

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 amend or repeal certain real property tax exemptions or dedications and adjust the minimum real property tax for certain real properties.

SECTION 2. Section 8-10.10, Revised Ordinances of Honolulu 2021, is repealed.

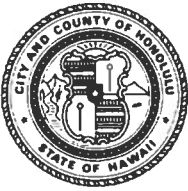
~~["§ 8-10.10 Exemption—Crop shelters.~~

~~Any other law to the contrary notwithstanding, any permanent structure constructed or installed on any taxable real property consisting of frames or supports and covered by rigid plastic, fiberglass or other rigid and semirigid transparent or translucent material, and including wooden laths, used primarily for the protection of crops shall be exempted in determining and assessing the value of such taxable real property for 10 years or for a period of 10 years from October 1 following commencement of construction or installation of the structure on the property for such purpose; provided that any temporary structure so constructed or installed and covered by flexible plastic or other flexible transparent or translucent material, used for such purpose, shall be so exempted not subject to the 10-year limitation; provided further, that such exemption shall continue only so long as the structure is maintained in good condition. Only structures used for commercial agricultural or horticultural purposes shall be included in the exemption."]~~

SECTION 3. Section 8-10.11, Revised Ordinances of Honolulu 2021, is repealed.

~~["§ 8-10.11 Exemption—Dedicated lands in urban districts.~~

- ~~(a) Portions of taxable real property that are dedicated and approved by the director as provided for by this section shall be exempted in determining and assessing the value of such taxable real property.~~
- ~~(b) Any owner of taxable real property in an urban district desiring to dedicate a portion or portions thereof for landscaping, open spaces, public recreation, and other similar uses shall petition the director stating the exact area of the land to~~

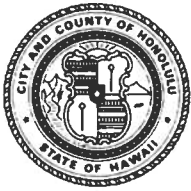


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~~be dedicated and that the land is not within the setback and open space requirements of applicable zoning and building code laws and ordinances, and that the land shall be used, improved and maintained in accordance with and for the sole purpose for which it was dedicated, except that land within a historic district may be so dedicated without regard to the setback and open space requirements of applicable zoning and building code laws and ordinances.~~

~~The director shall make a finding as to whether the use to which such land will be dedicated has a benefit to the public at least equal to the value of the real property taxes for such land. Such finding shall be measured by the cost of improvements, the continuing maintenance thereof, and such other factors as the director may deem pertinent. If the director finds that the public benefit is at least equal to the value of real property taxes for such land, the director shall approve the petition and declare such land to be dedicated land.~~

- ~~(c) The approval of the petition by the director shall constitute a forfeiture on the part of the owner of any right to change the use of the owner's land for a minimum period of 10 years, automatically renewable indefinitely, subject to cancellation by either the owner or the director upon five years' notice at any time after the end of the fifth year.~~
- ~~(d) Failure of the owner to observe the restrictions on the use, improvement, and maintenance of the owner's land shall cancel the special tax exemption privilege retroactive to the date of the original dedication, and all differences in the amount of taxes that were paid and those that would have been due from the assessment of the tax-exempted portion of the owner's land shall be payable together with interest of 5 percent a year from the respective dates that these payments would have been due. Failure to observe the restrictions on the use means failure for a period of over 12 consecutive months to use, improve, and maintain the land in the manner requested in the petition or any overt act changing the use for any period. Nothing in this subsection shall preclude the county from pursuing any other remedy to enforce the covenant on the use of the land.~~
- ~~(e) The director shall prescribe the form of the petition. The petition shall be filed with the director by September 1 of any calendar year and shall be approved or disapproved by October 31 of such year. If approved, the exemption based upon the use requested in the dedication shall be effective July 1 of the following tax year.~~



