

CITY COUNCIL

CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 202
HONOLULU, HAWAII 96813-3065
TELEPHONE: (808) 768-5010 • FAX: (808) 768-5011

AUGIE TULBA



HONOLULU CITY COUNCIL, DISTRICT 9
PHONE: 768-5009
EMAIL: atubla@honolulu.gov

CAROL FUKUNAGA

HONOLULU CITY COUNCIL, DISTRICT 6
PHONE: 768-5006 FAX: 768-1199
EMAIL: cafukunaga@honolulu.gov

September 21, 2022

TO: Councilmember Calvin Say, Chair
Committee on Budget

FROM: Councilmember Augie Tulba, District 9 
Councilmember Carol Fukunaga, District 6 

RE: Outline of Proposed Changes to **Bill 45 (2021)** – *Relating to Incentives for Businesses* (Hand-carried Proposed CD1, dated 9/20/22 at 4:05 PM)

The attached outline of changes to **Bill 45 (2021)** in the hand-carried Proposed CD1 (dated 9/20/22 at 4:05 PM) was distributed to members of the Budget Committee during today's committee meeting in the Council Chambers.

The hand-carried Proposed CD1 draft reflected discussions between the City administration, advocates for Bill 45 (2021) as introduced, and their recommendations to improve its feasibility for implementation.

We encourage you and Budget Committee members to pursue further discussions with the Blangiardi administration to respond to questions on this measure that arose during today's Budget Committee meeting.

2022 SEP 21 PM 3:59 CITY CLERK

COUNCIL COM. 288
BUD

**Bill 45 (2021) - Real Property Tax Exemption for
New High-Growth Industry Facilities**
(Chapter 35, Revised Ordinances of Honolulu)

The purpose of the bill is to accelerate creation of high-quality jobs through investments in facilities that expand growth industries in TOD neighborhoods.

- To do so, Bill 45 offers a real property tax exemption (up to 30 years) to businesses engaged in state-defined 'growth industries' like film/media, healthcare, high-tech and related fields to eligible businesses that partner with "anchor institutions" in neighborhood TOD plan areas.
- To qualify for the tax exemption, eligible businesses must: (a) be engaged in one or more of DBEDT-defined 'growth industries' that (b) create 100 or more new jobs, (c) be located within a transit-oriented zone, (d) partner with an 'anchor institution,' and (e) be involved in development of new facilities with a minimum investment of \$75 million in improvement costs.
- Authorization of real property tax exemptions for construction will be based upon the city's analysis that the new facilities will provide a net benefit to the city through enhanced real property taxes and related revenues from growth around the new facilities.

Outline of Bill 45 Sections

1. **Section 1:** The purpose of this ordinance is to provide incentives to businesses located within certain areas to create new jobs and generate economic benefits for the City (*existing ordinance*).
2. **Section 2:** establishes a process for claiming the real property tax exemptions authorized under a new Chapter 8, Article (Exemptions).
3. **Section 3:** establishes a new Section 8-10 exemption for 'certain businesses in neighborhood transit-oriented development plan areas.' This section defines terms, specifies the process for applying for the real property tax exemption, its administration and appeal.

4. **Section 4:** revises the title of Chapter 35, ROH to “Incentives for Certain Businesses that are located within Neighborhood Transit-Oriented Development Plan Areas to Create New Jobs”.
5. **Section 5:** defines the terms used in the section. Examples: “anchor institution,” “eligible business,” “neighborhood transit-oriented development plan area,” etc.
6. **Section 6:** amends the existing Section 35-1.3 “Qualifications for Incentives” to include eligible businesses that begin operations after January 1, 2022, create and fill 100 or more full-time jobs, are involved in the development of new facilities for growth industries (*Section 201-19, HRS*) that involve a minimum investment of \$75 million for improvement costs; and are projected by the city’s analysis to provide a net benefit to the city through enhanced real property taxes and related revenues from growth around the new facilities and partner with an anchor institution.
7. **Section 7:** amends the existing Section 35-1.4 “Incentives for qualified businesses to include the real property tax exemption, waiver of city-imposed fees and expedited permits.
8. **Section 8:** amends the existing Section 35-1.5 “Penalties” section.
9. **Section 9:** repeals Article 2 of the existing Chapter 35 “Property Tax Rebate for Businesses Creating New Jobs”.
10. **Section 10:** specifies that ordinance material to be repealed is bracketed and stricken; new information is underscored.
11. **Section 11:** The ordinance takes effect on its approval, provided that the real property tax exemption in Section 3 of the bill applies to tax years beginning July 1, 2024 and thereafter.