

SUMMARY OF PROPOSED COMMITTEE DRAFT:

**Bill 38 (2022)
RELATING TO REAL PROPERTY TAXATION.**

The PROPOSED CD1 makes the following amendments:

- A. In SECTION 2 of the bill, increases the criterion for a real property tax credit from 80 percent to 100 percent of the area median income for a two-person household in Honolulu as determined by the United States Department of Housing and Urban Development ("HUD"), and clarifies that the area median income is determined by HUD as of December 31 of the preceding calendar year.
- B. In SECTION 4 of the bill, revises the application of the ordinance from tax years beginning July 1, 2023 and thereafter, to tax years beginning July 1, 2024 and thereafter.
- C. Updates the bill to reflect that the bill is amending the Revised Ordinances of Honolulu 2021 instead of the Revised Ordinances of Honolulu 1990.
- D. Makes miscellaneous technical and nonsubstantive amendments.



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. The purpose of this ordinance is to address the real property tax credit.

SECTION 2. Section 8-13.2, Revised Ordinances of Honolulu 2021, is amended to read as follows:

"§ 8-13.2 Real property tax credit established.

An owner is entitled to a real property tax credit equal to the amount by which the taxes owed for the same tax year in which the application is filed for the property exceed 3 percent of the titleholders' income, provided:

- (1) The owner has been granted the home exemption under § 8-10.3 when the application is filed;
- (2) The taxes owed for the same tax year in which the application is filed for the tax credit exceed 3 percent of the titleholders' combined income for the calendar year immediately preceding the date of the application;
- (3) The combined income of all titleholders of the property for the calendar year immediately preceding the date of the application does not exceed ~~[\$60,000;]~~ 100 percent of the area median income established for a two-person household in Honolulu by the United States Department of Housing and Urban Development as of December 31 of the preceding calendar year;
- (4) No titleholder owns any other real property anywhere during the applicable tax year;
- (5) The titleholders have not violated § 8-13.5;
- (6) The amount of the tax after applying the credit is not less than the minimum tax required in § 8-11.1(g);
- (7) If the taxes owed, less any other one-time tax credit, are less than or equal to 3 percent of all titleholders' combined income for the calendar year immediately preceding the date of the application, no credit will be applied;



CITY COUNCIL
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HONOLULU, HAWAII

ORDINANCE _____

BILL **38 (2022), CD1**

A BILL FOR AN ORDINANCE

- (8) The titleholders of the property filed income tax returns, if required under Hawaii income tax law and under Internal Revenue Service regulations, on or before the date of filing an application for a tax credit; and
- (9) The grant of the application for a tax credit entitles the owner to a credit only for the tax year succeeding the tax year in which the application was filed. There will be no carryover tax credit."

SECTION 3. 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.



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SECTION 4. This ordinance takes effect upon its approval and applies to tax years beginning July 1, 2024 and thereafter.

INTRODUCED BY:

Esther Kia'āina

DATE OF INTRODUCTION:

May 16, 2022
Honolulu, Hawai'i

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20 _____.

RICK BLANGIARDI, Mayor
City and County of Honolulu