

Subcommittee on Credits and Exemptions

Written Report for February 7, 2022 meeting

Attendees: Commissioner Foo Pham, Commissioner Winston Wong

The Subcommittee on Credits and Exemptions met via telephone call on Wednesday, January 26, 2022. Although not required, the Subcommittee provides this written report for the Commission meeting scheduled for February 7, 2022.

The purpose of this report is to offer the Commission an initial direction for the comprehensive review of all property tax exemptions as proposed in Bill 42 (2021). The Commission intends to review existing exemptions Chapter 8, Article 10 of the Revised Ordinances of Honolulu. Other exemptions and credits issues will be evaluated separately from the comprehensive review of the exemptions.

Chapter 8, Article 10 Summary Table

ROH Section	Type of Exemption	Subcommittee Recommendation
10.4	Homes	Propose increases to home exempt amount to adjust for inflation and statewide property valuations (exact figure to be determined)
10.6	Totally Disabled Veterans	Maintain
10.7	Persons affected with leprosy	Maintain
10.8	Persons with impaired sight or hearing and persons totally disabled	Consider narrowing definition to homes only, not all real property.
10.9	Nonprofit medical, hospital indemnity association	Maintain
10.10	Charitable Purposes	Define "charitable purpose" to the Internal Revenue Service's definition of 501(c)(3) charitable organizations.
10.12	Crop Shelters	Repeal
10.13	Dedicated lands in urban districts	Maintain
10.15	Alternate energy improvements	Maintain
10.17	Public property	Maintain
10.19	Property of the United States leased under the National Housing Act	Maintain
10.20	Low-income rental housing	Eliminate the annual filing requirement by revising Section 8-10.21 to be like Kaua'i County Code Section 5A-11.21(b).

10.22	Historic residential real property dedicated for preservation	Readopt 2019 Commission recommendation. The Commission recommends modification of ROH § 8-10.22 relating to historic residential real property, to increase the minimum real property tax from \$300. The Commission recommends that fully exempt real property be subject to a minimum real property tax of \$1,000 and partially exempt real property be subject to real property taxes in an amount no less than \$1,000.
10.23	Other exemptions	Maintain
10.24	Credit union	Readopt 2019 Commission recommendation. The Commission recommends repeal of ROH § 8-10.24 relating to property tax exemptions for credit union owned real property, and that federally chartered or state chartered credit unions be taxed at the same rate as commercial real property.
10.25	Slaughterhouses	Repeal
10.26	Qualifying construction work	Repeal
10.27	Public service	Maintain
10.28	Low-income rental housing on Hawaiian Home Lands	Maintain
10.29	Nonprofit organization thrift shops	If the 10.10 recommendation to define “charitable purposes” by 501(c)(3), then add a 501(c)(3) specification to 10.29 or move the content up 10.10.
10.30	Historic commercial real property dedicated for preservation	Readopt 2019 Commission recommendation. The Commission recommends modification of ROH § 8-10.30 relating to historic commercial real property, to increase the minimum real property tax from \$300. The Commission recommends that fully exempt real property be subject to a minimum real property tax of \$1,000 and partially exempt real property be subject to real property taxes in an amount no less than \$1,000.
10.31	Qualifying agricultural improvements for dedicated vacant agricultural lands	Repeal
10.32	Kuleana land	Maintain
10.33	For-profit group child care centers	No recommendation determined to repeal or maintain. 2019 Commission recommendation was to repeal.
10.34	Central Kakaako industrial zone limited development	Maintain
10.36	Qualifying affordable rental dwelling units or affordable rental housing units	Maintain
10.37	During construction work for and marketing of affordable dwelling units or affordable rental housing projects	Maintain