



A BILL FOR AN ORDINANCE

RELATING TO REAL PROPERTY TAX EXEMPTIONS.

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

SECTION 1. Purpose. The purpose of this ordinance is to adjust the amount of certain real property tax exemptions.

SECTION 2. Section 8-10.6, Revised Ordinances of Honolulu 1990 ("Exemption—Homes of totally disabled veterans"), is amended by amending subsection (a) to read as follows:

"(a) Real property:

- (1) Owned and occupied as a home by any person who is totally disabled due to injuries received while on duty with the armed forces of the United States;
- (2) Owned by any such person together with such person's spouse and occupied by either or both spouses as a home; or
- (3) Owned and occupied by a widow or widower of such totally disabled veteran who shall remain unmarried and who shall continue to own and occupy the premises as a home,

is exempted from [all] property taxes, other than special assessments, up to but not exceeding \$ \_\_\_\_\_ of assessed value, subject to subsection (b)."

SECTION 3. Section 8-10.9, Revised Ordinances of Honolulu 1990, is amended to read as follows:

**"Sec. 8-10.9 Exemption—Nonprofit medical, hospital indemnity association.**

Every association or society organized and operating under HRS Chapter 432, solely as a nonprofit medical indemnity or hospital service association or society or both shall be from the time of such organization, exempt from real property taxes up to but not exceeding \$ \_\_\_\_\_ of assessed value on all real property owned by it."

SECTION 4. Section 8-10.10, Revised Ordinances of Honolulu 1990 ("Exemption—Charitable purposes"), is amended by amending subsection (a) to read as follows:



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A BILL FOR AN ORDINANCE

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- “(a) There shall be exempt from real property taxes up to but not exceeding \$ \_\_\_\_\_ of assessed value of real property, or a portion thereof, designated in subsection (b) or (c) of this section and meeting the requirements stated therein, actually and (except as otherwise specifically provided) exclusively used for nonprofit purposes. If an exemption is claimed under one of these subsections (b) and (c), an exemption for the same property, or a portion thereof, may not also be claimed under the other of these subsections.”

SECTION 5. Section 8-10.13, Revised Ordinances of Honolulu 1990 (“Exemption—Dedicated lands in urban districts”), is amended by amending subsection (a) to read as follows:

- “(a) Portions of taxable real property which are dedicated and approved by the director of [finance] budget and fiscal services as provided for by this section shall be exempted in determining and assessing the value of such taxable real property up to but not exceeding \$ \_\_\_\_\_ of assessed value.”

SECTION 6. Section 8-10.14, Revised Ordinances of Honolulu 1990 (“Exemption—Air pollution control facility”), is amended by amending subsection (a) to read as follows:

- “(a) The value of all property in the county (not including a building and its structural components, other than a building which is exclusively a treatment facility) actually and solely used or to be used as an air pollution control facility as the term is defined in HRS Chapter 237, shall be exempted from the measure of the taxes imposed by this chapter up to but not exceeding \$ \_\_\_\_\_ of assessed value; provided, however, the property exemption shall be applicable only with respect to a certified facility which is property (1) the construction, reconstruction or erection of which is completed by the taxpayer after June 30, 1969, or (2) acquired by the taxpayer after June 30, 1969, if the original use of the property commences with the taxpayer after June 30, 1969; provided, further, the facility is placed in service by the taxpayer before July 1, 1975.”

SECTION 7. Section 8-10.15, Revised Ordinances of Honolulu 1990 (“Exemption—Alternate energy improvements”), is amended by amending subsection (a) to read as follows:

- “(a) The value of all improvements in the county (not including a building or its structural components, except where alternate energy improvements are incorporated into the building, and then only that part of the building necessary to



**A BILL FOR AN ORDINANCE**

such improvement) actually used for an alternate energy improvement shall be exempted from the measure of the taxes imposed by this [article] chapter up to but not exceeding \$ \_\_\_\_\_ of assessed value.”

SECTION 8. Section 8-10.16, Revised Ordinances of Honolulu 1990, is amended to read as follows:

**“Sec. 8-10.16 Exemption—Fixtures used in manufacturing or producing tangible personal products.**

There shall be exempted and excluded from the measure of the taxes imposed by this chapter, up to but not exceeding \$ \_\_\_\_\_ of assessed value, all fixtures which are categorized as machinery and other mechanical or other allied equipment which are primarily and substantially used in manufacturing or producing tangible personal products.”

