



A BILL FOR AN ORDINANCE

RELATING TO REAL PROPERTY TAX ASSESSMENTS.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to amend the tax incentive for historic residential real property.

SECTION 2. Section 8-10.22, Revised Ordinances of Honolulu 1990, as amended, is repealed:

["Sec. 8-10.22 Exemption—Historic residential real property dedicated for preservation.

- (a) Portions of residential real property which are dedicated and approved by the director of budget and fiscal services as provided for by this section, shall be exempt from real property taxation except as provided by Section 8-9.1. The owners shall assure reasonable visual access to the public.
- (b) An owner of taxable real property, that is the site of a historic residential property that has been placed on the Hawaii Register of Historic Places after January 1, 1977, desiring to dedicate a portion or portions thereof for historic preservation, shall petition the director of budget and fiscal services.
- (c) The director of budget and fiscal services shall review the petition and determine what portion or portions of the real property shall be exempted from real property taxes. The director shall consult with the state historic preservation office in making this determination. The director may take into consideration whether the current level of taxation is a material factor which threatens the continued existence of the historic property, and may determine the total area or areas of real property that shall be exempted.
- (d) 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 exempted property 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.
- (e) Failure of the owner to observe the restrictions of subsection (d) of this section shall cancel the tax exemption and privilege retroactive to the date of the dedication, and all differences in the amount of taxes that were paid and those that would have been due but for the exemption allowed by this section shall be



A BILL FOR AN ORDINANCE

payable together with interest at 12 percent per annum from the respective dates that these payments would have been due, provided the provision in this subsection shall not preclude the county from pursuing any other remedy to enforce the covenant on the use of the land.

- (f) Any person who becomes an owner of real property that is permitted an exemption under this section shall be subject to the restrictions and duties imposed under this section.
- (g) The director shall prescribe the form of the petition. The petition shall be filed with the director by September 1st of any calendar year and shall be approved or disapproved by October 31st of such year. The exemption provided for by this section shall be effective October 1st of the same calendar year.
- (h) An owner applicant may appeal any determination as in the case of an appeal from an assessment.
- (i) Subject to HRS Chapter 91, the director shall adopt rules and regulations decreed necessary to accomplish the foregoing.
- (j) The owner of a historic residential property that has received an exemption from real property taxation pursuant to this section shall place and maintain on that property a sign or plaque that has been approved by the director and the state historic preservation officer. Subject to HRS Chapter 91, the director shall adopt rules prescribing the requirements for such a sign or plaque.”]

SECTION 3. Chapter 8, Revised Ordinances of Honolulu 1990 (“Real Property Tax”), as amended, is amended by adding a new article to be appropriately designated by the revisor of ordinances and to read as follows:

“Article __. Residential Historic Structures Tax Credit

Sec. 8-__1 Tax Credit for the Restoration and Rehabilitation of Residential Historic Structures.

- (a) As used in this section:

“Qualified expenditures” mean any amount incurred for the rehabilitation and restoration of the physical elements of a building, including its historic decorative elements, and the upgrading of the building’s structure to meet applicable building codes. All work completed as a result of the qualified expenditures shall be in accordance with the requirements of the state historic preservation division



A BILL FOR AN ORDINANCE

or successor agency. Qualified expenditures do not include the value of the taxpayer's personal labor; the cost of purchasing the historic property; or the cost of any improvements made to the landscaping or other site features, outbuildings, or garages.

"Qualified residential historic structure" means a historic residential property that has been placed on the Hawaii Register of Historic Places after January 1, 1977.

- (b) There shall be an annual tax credit in an amount equal to fifty percent of qualified expenditures incurred during the previous tax year for the rehabilitation and restoration of a qualified residential historic structure. Any excess in the amount of the credit allowable for any tax year under this section over the owner's tax liability shall not be carried over to any following tax year.
- (c) The application for the tax credit shall be filed with the director on or before September 30th preceding the tax year for which the credit is requested on such form as shall be prescribed by the director, and shall be supported by documentation establishing the date of the issuance of any building permit(s), the date of any payments and the department of planning and permitting's inspection completion date.
- (d) The owner of a historic residential property that has been granted a tax credit from real property taxation pursuant to this section shall for a period of not less than five years:
 - (1) Place and maintain on that property a sign or plaque that has been approved by the director and the state historic preservation officer;
 - (2) Assure reasonable visual access to the public; and
 - (3) Forfeit the right to change the use of the property during the period.
- (e) If at any time during the five-year period after the tax credit has been granted by the director, the owner:
 - (1) Disposes of or demolishes the historic residential property; or
 - (2) Fails to comply with the requirements set forth in this section;

then the owner shall return one hundred per cent of the credit received under this section to the city, except that this requirement shall not apply to a transfer due to the death of the owner.



A BILL FOR AN ORDINANCE

Sec. 8-___.2 Rules.

The director shall adopt rules pursuant to HRS Chapter 91 as the director deems necessary to implement this article.”

SECTION 4. Ordinance material to be repealed is bracketed. When revising, compiling or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the revisor of ordinances need not include the brackets or the bracketed material.



A BILL FOR AN ORDINANCE

SECTION 5. This ordinance shall take effect upon its approval, provided that all exemptions granted pursuant to Section 8-10.22, ROH, and in effect on the day this ordinance takes effect shall continue through the tax year beginning July 1, 2011 and shall expire on June 30, 2012.

INTRODUCED BY:

[Handwritten signature]

C & C OF HONOLULU
CITY CLERK
RECEIVED
2011 JAN 20 AM 2:10

DATE OF INTRODUCTION:

JAN 20 2011

Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

FILED
JAN 20 2013
PURSUANT TO ROH Sec. 1-2.4

APPROVED this _____ day of _____, 20____.

PETER B. CARLISLE, Mayor
City and County of Honolulu