



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.

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. Real property dedicated as aina kupuna.

(a) For the purposes of this section, the following definitions apply unless the context clearly indicates or requires a different meaning.

Agriculture. The production of plant and animal life for food and fiber, and for raw materials for processed products. The term includes the following along with their accompanying services and facilities:

- (1) Fruit, vegetable, and flower growing;
- (2) Forestry;
- (3) Aquaculture;
- (4) Beekeeping; and
- (5) Grazing and dairying.

Aina Kupuna. Real property that is owned, in whole or in part, in fee simple by one or more descendants of the person who owned the property at least 80 years prior to the date of the petition.

Commercial Purpose. The production, processing, manufacturing, warehouse distribution, or sale of goods; or the operation of transient vacation rentals, short-term rental homes, and bed and breakfast homes. Commercial purpose does not include agriculture.

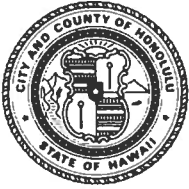


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Descendant. Has the same meaning as defined in HRS § 560:1-201. A descendant may own the property as an individual or with other individuals, or a descendant's beneficial ownership interest may be represented by one or more trustees. Ownership of the property may also be held by a corporation, limited liability company, or similar entity, as long as the descendant's ownership interest in the entity is greater than 50 percent and the entity is not a corporation where the stock is sold to or owned by the general public.

Owner. A person who is the fee simple owner of the real property.

- (b) An owner of real property may dedicate the real property as aina kupuna for a period of 10 years, subject to the minimum tax required under § 8-11.1(g); provided that:
- (1) The real property qualifies as aina kupuna;
 - (2) The real property is not conveyed to a non-descendant for the duration of the dedication;
 - (3) The real property is not used for a commercial purpose for the duration of the dedication;
 - (4) The real property is located in the special management area as defined in HRS § 205A-22;
 - (5) The aggregate real property taxes assessed on the property for the 10 tax years prior to the initial petition exceed \$10,000; and
 - (6) If ownership of the real property is held with other individuals, at least one owner is a resident of the city; or if ownership is held by a corporation, limited liability company, or similar entity, at least one trustee, member of the board of directors, shareholder, managing member, or member is a resident of the city.
- (c) The owner shall file a petition to dedicate the property as aina kupuna with the director. The petition for dedication requires a declaration that if the petition is approved by the director, the real property or any portion thereof, will not be conveyed to a non-descendant or used for a commercial purpose for the duration of the dedication period following approval of the petition. The owner is responsible for the cost of obtaining evidence in support of the petition.



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- (1) If the owner is not identified as an owner of the property in the real property tax records, the director shall require the owner, at the owner's expense, to obtain a deed, court order, or other reliable evidence to verify ownership of the property.
 - (2) For the purposes of determining whether the descendency requirement has been satisfied, genealogy verification by the Office of Hawaiian Affairs or by court order will be deemed sufficient.
 - (3) Evidence includes conveyance deeds, wills, trusts, birth certificates, death certificates, and other legally valid documentation that demonstrates legal ownership and descendency.
- (d) The petition must be filed with the director by September 1 of any calendar year, in a form prescribed by the director.
- (1) Following receipt of a petition, the director shall make a finding of fact as to whether the owner and property described in the petition qualify. If the finding is favorable to the owner, the director shall approve the petition and declare the real property to be dedicated. If approved, the minimum tax takes effect the succeeding tax year, and penalties and interest from the 2026 and 2027 tax years must be removed from these portions of the real property dedicated as aina kupuna. No new penalties and interest will be assessed during the dedication period and the director has the authority to waive § 8-5.2.
 - (2) If the owner or property does not qualify for the aina kupuna dedication, the director shall notify the owner on or before December 15 preceding the tax year.
- (e) To maintain the aina kupuna dedication, the owner shall apply for renewal no later than September 1 during the ninth year of each dedication period, for an additional period of no less than 10 years, subject to cancellation by the owner.
- (f) The aina kupuna dedication terminates automatically, retroactive to the date of the dedication or the commencement of the latest renewal period, upon the owner's:



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- (1) Failure to comply with the restrictions on the use of real property specified in this section beyond a period of two weeks after a notice and warning have been issued to the owner by the director; or
- (2) Conveyance of the real property to a non-descendant.

All differences in the amount of taxes that were paid and those that would have been due from assessment without the minimum tax privilege will be payable with a 10 percent penalty from the respective dates that these payments would have been due. The additional taxes and penalties, due and owing as a result of the breach of the dedication, constitute a paramount lien upon the real property assessed. Nothing in this subsection precludes the city from pursuing any other remedy to enforce the covenant on the use of the real property.

- (g) The owner may appeal any disapproved petition for an aina kupuna dedication as in the case of an appeal from an assessment.
- (h) To place prospective buyers on notice of any rollback taxes and penalties, the owner shall, within 30 days of notice of approval, record the dedication in accordance with the procedures of the State bureau of conveyances or the land court. The director shall prescribe the form of the dedication."

SECTION 3. 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 underscoring.



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SECTION 4. This ordinance takes effect upon its approval and applies to tax years beginning July 1, 2026 and thereafter.

INTRODUCED BY:



DATE OF INTRODUCTION:

AUG 01 2024

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

Report Title:

Aina Kupuna; Dedications; Descendants; Real Property; Real Property Tax; Assessments; Department of Budget and Fiscal Services ("BFS"); Office of Hawaiian Affairs

Description:

Establishes dedications of real property as aina kupuna. Provides petition requirements to qualify for the dedication. Applies to tax years beginning July 1, 2026 and thereafter.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.