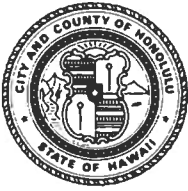
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- ~~(f) The owner may appeal any disapproved petition as in the case of an appeal from an assessment.~~
- ~~(g) The director shall make and adopt necessary rules including such rules governing minimum areas that may be dedicated for the improvement and maintenance of such areas.~~
- ~~(h) As used in this section, "landscaping" means lands that are improved by landscape architecture, cultivated plantings, or gardening.~~
- ~~(i) As used in this section, "open spaces" means lands that are open to the public for pedestrian use and momentary repose, relaxation, and contemplation.~~
- ~~(j) As used in this section, "public recreation" refers to lands that may be used by the public as parks, playgrounds, historical sites, campgrounds, wildlife refuges, scenic sites, and other similar uses.~~
- ~~(k) As used in this section, "owner" includes lessees of real property whose lease term extends at least 10 years from January 1 following the filing of the petition."~~

SECTION 4. Section 8-10.12, Revised Ordinances of Honolulu 2021 ("Exemption—Renewable energy"), is amended by amending subsection (b) to read as follows:

- "(b) The portions of land actually used for the active production or storage of renewable energy ~~[shall be]~~ will be exempt from ~~[80]~~ 60 percent of its value from the measure of the taxes imposed by this chapter; provided that:
- (1) A state-approved special use permit or county-approved conditional use permit allowing for such production is required if the production of renewable energy is inconsistent with or not permitted by the underlying zoning; and
 - (2) The production or storage of renewable energy must be primarily for use, distribution, or sale to public utilities or for public consumption under a power purchase agreement or power purchase contract with the utility.

As used in this subsection, "portions of land actually used" means the land area in physical contact with renewable energy structures."



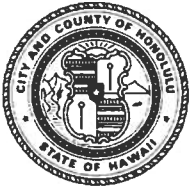
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SECTION 5. Section 8-10.19, Revised Ordinances of Honolulu 2021 ("Exemption—Historic residential real property dedicated for preservation"), is amended by amending subsection (d) to read as follows:

"(d) The director shall review the petition and determine what portion or portions of the residential real property ~~[shall be exempted]~~ will be subject to the exemption from real property taxes[-] under this section. Upon approval of the petition, 50 percent of the value of the portion or portions thereof designated as a historic site will be exempt from real property tax. Any building or portion of a building less than 50 years old ~~[shall]~~ may not be [exempted] exempt from real property taxes. The director shall consult with the State historic preservation ~~[office]~~ division in making this determination. The director shall take into consideration whether the historic property has been maintained, at a minimum, in average condition, and shall determine the total area or areas of real property that ~~[shall be exempted-]~~ will be exempt. The director shall confirm that the historic residential property has visual access. If the director determines that the historic residential property does not provide visual access, then the director shall confirm that the petition provides the public with acceptable alternative visual visitations."

SECTION 6. Section 8-10.21, Revised Ordinances of Honolulu 2021 ("Exemption—Credit union"), is amended by amending subsection (a) to read as follows:

"(a) Real property owned in fee simple or leased for a period of one year or more by a federal or State credit union ~~[which]~~ that is actually and exclusively used for credit union purposes ~~[shall]~~ will be exempt from real property taxes to the extent taxes assessed exceed ~~[\$1,000-]~~ \$1,500. If the property for which the exemption is claimed is leased, the lease agreement ~~[shall]~~ will be in force and must be recorded ~~[in]~~ at the bureau of conveyances when the exemption is claimed. As used in this section, "federal credit union" means a credit union organized under any federal law including the Federal Credit Union Act of 1934, 12 USC Chapter 14, as amended, and "State credit union" means a credit union organized under State law."



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SECTION 7. Section 8-10.22, Revised Ordinances of Honolulu 2021, is repealed.

~~["§ 8-10.22 Exemption—Slaughterhouses.~~

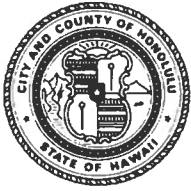
~~All real property in the city used exclusively by the owner or lessee thereof for purposes of slaughtering or butchering cattle, pigs, poultry animals, or other domestic livestock for commercial slaughterhouse purposes shall be exempt from real property taxes for a period of 10 years. In the case of newly constructed slaughterhouses, the exemption shall apply to the tax year following October 1 following commencement of construction of such slaughterhouse."]~~

SECTION 8. Section 8-10.23, Revised Ordinances of Honolulu 2021, is repealed.

