CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAI'I

FILED
APR 28 2024
PURSUANT TO ROH Sec. 1-2.4

ORDINANCE _____
BILL 34 (2022)

A BILL FOR AN ORDINANCE

RELATING TO REAL PROPERTY TAXATION.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose and findings. The purpose of this ordinance is to amend the provisions related to the real property taxation exemption for properties in and adjacent to the Central Kakaako Industrial Zone to provide tax relief to additional parcels and incorporate additional requirements.

Industrial businesses that are located on parcels in and near central Kakaako, as designated by the Hawaii Community Development Authority ("HCDA"), continue to face unique challenges due to, among other things, lack of sufficient infrastructure, including substandard streets and drainage. As a result of such insufficient infrastructure, greater strain has been placed on those businesses' operations. Additionally, current HCDA zoning regulations restrict allowable density on such parcels until those parcels have adequate infrastructure to sustain higher density. Moreover, such businesses have suffered disproportionately when compared to other businesses in the City due to the added burdens associated with increased fuel/energy costs, water use restrictions, and effects of the ongoing COVID-19 pandemic.

Accordingly, the City Council finds that certain additional parcels near central Kakaako, as designated by the HCDA, which are not currently eligible for real property tax relief under Section 8-10.34 of the Revised Ordinances of Honolulu 1990 should be afforded tax relief under that section due to such substandard infrastructure.

SECTION 2. Section 8-10.34, Revised Ordinances of Honolulu 1990, is amended to read as follows:

"Sec. 8-10.34 Exemption—Central Kakaako industrial zone limited development.

(a) The central Kakaako industrial zone is identified as a demonstration area in which to exempt a portion of certain industrial properties from taxation to preserve such uses in the zone.

(b) For the purposes of this section, "floor area ratio" means the same as defined in Hawaii Administrative Rules Section 15-217-8.

(c) The exemption from real property taxes for real property, or a portion thereof, is 50 percent of the assessed value, provided that the property, or portion thereof, is:

(1) Located [~~within~~] in or adjacent to the central Kakaako industrial zone [~~as illustrated in attached~~] identified in Ordinance 16-21 as Exhibit 1, which includes:

(A) The area bounded by the following street segments:

Starting at the intersection of Waimanu Street/Kamani Street; Waimanu Street to the intersection of Waimanu Street/Kamakee Street; Kamakee Street to the intersection of Kamakee Street/Kona Street; Kona Street to the intersection of Kona Street/Hopaka Street; Hopaka Street to the intersection of Hopaka Street/Piikoi Street; Piikoi Street to the intersection of Piikoi Street/Waimanu Street; Waimanu Street to the intersection of Waimanu Street/Queen Street; Queen Street to the intersection of Queen Street/Ward Avenue; Ward Avenue to the intersection of Ward Avenue/Halekauwila Street; Halekauwila Street to the intersection of Halekauwila Street/Cooke Street; Cooke Street to the intersection of Cooke Street/Kawaiahao Street; Kawaiahao Street to the intersection of Kawaiahao Street/Kamani Street; and ending at Kamani Street to the intersection of Kamani Street/Waimanu Street;

(B) The parcels on the makai side of Queen Street [~~identified as Tax Map Keys: 2-3-002:057, 058, 066, 067, 069, 086, 087, and a portion of 059; and~~] between the intersection of Queen Street and Waimanu Street, and Ward Avenue;

(C) The parcels on [~~the mauka side~~] both sides of Kawaiahao Street [~~and the makai side of Waimanu Street identified as Tax Map Keys: 2-1-049:070, 072, 071, 073, 049, 048, 047, 046, 045, 043, 042, 041, 040, 050, 076, and 054;~~] between Cooke Street and Kamakee Street;

(D) The parcels abutting the mauka side of Hopaka Street between Piikoi Street and Kona Street;

(E) The parcels abutting the mauka side of Kona Street between Hopaka Street and Kamakee Street;

(F) The parcels abutting the makai side of Halekauwila Street between Ward Avenue and Cooke Street;

(G) The parcels abutting the northwest side of Cooke Street between Kawaiahao Street and Halekauwila Street; and

(H) The parcels abutting the:

(i) Makai side of Waimanu Street between Piikoi Street and Kamakee Street; and

(ii) Mauka side of Waimanu Street between Dreier Street and Kamakee Street.

(2) Owned in fee simple, leased or rented for a period of one year or more, by the person using the property for exempt purposes. If the property, or a portion thereof, for which an exemption is claimed is leased or rented, the lease or rental agreement must be in force and recorded in the bureau of conveyances or filed in the office of the assistant registrar of the land court.

