

REPORT OF THE COMMITTEE ON BUDGET

Voting Members:

Joey Manahan, Chair; Brandon J.C. Elefante, Vice-Chair;
Ron Menor, Kymberly Marcos Pine, Tommy Waters

Committee Meeting Held
November 18, 2020

Honorable Ann H. Kobayashi
Chair, City Council
City and County of Honolulu

Madam Chair:

Your Committee on Budget, which considered Bill 31 (2020) entitled:

"A BILL FOR AN ORDINANCE RELATING TO REAL PROPERTY TAXATION,"

which passed First Reading at the May 20, 2020 Council meeting, reports as follows:

The purpose of the bill is to provide real property tax relief with respect to certain real property. Specifically, the bill provides that, on a year-to-year basis, any increase in valuation must not exceed three percent per year for properties defined as industrial real property with limited city services.

The Acting Director of Budget and Fiscal Services testified in opposition of the bill citing concerns that the bill would result in a decrease in real property tax revenues.

At your Committee's meeting on November 18, 2020, remote and written testimony in support of the bill was received from the Sand Island Business Association. Written comments were received from one individual.

Your Committee considered and approved a CD1 version to the bill that makes the following amendments:

- A. In SECTION 2 of the bill, changes the limit of the maximum permitted increase in valuation for industrial real property with limited city services (on a year-to-year basis) from three percent to five percent in proposed new ROH Section 8- 7.__(b).

CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON

DEC 09 2020

COMMITTEE REPORT NO. 294

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- B. In SECTION 3 of the bill, updates the amendatory language and the language of ROH Section 8-7.1(a) to reflect the amendments made to ROH Section 8-7.1(a) by Ordinance 19-32.
- C. In SECTION 5 of the bill, specifies that the bill takes effect upon its approval and applies to tax years beginning July 1, 2022, instead of July 1, 2021.
- D. Makes miscellaneous technical and nonsubstantive amendments.

Your Committee on Budget is in accord with the intent and purpose of Bill 31 (2020), as amended herein, and recommends that it pass Second Reading, be scheduled for a public hearing, and thereafter be referred back to Committee in the form attached hereto, as Bill 31 (2020), CD1. (Ayes: Manahan, Menor, Pine, Waters – 4; Aye with reservations: Elefante – 1; Noes: None.)

Respectfully submitted,



Committee Chair

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON _____

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COMMITTEE REPORT NO. 294



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. The purpose of this ordinance is to provide real property tax relief with respect to certain real property.

SECTION 2. Chapter 8, Article 7, Revised Ordinances of Honolulu 1990 ("Valuations"), is amended by adding a new section to be appropriately designated by the Revisor of Ordinances and to read as follows:

"Sec. 8-7. Valuation cap.

- (a) For the purposes of this section, "industrial real property with limited city services" means property that:
- (1) Has been classified as industrial;
 - (2) Does not receive city-provided refuse collection;
 - (3) Is located on a street that is not owned or maintained by the city; and
 - (4) Does not have a sidewalk that is maintained by the city.
- (b) Industrial real property with limited city services must be taxed on its assessed value; provided that, on a year-to-year basis, any increase in valuation must not exceed five percent per year."

SECTION 3. Section 8-7.1, Revised Ordinances of Honolulu 1990 ("Valuation—Considerations in fixing"), as amended by Ordinance 19-32, is amended by amending subsection (a) to read as follows:

- "(a) [The] Except as provided for in Section 8-7. , the director of budget and fiscal services shall cause the fair market value of all taxable real property to be determined and annually assessed by the market data and cost approaches to value using appropriate systematic methods suitable for mass valuation of real property for ad valorem taxation purposes, so selected and applied to obtain, as far as possible, uniform and equalized assessments throughout the city."



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HONOLULU, HAWAII

ORDINANCE _____

BILL 31 (2020), CD1

A BILL FOR AN ORDINANCE

SECTION 4. 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.

SECTION 5. This ordinance takes effect upon its approval and applies to tax years beginning July 1, 2022 and thereafter.

INTRODUCED BY:

Joey Manahan

Ann Kobayashi

DATE OF INTRODUCTION:

March 5, 2020

Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20 _____.

KIRK CALDWELL, Mayor
City and County of Honolulu