

BILL040(22)
Testimony

MISC. COMM. 141

BUDGET (BUD)

BUDGET (BUD) Meeting

Meeting Date: Apr 4, 2023 @ 09:00 AM

Support: 1

Oppose: 1

I wish to comment: 1

Name: Tonic Bille	Email: bbtvu2@aol.com	Zip: 96734
Representing: Self	Position: Support	Submitted: Mar 30, 2023 @ 06:35 PM
Testimony: Aloha Chair and Council Members, I support this bill, hopefully you will pass it. I have a hard time paying my Property Tax, which is really high this year. It keeps going up, my budget is staying the same. Mahalo.		
Name: Ted Kefalas	Email: tkefalas@grassrootinstitute.org	Zip: 96813
Representing: Grassroot Institute of Hawaii	Position: I wish to comment	Submitted: Apr 3, 2023 @ 01:25 PM
Name: Natalie Iwasa	Email: iwasajunk@mail.com	Zip: 96825
Representing: Self	Position: Oppose	Submitted: Apr 3, 2023 @ 11:18 PM



April 4, 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 Honolulu's property tax 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 \$140,000.¹

Two CD1 amendments proposed for this bill would increase the standard home exemption by \$20,000, instead of \$10,000. We support either of these proposed amendments.

Councilmember Esther Kia'āina's amendment would increase the exemption amount for homeowners 65 years of age and older by \$20,000 as well, while councilmember Matt Weyer's amendment would increase the exemption for older homeowners by \$40,000.

We suggest that higher exemption value for older homeowners be retained in whichever amendment advances, if either.

¹ ["Relating to Real Property Tax Exemptions,"](#) Bill 2 (2019), Ordinance 19-7.

The current exemptions were increased in 2019. Since then, Honolulu property values have skyrocketed. In January 2019, the median sales price of a single-family home was \$767,500.² Four years later, it had risen to \$970,000³ — an increase of more than 26%.

Increasing the homeowner exemption by \$20,000 would not fully offset that increase, but it would be close.

Consider that Kauai and Maui counties both offer home exemptions much higher than Honolulu's — \$160,000 and \$200,000, respectively⁴ — so they are closer in line with offsetting the higher property assessments Hawaii has been experiencing in recent years.

To simplify matters for the future, this measure could be amended to index the exemptions to the Honolulu consumer price index for all urban consumers, so homeowners would not be robbed of their tax relief simply because of inflation. This would automatically change the exemption each year to offset inflation.

Across the country, such “homestead exemptions” are common practice. They are intended to protect homeowners who live in their homes from dramatic increases in their property taxes. We commend the Council for seeking to increase it to protect Honolulu's homeowners.

Thank you for the opportunity to testify.

Sincerely,

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

² “[Statewide Housing Statistics](#),” Title Guarantee Hawaii, January 2019.

³ “[Statewide Housing Statistics](#),” Title Guarantee Hawaii, January 2023.

⁴ 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.

TO: Members of the Budget Committee

FROM: Natalie Iwasa
808-395-3233

DATE: Tuesday, April 4, 2023

SUBJECT: Bill 40 (2022), Real Property Home Exemptions - **OPPOSED**

Aloha Chair Cordero and Councilmembers,

Thank you for allowing testimony on Bill 40 (2022) and the proposed CD1s. The original bill would increase the home owner's exemption from \$100,000 to \$110,000 or, for owners who are 65 years or older, \$140,000 to \$150,000. The CD1 (Councilmember Kia'aina) would increase the exemptions to \$120,000 and \$160,000, respectively. The CD1 proposed by Councilmember Weyer would further increase the exemption for those 65 years and older to \$180,000 and remove the additional exemptions for those ages 75 - 89.

This bill would create a further divide between owner-occupants and landlords. For example, a \$500,000 home that is owner occupied would be assessed \$1,330 under the CD1 but someone who rents it out would have to pay \$1,750.

In general renters pay significantly more in household costs than homeowners do. In some cases, they pay 50% or more of their income for housing. The difference in tax policy between owners and landlords is one of the reasons for this - the more it costs landlords, the more they will charge in rent.

Before you increase home owners' exemptions, please reduce and/or remove exemptions on credit unions, labor unions, business leagues, for-profit child care centers and others that make our real property tax system inequitable.