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# DEPARTMENT OF BUDGET AND FISCAL SERVICES
## *KA 'OIHANA MĀLAMA MO'OHELU 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, Hawai'i 96813

Dear Chair Okimoto and Councilmembers:

SUBJECT: Testimony on Bill 49 (2025) – Relating to Real Property Tax Home Exemption

Bill 49 proposes to increase the home exemption amount for taxpayers aged 65 or older. The Department of Budget and Fiscal Services (BFS) would like to provide comments and the current fiscal impact.

BFS is concerned with the proposed increase of the home exemption amounts by $20,000 for those aged 65 and over. 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 79,700 home exemption claims for individuals aged 65 and over, accounting for 52 percent of the total home exemption count of around 152,200. This represents an estimated revenue loss of $5.57 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. 576 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