CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAI'I

ORDINANCE _____

BILL 42 (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. Findings and Purpose. The purpose of this ordinance is to provide property tax relief to certain homeowners.

The Council finds that the median value of residential real property has been significantly higher compared to many other cities, thereby creating potential financial stress for homeowners. One additional issue from these high property prices is that unexpected increases in property valuations can place a substantial and unpredictable financial burden on homeowners. The Council is committed to ensuring a fair and equitable system for valuing real property, currently assessed annually using market data and cost approaches to value that strive for uniform and equalized assessments.

SECTION 2. Chapter 8, Article 7, Revised Ordinances of Honolulu 2021 ("Valuations"), is amended by adding a new section to be appropriately designated by the Revisor of Ordinances and to read as follows:

"**§ 8-7. Valuation Cap.**

The assessed value of the real property must not exceed eight percent of the preceding tax year assessed value, provided that:

(a) The real property has been classified as residential;

(b) If the property has an assessed value that will increase the assessed value in excess of eight percent over the preceding tax year, the director may apply the excess value to the subsequent tax year;

(c) Except for the transfer or sale of the property to a family member, if the property is sold or transferred, the valuation for the tax year thereafter must be based upon the fair market value of the property; and

(d) If any improvements are undertaken on the property, and such improvements increase the assessed value of the property, the taxes must be increased based on the fair market value of the improvements undertaken."

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

"(a) [~~The~~] Except as provided for in Section 8-7. , 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."

SECTION 4. Ordinance material to be repealed is bracketed and stricken. New ordinance 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 the tax years beginning July 1, 2024 and thereafter.

INTRODUCED BY:

Tony Weller By Request

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DATE OF INTRODUCTION: _____

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JUL 6 2023

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Honolulu, Hawai'i

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

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Deputy Corporation Counsel

APPROVED this _____day of _____, 20 _____.

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RICK BLANGIARDI, Mayor
City and County of Honolulu