

# REPORT OF THE COMMITTEE ON BUDGET

## Voting Members:

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

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Committee Meeting Held  
October 20, 2021

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

Mr. Chair:

Your Committee on Budget, which considered Bill 39 (2021) entitled:

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

transmitted by Departmental Communication 666, dated September 24, 2021, by the Department of Budget and Fiscal Services ("BFS"), which passed first reading at the October 6, 2021 Council meeting, reports as follows:

The purpose of the bill is to amend the provisions relating to the alternative energy improvements real property tax exemption.

The BFS Director and a representative from the BFS provided explanations of the bill and answered questions from the Committee.

Your Committee received testimony in opposition of the bill from the following organization: Longroad Energy. Comments were received from the following organizations: Hawaii Public Utilities Commission, Hawaii Division of Consumer Advocacy, Hawaii State Energy Office, Clearway Energy, Hawaiian Electric Company, and the Hawaii State Energy Office.

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**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

ADOPTED ON

**NOV 10 2021**

COMMITTEE REPORT NO. **293**

# REPORT OF THE COMMITTEE ON BUDGET

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

- A. Amends the title of ROH Section 8-10.15 to be "Exemption—Renewable energy."
- B. Changes all references to the phrases "alternate energy" and "alternative energy" to "renewable energy" throughout the measure.
- C. Amends ROH Section 8-10.15(b) to provide that the portions of land actually used for the active production of renewable energy will be exempt from 80 percent, as opposed to 50 percent, of its value from the measure of the taxes imposed under ROH Chapter 8.
- D. Amends new ROH 8-10.15(f) to provide that scheduled equipment maintenance and forced shutdown(s) due to unforeseen circumstances beyond the control of the claimant will be considered as part of the director's determination to cancel the real property tax exemption.
- E. Clarifies in ROH Section 8-10.15(h) that land portion(s) granted under the exemption may not be combined with any other real property tax exemption in ROH Chapter 8, Article 10 or dedication program in ROH Chapter 8, Article 7.
- F. Amends SECTION 4 of the measure to allow properties with existing exemptions granted by the Director of Budget and Fiscal Services under ROH Section 8-10.15, Revised Ordinances of Honolulu 1990, as it read prior to the effective date of the measure, to continue to receive the

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exemption until such time that the exemption is disallowed under ROH Section 8-10.15(d), as it read prior to the effective date of the measure.

G. Makes miscellaneous technical and nonsubstantive amendments.

Your Committee on Budget is in accord with the intent and purpose of Bill 39 (2021), as amended herein (Ayes: Cordero, Elefante, Kia'āina, Say, Tsuneyoshi – 5; Noes: None; Excused: Tupola – 1.), 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 39 (2021), CD1. (Ayes: Cordero, Elefante, Kia'āina, Say – 4; Ayes with reservations: Tsuneyoshi – 1; Noes: None; Excused: Tupola – 1.)

Respectfully submitted,

  
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Committee Chair

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**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

ADOPTED ON NOV 10 2021

COMMITTEE REPORT NO. 293

BILL 39 (2021), CD1

## Attachment to CR-293



## A BILL FOR AN ORDINANCE

~~wastes, wind or ocean waves, tides or currents;]~~ wind, sun, falling water, biogas, ocean water, currents and waves, biomass waste, and biofuels; or

- (2) An increased level of efficiency in the utilization of energy produced by fossil fuels or in the utilization of secondary forms of energy dependent upon fossil fuels for its generation.

- ~~[(e)]~~ (d) Application for the exemption provided by this section ~~[shall be made]~~ must be filed by the taxpayer with the director on or before September 30th, preceding the tax year for which the exemption is claimed. No improvement exemption may be claimed for devices that convert solar radiation to electricity or heat because these devices are excluded from the definition of "property" or "real property" and are not assessed. The director may require the taxpayer to furnish reasonable information in order that the director may ascertain the validity of the claim for exemption.
- ~~[(d)]~~ The claim for exemption, once allowed, shall continue for a period of 25 years thereafter.]
- (e) The director may require that the claimant provide documentation to support an initial claim for exemption or the continuing qualification for the exemption. Failure to provide the director with such documentation is grounds for denying a claim for an exemption or disallowing an existing exemption. The director may require that the claimant provide documentation evidencing active production of renewable energy, such as a current, valid copy of a State-approved special use permit or county-approved conditional use permit, approvals or orders from the State Public Utilities Commission, or if the claimant is not the fee owner, a copy of the lease or agreement describing the allowable uses and period of use of the real property. Failure to provide the director with such documentation within 30 days of the director's request is grounds for disallowance or denial of a claim for the exemption.
- (f) The director may cancel the exemption if the renewable energy improvement ceases operations that generate renewable energy, and when the production of renewable energy on the land ceases or terminates. Scheduled equipment maintenance and forced shut downs due to unforeseen circumstances beyond the control of the claimant will be considered.
- (g) The claimant may cancel the exemption by filing a written notice of cancellation with the director.



**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

ORDINANCE \_\_\_\_\_

BILL **39 (2021), CD1**

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**A BILL FOR AN ORDINANCE**

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(h) The land portions granted this exemption may not be subject to other real property tax exemption in this article or dedication program in Article 7.

~~[(e)]~~ (i) The director may adopt rules [and regulations] in accordance with HRS Chapter 91 to implement this section."

SECTION 3. 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.

SECTION 4. This ordinance takes effect upon its approval and applies to the tax years beginning July 1, 2022 and thereafter; provided that:

- (1) Notwithstanding the September 30th application deadline specified in Section 8-10.15(d), Revised Ordinances of Honolulu 1990, as amended, a one-time application period of 10 calendar days following the effective date of this ordinance will be permitted to allow eligible properties an opportunity to qualify for the tax year beginning July 1, 2022 and the assurance toward the correctness of the assessment lists and certification of the net taxable amounts of real property; and



**CITY COUNCIL**  
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HONOLULU, HAWAII

ORDINANCE \_\_\_\_\_

BILL **39 (2021), CD1**

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**A BILL FOR AN ORDINANCE**

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- (2) Properties under which an exemption under Section 8-10.15, Revised Ordinances of Honolulu 1990, as it read prior to the effective date of this ordinance, have been granted by the Director of Budget and Fiscal Services will continue to be allowed the exemption until such time that the exemption is disallowed pursuant to Section 8-10.15(d), Revised Ordinances of Honolulu 1990, as it read prior to the effective date of this ordinance.

INTRODUCED BY:

Tommy Waters (br)

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DATE OF INTRODUCTION:

September 28, 2021

Honolulu, Hawai'i

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

\_\_\_\_\_  
Deputy Corporation Counsel

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

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RICK BLANGIARDI, Mayor  
City and County of Honolulu