~~["§ 8-10.23 Exemption—Qualifying construction work.~~

- ~~(a) Any incremental increase in the valuation of buildings primarily attributable to qualifying construction work shall be exempt from property taxes for a period of seven years following the completion of the qualifying construction work, provided that:~~
- ~~(1) The qualifying construction work commences on or after January 1, 1999 as evidenced by the issuance date of the building permits;~~
 - ~~(2) The qualifying construction work is completed on or before June 30, 2003, unless extended pursuant to subsection (d); and~~
 - ~~(3) The laborers and mechanics who performed the qualifying construction work were paid at or above the rate of wages established by HRS Chapter 104 and the applicable rules adopted thereunder.~~
- ~~(b) For the purposes of this section, the following definitions apply unless the context clearly indicates or requires a different meaning.~~

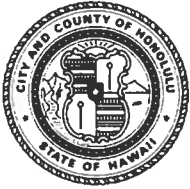
~~***Incremental Increase in the Valuation of Buildings Primarily Attributable to Qualifying Construction Work.*** Shall be determined by subtracting the valuation of buildings on the property as determined in the real property tax assessment immediately preceding June 22, 1999 from the valuation of buildings following the completion of qualifying construction work as of June 22, 1999.~~



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~~**Qualifying Construction Work.** Work to construct new buildings, or to construct additions or renovations to existing buildings, located on land that is classified in accordance with § 8-7.1 as hotel and resort, commercial, industrial, preservation, or agricultural.~~

- ~~(c) The date of the completion of the construction shall be established by the date of the department of planning and permitting's inspection completion date, or the last of the inspection completion dates, where multiple inspections are required for any one or more of the following: the electrical, plumbing, architectural, or structural work allowed under the building permit.~~
- ~~(d) The claimant may request an extension of time of up to one year but before July 1, 2004 to complete construction, and only if a major change in circumstances beyond the control of the claimant has occurred since the issuance of the building permit that causes the delay. The request for an extension setting forth the claimant's justification for an extension shall be made in writing to the director of planning and permitting and either receipt stamped by the department or U.S. postmarked. By either method, the request shall be receipt stamped or U.S. postmarked no later than June 29, 2003. The decision of the director of planning and permitting on the request shall be final.~~
- ~~(e) The claim for exemption shall be filed with the department of budget and fiscal services on or before September 30 preceding the first tax year for which such exemption is claimed on such form as shall be prescribed by the department, and shall be supported by documentation establishing the date of the issuance of the building permit, the department of planning and permitting's inspection completion date, and the director of planning and permitting's decision to grant an extension of time to complete construction, if applicable.~~
- ~~(f) The claim for exemption, once allowed, shall continue for a period of seven years; provided that where an extension has been granted under subsection (d), in no event shall such exemption be allowed beyond June 30, 2012.~~
- ~~(g) To confirm that the laborers and mechanics who performed the qualifying construction work were paid at or above the applicable rate of wages, every claim for exemption filed with the department of budget and fiscal services shall include documentation in a form satisfactory to the director that establishes that the wage rates for the laborers and mechanics who performed the qualifying construction work were not less than the wage rates established by HRS Chapter 104 and the applicable rules adopted thereunder. This documentation shall~~



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~~include but not be limited to a notarized affidavit from the claimant establishing that the wage rates for the laborers and mechanics who performed the qualifying construction work were not less than the wage rates established by HRS Chapter 104 and the applicable rules adopted thereunder."]~~

SECTION 9. Section 8-10.27, Revised Ordinances of Honolulu 2021 ("Exemption—Historic commercial real property dedicated for preservation"), is amended by amending subsection (e) to read as follows:

"(e) Upon approval of the petition, [50] 40 percent of the value of that real property or portion thereof that is designated as a historic site ~~[shall]~~ will be exempt from real property taxes."

SECTION 10. Section 8-10.28, Revised Ordinances of Honolulu 2021, is repealed.