[~~(2)~~] (3) Is actively and continuously used for one of the following industrial uses:

(A) Repair services, provided all operations are enclosed;

(B) Warehouses;

(C) Manufacturing, including furniture and fixtures; stone, clay, and glass products, including pottery and related products, flat glass, glass and glassware (pressed or blown), and cut stone and stone products; fabricated metal products, except ordnance, machinery and transportation; office, computing and accounting machines; electrical machinery, equipment and supplies; motorcycles, bicycles, and parts; professional, scientific, and controlling instruments, musical instruments, photographic and optical goods; watches and clocks; food and related products; textile mill products; apparel and other finished products made from fabrics and similar materials; printing, publishing, and allied industries; chemicals and allied products; rubber and miscellaneous plastic products; tobacco products; leather and leather products; and miscellaneous manufacturing industries;

(D) Manufacturing services and warehousing, including: special trade construction and storage yards, provided all operations are totally enclosed; electric substations, [~~transformery~~] transformers; gas substation; water reservoir or pump station; telephone; nonextensive yard use; wholesaler with stock; and automotive repair and services, provided all operations are totally enclosed;

(E) Laundry, laundry service, and cleaning and dyeing plant (includes self-service laundry);

(F) Motion picture recording and sound studios;

(G) Miscellaneous business services, including duplicating; blueprinting; linen supply; services to dwellings; typewriter repair; armature rewinding; and general fixit shop;

(H) Freight movers and canteen services;

(I) Printing, lithographic, publishing, photographic processing, or similar uses;

(J) Lumber and building materials storage and sales, provided all operations are totally enclosed;

(K) Miscellaneous services, including electrical shop; reupholstery and furniture repair; and electrical motor repair and rebuild; data processing; food preparation, and catering;

(L) Wholesaler without stock, including motor vehicle and equipment; drug, chemical and allied product; dry goods and apparel; groceries and related products; farm product, raw material; electrical goods; hardware and supply; and machinery, equipment, and supply;

(M) Aluminum cans collection, provided all operations are totally enclosed;

(N) Automobile service stations, car washes, and car rental establishments, provided that they comply with the following requirements:

(i) A solid fence or wall of six feet in height is required on the side and rear property lines;

(ii) The station must be illuminated so that no unshielded, unreflected or undiffused light source is visible from any public area or private property immediately adjacent thereto;

(iii) All areas not landscaped must provide an all-weather surface; and

(iv) No water produced by activities on the lot is permitted to fall upon, or drain across, public streets and sidewalks; [~~or~~]

(O) Personal services establishments, including dry cleaning and dyeing; [~~and~~]

(P) Pest control services;

(Q) Animal hospitals; or

(R) Commercial kennels; and

[~~(3)~~] (4) Determined by the Hawaii Community Development Authority as being limited to a maximum floor area ratio of [~~1.5~~] ___ due to inadequate infrastructure [~~under Hawaii Administrative Rules Section 15-217-57~~]."

A BILL FOR AN ORDINANCE

SECTION 3. Section 8-10.35, Revised Ordinances of Honolulu 1990 ("Claim for exemption—Central Kakaako industrial zone limited development"), is amended by amending subsections (a) and (b) to read as follows:

"(a) An initial application for exemption under Section 8-10.34 shall be filed with the director by September [~~30th~~] 30 preceding the tax year for which the exemption is claimed. A copy of a certification from the Hawaii Community Development Authority confirming that the property is subject to the maximum floor area ratio of [~~1.5, as required by Hawaii Administrative Rules Section 15-217-57~~] ___, shall be filed with the application along with any additional documents determined by the director to be necessary to supplement the application.

(b) Two years after the initial year for which the property has qualified for an exemption under [~~Sec.~~] Section 8-10.34, and every two years thereafter for as long as applicable, the owner of the property shall file, on or before September [~~30th,~~] 30, a recertification by the Hawaii Community Development Authority confirming that the property is still subject to the maximum floor area ratio of [~~1.5, as required by Hawaii Administrative Rules Section 15-217-57~~] ___. The director shall mail notices via certified mail to the owner or authorized representative informing the owner or authorized representative of the September 30 deadline specified in this subsection."

SECTION 4. 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.

A BILL FOR AN ORDINANCE

SECTION 5. This ordinance takes effect upon its approval and applies to tax years beginning July 1, 2023 for a period extending between July 1, 2023 and June 30, 2027; provided that this ordinance will not affect any real property tax exemption granted in accordance with Sections 8-10.34 and 8-10.35, Revised Ordinances of Honolulu 1990 prior to the effective date of this ordinance until such time that recertification is required pursuant to Section 8-10.35, Revised Ordinances of Honolulu 1990.

INTRODUCED BY:

Carol Fukunaga

_____

_____

_____

_____

_____

DATE OF INTRODUCTION:

_____

_____

APR 28 2022

_____

Honolulu, Hawai'i

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

FILED
APR 28 2024
PURSUANT TO ROH Sec. 1-2.4

_____

Deputy Corporation Counsel

APPROVED this _____day of _____, 20 _____.

_____

RICK BLANGIARDI, Mayor
City and County of Honolulu