

SUMMARY OF PROPOSED COMMITTEE DRAFT:

**BILL 14 (2023)
RELATING TO A ONE-TIME REAL PROPERTY TAX CREDIT**

The PROPOSED CD1 makes the following amendments:

- A. In SECTION 2(f) of the bill, authorizes the Director of Budget and Fiscal Services to adopt rules in accordance with HRS Chapter 91.
- B. Adds a new SECTION 3 to establish a one-time \$300 real property tax credit for residential properties used for long-term rentals, and renumbers the subsequent SECTION.
- C. In the renumbered SECTION 4 of the bill, changes the effective date to clarify that the ordinance applies to the tax year July 1, 2023 to June 30, 2024.
- D. Makes miscellaneous technical and nonsubstantive amendments.



A BILL FOR AN ORDINANCE

RELATING TO A ONE-TIME REAL PROPERTY TAX CREDIT.

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

SECTION 1. Purpose. The purpose of this ordinance is to alleviate the tax burden on homeowners from escalating real property valuations.

SECTION 2. **One-time real property tax credit established for properties with a home exemption.**

- (a) A property owner is entitled to a one-time real property tax credit of \$300 against the taxes owed for the owner's property for the 2023 – 2024 tax year; provided that for the 2023 – 2024 tax year, the property owner has been granted a home exemption under ROH § 8-10.3.
- (b) The tax credit applies only for the 2023 – 2024 tax year and will not be carried over to any subsequent tax year. The tax credit will be applied in equal amounts to the two installments of taxes due pursuant to ROH § 8-3.2.
- (c) The one-time tax credit will be applied against taxes owed in the following order of priority:
 - (1) One-time tax credit for the tax year 2023 – 2024;
 - (2) Low-income homeowner tax credit, as provided in ROH § 8-13.2; and
 - (3) Automatic sprinkler system tax credit, as provided in ROH § 8-14.2.
- (d) The amount of the tax on the real property after applying all applicable tax credits must not be less than the minimum tax, as provided in ROH § 8-11.1(g).
- (e) As used in this section:

"ROH" means the Revised Ordinances of Honolulu 2021.
- (f) The director of budget and fiscal services may adopt rules in accordance with Chapter 91 of the Hawaii Revised Statutes as may be necessary to implement or administer this ordinance.



A BILL FOR AN ORDINANCE

SECTION 3. One-time real property tax credit established for properties used for long-term rental.

- (a) Notwithstanding ROH § 8-3.2, an owner is entitled to a one-time real property tax credit of \$300 against the second half of the taxes owed for the owner's property for the 2023 – 2024 tax year, payable on or before February 20, 2024; provided that the owner:
 - (1) Leases real property that is improved with a single-family dwelling or a condominium unit that is used exclusively for residential use to the same tenant for at least 12 consecutive months during the 2023 – 2024 tax year as evidenced by:
 - (A) A written long-term lease signed by the owner and the tenant for at least 12 consecutive months; or
 - (B) Proof of rental payments made by the tenant to the owner for at least 12 consecutive months;
 - (2) Applies for the tax credit using forms prescribed by the department of budget and fiscal services by September 1, 2023;
 - (3) Submits supporting documentation with the application for the tax credit, including a self-certification and an affidavit signed by the owner certifying that the owner has leased and intends to lease the subject real property to a tenant for a term of at least 12 consecutive months during the 2023 – 2024 tax year, and a copy of the executed current lease in effect or rental payments made by the tenant to the owner; and
 - (4) Is not entitled to the one-time tax credit established in Section 2 of this ordinance.
- (b) The tax credit applies only for the 2023 – 2024 tax year and will not be carried over to any subsequent tax year. The tax credit will be applied only to the second payment due for property taxes on February 20, 2024 under ROH § 8-3.2.
- (c) The amount of the tax on the real property after applying all applicable tax credits must not be less than the minimum tax, as provided in ROH § 8-11.1(g).



A BILL FOR AN ORDINANCE

- (d) As used in this section:

"Condominium unit" has the same meaning as defined in ROH § 8-7.5.

"Owner" has the same meaning as defined in ROH § 8-7.5.

"Residential use" has the same meaning as defined in ROH § 8-7.5.

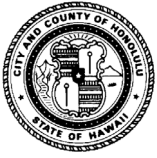
"ROH" means the Revised Ordinances of Honolulu 2021.

- (e) All applications for the one-time tax credit, including applications for which the one-time tax credit has been approved, are subject to audit by the director of budget and fiscal services. An owner's refusal or failure to cooperate and produce all records requested by the director of budget and fiscal services may result in the denial of or revocation of the tax credit.
- (f) Any person who files a fraudulent claim for the one-time tax credit or attests to any false statement with intent to defraud the city or to evade the payment of taxes or any part thereof, or who in any manner intentionally deceives or attempts to deceive the city with respect to qualification for the one-time tax credit, will be subject to a civil fine of not less than \$1,000 and not more than \$10,000.

Notwithstanding any other provision to the contrary, in addition to civil fines, the director of budget and fiscal services may impose a fine in an amount equal to the total sum received by the owner from any fraudulent rental activity of the property during the period in which the property was subject to fines.

Nothing in this ordinance precludes the director of budget and fiscal services from seeking any other remedy available by law.

- (g) An owner who has been granted the tax credit has a duty to report to the director of budget and fiscal services within 30 days after the owner or property ceases to qualify for the tax credit if:
- (1) The ownership of the property has changed;
 - (2) A change in the facts previously reported has occurred concerning the occupation, use, or renting of the property; or
 - (3) A change in status has occurred that affects the owner's qualification for the tax credit.



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL **14 (2023), CD1**

A BILL FOR AN ORDINANCE

An owner who fails to report a change in circumstances will be subject to revocation of the tax credit and any additional penalties imposed by the director of budget and fiscal services.

- (h) In no event shall the tax credit established pursuant to this section result in a decrease of real property tax revenue in excess of \$10,000,000.
- (i) The director of budget and fiscal services may adopt rules in accordance with Chapter 91 of the Hawaii Revised Statutes as may be necessary to implement or administer this ordinance.



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL **14 (2023), CD1**

A BILL FOR AN ORDINANCE

SECTION 4. This ordinance takes effect upon its approval and applies to the tax year July 1, 2023 to June 30, 2024.

INTRODUCED BY:

Tommy Waters (br)

DATE OF INTRODUCTION:

March 2, 2023
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