~~["§ 8-10.28 Exemption—Qualifying agricultural improvements for dedicated vacant agricultural lands.~~

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

~~**Drainage Systems.** Agricultural systems of channels, ditches, pipes, pumps, and accessory facilities established for the purpose of drawing off water from a land area.~~

~~**Incremental Increase in the Valuation of Real Property Attributable to Qualifying Agricultural Land Improvements.** The sum of all documented expenses incurred to construct the qualifying agricultural land improvements.~~

~~**Irrigation Systems.** The agricultural systems of intakes, diversions, wells, ditches, siphons, pipes, reservoirs, and accessory facilities established for the purpose of providing water for agricultural production.~~

~~**Qualifying Agricultural Land Improvements.** Construction, reconstruction, or improvement of irrigation systems, drainage systems or roads, soil conservation, fire protection, or animal control measures on land classified as vacant agricultural land as defined in § 8-7.1(c) and dedicated for 10 years under § 8-7.3(d), where the cost of such improvements is equal to or greater than \$10,000.~~



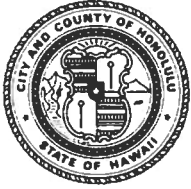
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- ~~(b) Any incremental increase in the valuation of real property attributable to qualifying agricultural land improvements shall be exempt from property taxes for a period of seven years following the construction of the agricultural land improvements.~~
- ~~(c) The claim for exemption shall be filed with the director on or before September 30 preceding the tax year for which such exemption is claimed on such form as shall be prescribed by the department. The claim shall be supported by documentation describing the agricultural land improvements, establishing that the agricultural land improvements have been constructed, and establishing the amount of expenses therefor. Any additional qualifying agricultural improvements for a subsequent fiscal year shall be separately claimed.~~
- ~~(d) The claim for exemption, once allowed, shall continue for a period of seven years."]~~

SECTION 11. Section 8-11.1, Revised Ordinances of Honolulu 2021 ("Real property tax—Determination of rates"), is amended by amending subsection (g) to read as follows:

- "(g) Notwithstanding any provision to the contrary, a minimum real property tax of \$300 a year is ~~will be~~ levied upon each individual parcel of real property taxable under this chapter, except ~~for properties exempt under § 8-10.24 and~~:
- (1) For properties exempt under § 8-10.24;
 - (2) ~~[except as]~~ As provided in § 8-10.25(b)(2)[-]; and
 - (3) For properties exempt under §§ 8-10.5, 8-10.6, 8-10.9, 8-10.17, 8-10.26, 8-10.30, and 8-10.33, for which a minimum real property tax of \$500 a year will be levied upon each individual parcel of real property taxable under these sections."

SECTION 12. 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.



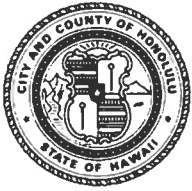
HONOLULU CITY COUNCIL
KE KANIHELA O KE KALANA O HONOLULU
CITY AND COUNTY OF HONOLULU

ORDINANCE _____
BILL **30(2025)** _____

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SECTION 13. This ordinance takes effect upon its approval and applies to the tax years beginning July 1, 2026 and thereafter; provided that:

1. Automatic renewals may not be granted for existing dedications approved by the Director of Budget and Fiscal Services ("Director") under ROH §§ 8-10.11, 8-10.19, and 8-10.27 prior to the effective date of this ordinance; provided further that such an existing dedication will continue for the remainder of its term; and



HONOLULU CITY COUNCIL
KE KANIHELA O KE KALANA O HONOLULU
CITY AND COUNTY OF HONOLULU

ORDINANCE _____
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- 2. An exemption that has been approved by the Director under ROH §§ 8-10.10, 8-10.22, 8-10.23, and 8-10.28 prior to the effective date of this ordinance will continue for the remainder of its term.

INTRODUCED BY:

Radiant Orders

DATE OF INTRODUCTION:

MAR 24 2025

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:

Real Property Taxation ("RPT"); Exemptions; Dedications; Minimum Real Property Tax; Department of Budget and Fiscal Services ("BFS"); BFS Director; Omnibus Tax Bill

Description:

Amends or repeals certain real property tax exemptions or dedications and adjusts the minimum real property tax for certain real properties.

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