

**BILL040(22)**  
**Testimony**

**MISC. COMM. 88**

BUDGET (BUD)

## **BUDGET (BUD) Meeting**

Meeting Date: Feb 28, 2023 @ 09:00 AM

Support: 1

Oppose: 0

I wish to comment: 1

Name: Mike Jackson	Email: mikejacksonatlarge@gmail.com	Zip: 96792
Representing: Self	Position: Support	Submitted: Feb 27, 2023 @ 08:45 AM
Testimony: I support HB4 and ask that the TVU TIER 2 BE INCREASED TO 1.1 MILLION.		
Name: Ted Kefalas	Email: tkefalas@grassrootinstitute.org	Zip: 96814
Representing: Grassroot Institute of Hawaii	Position: I wish to comment	Submitted: Feb 27, 2023 @ 01:51 PM



February 28, 2023

9 a.m.

Honolulu City Council Chambers

**To: Honolulu City and County Council Committee on Budget**

**Councilmember Radiant Cordero, Chair**

**Councilmember Matt Weyer, Vice Chair**

**From: Grassroot Institute of Hawaii**

**Ted Kefalas, Director of Strategic Campaigns**

RE

: Bill 40 (2022) — RELATING TO REAL PROPERTY TAXATION

***Comments Only***

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on [Bill 40 \(2022\)](#), which would increase the home exemption by \$10,000.

This increase would apply to both the standard home exemption, which currently is \$100,000, and the home exemption for individuals 65 years of age and older, which is \$140,000.

Across the country, such “homestead exemptions” are common practice. They are designed to protect homeowners who live in their homes from dramatic increases in their property taxes.

Bill 40 would provide a degree of relief to homeowners, but it should be expanded to provide a more comprehensive tax reduction.

The Council last increased the home exemption in 2019 with Ordinance 19-7. This raised the standard home exemption from \$80,000 to \$100,000, and the home exemption for individuals age 65 or older from \$120,000 to \$140,000.<sup>1</sup>

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<sup>1</sup> [“Relating to Real Property Tax Exemptions,”](#) Bill 2 (2019), Ordinance 19-7, signed May 2, 2019.

Since 2019, however, the value of residential property has exploded. In January 2019, the median sales price of a single-family home was \$767,500.<sup>2</sup> Four years later, the median price had risen to \$970,000<sup>3</sup> — an increase of more than 26%.

Bill 40's proposal would increase the home exemption by a mere 10% and the exemption for older individuals by just 7%.

We would encourage the committee to amend this bill to mirror the increase in home values. To catch up with the value increases since 2019, the home exemption should be at least \$126,000 and the exemption for older individuals should be at least \$176,400.

This increase would simply adjust the value of the exemption for the real estate market — and it is worth noting that Kauai and Maui both offer home exemptions much higher than Honolulu's — \$160,000 and \$200,000, respectively.<sup>4</sup>

Further, this measure should be amended to ensure that homeowners are not robbed of their tax relief simply because of high inflation by indexing the exemptions to the Honolulu Consumer Price Index for All Urban Consumers (CPI-U). This would automatically change the exemption each year to offset inflation.

As we explain in a forthcoming report on property tax relief, Hawaii's counties can provide assistance to homeowners in many ways — from rate cuts to exemptions to tax credits.

A rate cut would be the most straightforward way to provide tax relief, as it would avoid the hassle of making property owners and county employees do extra paperwork.

However, increasing the value of the home exemption is also a way to lower tax burdens.

We appreciate that the committee has taken up this timely matter and look forward to continuing dialogue on how to lower the burden of the property taxes for Hawaii's already beleaguered homeowners.

Thank you for the opportunity to testify.

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<sup>2</sup> "[Statewide Housing Statistics](#)," Title Guarantee Hawaii, Jan. 2019.

<sup>3</sup> "[Statewide Housing Statistics](#)," Title Guarantee Hawaii, Jan. 2023.

<sup>4</sup> Kauai County Code, Article 11. Exemptions, [Sec. 5A-11.4 Homes](#); and Maui County Code of Ordinances, Chapter 3.48, Article IX. [3.48.450 - Homes—standards for valuation](#), accessed Feb. 23, 2023.

Sincerely,

Ted Kefalas  
Director of Strategic Campaigns  
Grassroot Institute of Hawaii