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

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July 21, 2025

The Honorable Val Okimoto, Chair
and Members
Committee on Budget
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaiʻi 96813

Dear Chair Okimoto and Councilmembers:

SUBJECT: Bill 50 (2025) – Relating to Real Property Tax Home Exemption

Bill 50 proposes to increase the home exemption amount for individuals under 65 years of age. The Department of Budget and Fiscal Services (BFS) would like to provide comments and the current fiscal impact.

BFS is concerned about the proposed increase in the home exemption amounts by $20,000 for individuals under the age of 65. 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 72,500 home exemption claims for those under the age of 65, or 48 percent of the total home exemption count of around 152,200. This represents an estimated revenue loss of $5.08 million to the City should tax rates and the number of claims remain the same for subsequent tax years. Any type of revenue loss is difficult to bear as the financial obligation to the City continues to grow.

DEPT. COM. 575 BUD

We urge the City Council to consider adopting Resolution 25-145, which establishes a permitted interaction group to comprehensively consider active measures relating to real property taxation. Tax ordinance changes are best evaluated in unison 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