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November 16, 2021

TO: Director Andrew Kawano, Department of Budget and Fiscal Services

FROM: Council Chair Tommy Waters *TW*
Vice Chair Esther Kia'āina *EK*

RE: Renewable Energy Facilities Real Property Tax Classification

Thank you for your department's participation in working toward a productive and equitable solution for renewable energy facilities throughout our Bill 39 discussions. The City Council appreciates the exchange to date, and the constructive conversation that has resulted in a solution that will avert real property tax increases that would threaten the continued viability and operation of many renewable energy projects here on O'ahu.

This letter requests confirmation that, should the current proposed version of Bill 39 (2021) CD2 pass, that any and all properties with qualifying renewable energy systems that were previously re-classified for the 2022 Fiscal Year from agricultural to industrial use [including, but not limited to, those mentioned in public testimony [M-0559\(21\)](#) by Clearway Energy Group, Waipio (45MW), Mililani (39MW), and Kawaihoa (49MW)] will receive the same treatment as all other parcels that may not have been previously re-classified. Specifically, is the intent of BFS to ensure that these properties will receive the renewable energy system exemption and will have the industrial classification limited to the area in physical contact with the renewable energy systems on their land, with the balance of the parcel remaining in the previous land classification of agricultural?

The intent of our seeking written confirmation is to address concerns that for properties already re-classified to industrial, that the industrial designation might be maintained for the entire parcel area and only the project footprint in physical contact with the land would be granted the 80% tax exemption. This would, unfortunately, undermine the stated intent of our collaborative efforts and treat these renewable energy projects in an unfair and uneven manner.

We simply want to confirm Bill 39 (2021) CD2 effectively addresses the increase in tax liability for all renewable energy facilities, whether previously re-classified or not, and ensures a tax liability for all project developers comparable to levels set in prior years when the agreements with the utility were executed. Please confirm that these facilities, assuming complete compliance with Bill 39 (2020) CD2, will receive equal treatment by the Real Property Assessment Division.

Mahalo for your timely response and confirmation. If you have any questions or concerns, please contact us directly or you can have your staff contact Council Chair's Chief of Staff Davin Aoyagi.

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