CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAI'I

FILED
JUN 1 2025
PURSUANT TO ROH Sec. 1-2.4

ORDINANCE _____
BILL 35 (2023)

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 taxation of real property.

The City Council ("Council") finds that assessed valuations for residential real property have dramatically increased in recent years, forcing taxpayers to shoulder the burden of increased real property tax liability through biannual real property tax payments.

Valuations for residential real property in the City and County of Honolulu ("City") are typically based on the market data approach methodology, which uses adjusted market sales and comparable property data from computer-generated mass appraisal calculations to determine the fair market value of residential properties. While residential property tax rates have remained fairly stable, assessed valuations have continued an upward trend.

Using an average assessed valuation amount that considers assessed valuations over several tax years, as opposed to a valuation for a single year, may stabilize real property tax liability, diminish the effect of assessment year outliers, and enable the City to accurately determine revenue projections for upcoming fiscal years. The Council believes that mitigating unexpected and sometimes anomalous increases in real property tax assessments and stabilizing real property tax liability are in the best interest of the City and its residents.

SECTION 2. Section 8-2.1, Revised Ordinances of Honolulu 2021 ("Notice of assessments—Addresses of persons entitled to notice"), is amended by amending subsection (a) to read as follows:

"(a) On or before December 15 preceding the tax year, the director shall give written notice of the assessment for the tax year [~~against~~] to each known owner[~~, by personal delivery to the owner or by mailing to the owner on or before such date postage prepaid and addressed to the owner at the owner's last known place of residence or address a written notice identifying~~] of real property that includes the following information:

(1) The tax key of the real property [~~involved by the tax key and the~~];

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(2) The general class of the real property, as established in accordance with § 8-7.1(c) [~~and setting forth the~~], set forth in clear and descriptive language as used in § 8-7.1(c)(1) without abbreviation and without reference to a code of any kind;

(3) The valuation placed upon the real property, determined pursuant to § 8-7.1(a)[~~, the~~] ; provided that for real property classified as residential or residential A, the notice must include an explanation of the valuation amount derived from applying three data points to calculate an average valuation amount based upon the assessed valuation for the current tax year, combined with the assessed valuation from the two immediately preceding tax years;

(4) The exemption, if any, allowed or denied, as the case may be[~~, and the~~]; and

(5) The net taxable value of the real property.

[~~The general class of the property shall be set forth in clear and descriptive language as used in § 8-7.1(c)(1) without abbreviation and without reference to a code of any kind on the notice of assessment.~~] The director shall provide the notice of assessment to the owner by personal delivery or by mailing to the owner on or before December 15, postage prepaid and addressed to the owner at the owner's last known place of residence or address. In lieu of the notification methods set forth in this subsection, the director shall, at the option of the owner, give notice of the assessment by electronic transmission."

SECTION 3. Section 8-7.1, Revised Ordinances of Honolulu 2021 ("Valuation—Considerations in fixing"), as amended by Ordinance 23-5, is amended by amending subsection (a) to read as follows:

"(a) The director shall cause the fair market value of all taxable real property to be determined and annually assessed by the market data and cost approaches to value using appropriate systematic methods suitable for mass valuation of real property for ad valorem taxation purposes, so selected and applied to obtain, as far as possible, uniform and equalized assessments throughout the city.

In determining the assessed valuation of real property classified as residential or residential A only, the director shall cause the fair market value of taxable real property to be determined and annually assessed based upon an average assessed valuation amount, to be derived from the valuation for the current tax year assessed as of October 1 preceding each tax year and the valuation for

each of the two years immediately preceding the current tax year. The average assessed valuation amount is to be calculated as follows: sum the assessed valuation of the parcel within the class for the current tax year and the two immediately preceding tax years, then divide the result by the total number of tax years used for the valuation. The three-year average valuation amount must be applied in determining whether a parcel, or portion thereof, will be classified as residential or residential A.

For the purposes of this subsection, "tax year" has the same meaning as defined in § 8-6.2."

SECTION 4. 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 5. This ordinance takes effect upon its approval and applies to tax years beginning July 1, 2025 and thereafter.

INTRODUCED BY:

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DATE OF INTRODUCTION: _____

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JUN 1 2023

Honolulu, Hawai'i

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Councilmembers

APPROVED AS TO FORM AND LEGALITY:

FILED
JUN 1 2025
PURSUANT TO ROH Sec. 1-2.4

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Deputy Corporation Counsel

APPROVED this _____day of _____, 20 _____.

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RICK BLANGIARDI, Mayor
City and County of Honolulu