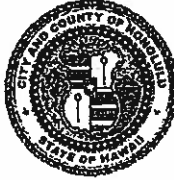


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DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov



RICK BLANGIARDI
MAYOR

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DIRECTOR

CARRIE CASTLE
DEPUTY DIRECTOR

February 23, 2022

The Honorable Carol Fukunaga
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Councilmember Fukunaga:

Thank you for your memorandum dated February 18, 2022, regarding an update on the Applications for Real Property Tax Credits for Automatic Sprinkler Systems (Ordinance 18-9).

The Automatic Sprinkler Tax Credit, Section 8-14.3 was established to provide an incentive for owners of units in high rise buildings erected before 1993 to install automatic sprinkler systems.

Applications must be filed no later than 24 months after the installation of the automatic sprinkler is completed and properly installed in the building for which the applicant owns a unit. The proof of completion is the "Completion Certificate" issued by the Department of Planning and Permitting.

The following are our responses to your questions for the February 24, 2022 meeting:

1. **Ordinance 18-9, Relating to Real Property Taxation, was adopted in February 2018 and became law on March 15, 2018. Please provide an update on the number of applications for the automatic sprinkler system tax credits that have been submitted to the City Department of Budget and Fiscal Services during 2018 – 2022, and the number of tax credits granted for the same time period.**

Response: We received two applications; however, the Condominium Association did not provide the "Completed Certificate" so the applications are incomplete.

2. **What is the timetable for completion of rule-making, and where does your department stand on this process?**

Response: The Automatic Sprinkler Tax Credit Program has been implemented and is currently available. Applications are accepted July 1st through September 30th of each year.

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3. **Is your department and the current administration willing to work with the City Council to modify Ordinance 18-9 to increase the real property tax credit of \$2,000 per unit owner to a level that more closely aligns with the financial impacts of Ordinance 19-4?**

Response: The tax credit of \$2,000 reduces the annual real property taxes owed yearly until the \$2,000 credit is used. This tax credit is fair and reasonable, which was approved by Ordinance 18-9.

Significant modifications and staff resources were required to support the Automated Sprinkler Tax Credit Program. Any future program modifications and changes will require significant modifications, staff resources and additional funding.

4. **Please specify the amount of time your department would need for a review and potential modification of Ordinance 18-9 in order to propose modifications to the compliance deadlines in the Ordinance 19-4 fire safety requirements.**

Response: Any future program modifications and changes will require significant modifications, staff resources and additional funding to the Real Property Tax program. Modification and compliance deadlines to Ordinance 19-4 relating to fire safety should be addressed to the appropriate department for input.

Should you have any questions, please call me at 768-3901.

Sincerely,



Andrew T. Kawano
Director

APPROVED:



Michael D. Formby
Managing Director