'25MAR03 AM 9:25 CITY CLERK

DEPARTMENT OF BUDGET AND FISCAL SERVICES
KA ʻOIHANA MĀLAMA MOʻOHELU A KĀLĀ
CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAIʻI 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • WEBSITE: honolulu.gov

RICK BLANGIARDI
MAYOR
MEIA

ANDREW T. KAWANO
DIRECTOR
PO'O

CARRIE CASTLE
DEPUTY DIRECTOR
HOPE PO'O

March 4, 2025

The Honorable Tyler Dos Santos-Tam, Chair
and Members
Committee on Budget
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaiʻi 96813

Dear Chair Dos Santos-Tam and Councilmembers:

SUBJECT: Bill 17 (2025) - Relating to Real Property Tax Home Exemption

Bill 17 proposes to increase the home exemption amounts. The Department of Budget and Fiscal Services ("BFS") would like to provide comment on the potential fiscal impact.

BFS is concerned with the proposed increase of the home exemption amounts by $20,000. With the current residential tax rate of $3.50 per thousand dollars of the net taxable amount, each exemption claimant will realize an annual $70.00 tax reduction.

There are approximately 152,200 home exemption claims, which would equate to an estimated revenue loss of $10.65 Million to the City should Bill 17 take effect for the upcoming tax year of 2025-26. Any type of revenue loss is difficult to bear as the City's financial obligations continue to grow.

We urge the City Council to consider establishing another Permitted Interaction Group to address other active measures concerning real property taxes. Tax ordinance changes are best evaluated in unison with other active bills to avoid any unintended consequences that may result in fiscal impacts and administrative burdens. If you have any questions, please feel free to call me at (808) 768-3901.

Sincerely,

Andrew T. Kawano
Director

APPROVED:

Michael D. Formby, Managing Director
Office of the Managing Director

DEPT. COM. 149 BUD