 30, 2021 for a credit on their July 1, 2022 to June 30, 2023 tax bill



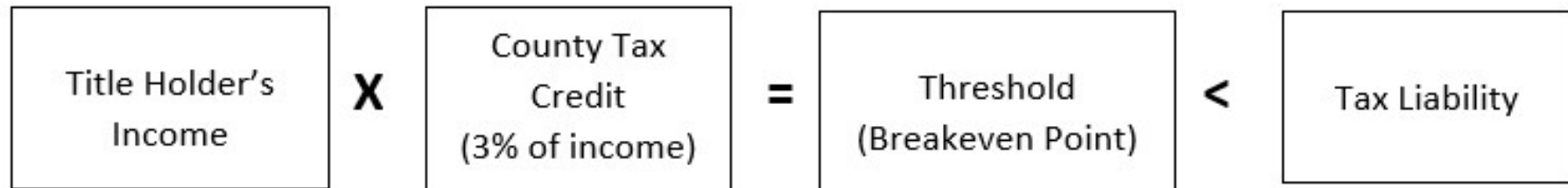
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## ***Exemptions and Dedications Difference to Tax Credits***

- ❖ Exemptions and Dedications
  - ❖ Applied before taxes are computed
  - ❖ Once granted, continues until canceled
  - ❖ Change in ownership does not create a collection problem
- ❖ Tax Credits
  - ❖ Applied after taxes are computed
  - ❖ Must apply annually
  - ❖ Change in ownership may create a collection problem

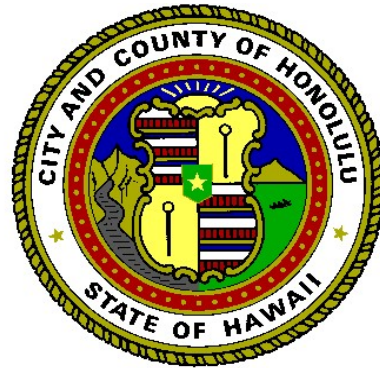


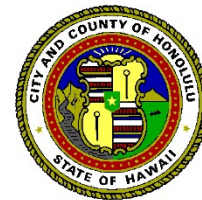
## *County Tax Credit Formula*



- ❖ Tax liability not known at the time of application
  - ❖ Applications due September 30
  - ❖ Tax liability computed the following June
- ❖ Taxpayers may qualify for the tax credit but not benefit with a credit to their taxes
- ❖ Tax credit would only be granted if the threshold is less than the taxes owed

# Real Property Legislation





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## ***City and County of Honolulu Proposed Real Property Legislation***

Bill	Description	2021 Status
31 (2021)	Amend requirements for Residential A class	Passed 1st reading, April 2021
20 CD1 (2021)	Amend requirements for Residential A class	Passed 1st reading, April 2021
76 (2020)	Create Vacant Residential class of unoccupied dwellings for more than 180 days	Passed 2 <sup>nd</sup> reading, Nov 2020 Postponed, Nov 2020

# Mahalo