SECTION 9. Section 8-10.20, Revised Ordinances of Honolulu 1990 (“Exemption—Low income rental housing”), is amended by amending subsection (b) to read as follows:

“(b) Real property which is owned and operated by (i) a nonprofit, limited distribution mortgagor, or (ii) a person, corporation, trust, partnership or association which is used for a housing project that is subject to a regulatory agreement shall be exempt from property taxes up to but not exceeding \$ \_\_\_\_\_ of assessed value for the duration of the regulated period. This exemption shall be incorporated into any and all agreements, including regulatory and loan agreements as applicable.

- (1) If the qualifying housing project is comprised of multiple parcels of land, each parcel comprising the housing project shall be exempt from property taxes.
- (2) If the housing project fails to meet the requirements under this section at any time during the regulated period, the exemption shall be cancelled and the housing project shall be subject to taxes and penalties as determined in Section 8-10.21(c).
- (3) If any portion of the housing project that qualifies for an exemption under this section is transferred during the regulated period, the exemption shall be cancelled and the entire housing project, including the portion retained, if any, and the portion transferred, shall be subject to the taxes and



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## A BILL FOR AN ORDINANCE

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penalties pursuant to Section 8-10.21(c)(3). The taxes and penalties shall not apply to any portion of the housing project for which a new claim is filed for an exemption for low-income rental housing as described in this section within 30 days of the recordation or filing of the sale or transfer with the registrar of the bureau of conveyances or the assistant registrar of the land court, whichever is applicable, and the exemption is granted by the director.

- (4) If the entire housing project is sold or otherwise transferred during the regulated period, a new claim for exemption must be filed within 30 days of the recordation or filing of such sale or transfer with the registrar of the bureau of conveyances or the assistant registrar of the land court, whichever is applicable. Failure to file a new claim for exemption or meet the qualifications under this section shall result in cancellation of the exemption and taxes and penalties imposed pursuant to Section 8-10.21(c)."

SECTION 10. Section 8-10.22, Revised Ordinances of Honolulu 1990 ("Exemption—Historic residential real property dedicated for preservation"), is amended by amending subsection (a) to read as follows:

- "(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 up to but not exceeding \$\_\_\_\_\_ of assessed value except as provided by Section 8-9.1. The owners shall assure reasonable visual access to the public."

SECTION 11. Section 8-10.23, Revised Ordinances of Honolulu 1990, is amended to read as follows:

**"Sec. 8-10.23 Other exemptions.**

Exemptions to real property taxes as set forth in HRS Chapter 53 ("Urban Renewal Law") and Chapter 183 ("Forest Reserves, Water Development, Zoning"), and in Section 208 of the Hawaiian Homes Commission Act, 1920, and which were enacted prior to November 7, 1978, shall remain in effect and be recognized and implemented by the city in its administration of the real property tax system; provided that real property leased under homestead and not general lease pursuant to the authority granted the department of Hawaiian home lands by Section 207 of the Hawaiian Homes Commission Act, 1920, shall be exempt from real property taxes up to but not exceeding \$\_\_\_\_\_ of assessed value, the seven-year limitation on the exemption



**A BILL FOR AN ORDINANCE**

afforded by Section 208 of the Hawaiian Homes Commission Act, 1920, notwithstanding.”

SECTION 12. Section 8-10.24, Revised Ordinances of Honolulu 1990 (“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 is actually and exclusively used for credit union purposes shall be exempt from real property taxes up to but not exceeding \$\_\_\_\_\_ of assessed value. If the property for which exemption is claimed is leased, the lease agreement shall be in force and recorded in the bureau of conveyances at the time the exemption is claimed. As used in this section, “federal credit union” means a credit union organized under the Federal Credit Union Act of 1934, 12 U.S.C. Chapter 14, as amended, and “state credit union” means a credit union organized under the Hawaii Credit Union Act, HRS Chapter 410, as amended.”

SECTION 13. Section 8-10.28, Revised Ordinances of Honolulu 1990 (“Additional terms and conditions for exemption of low-income rental housing projects on Hawaiian home lands”), is amended by amending subsection (b) to read as follows:

- “(b) A low-income rental housing project that occupies Hawaiian home lands and qualifies for an exemption from real property taxes pursuant to Section 8-10.20 shall be subject to the following additional terms and conditions:
- (1) The exemption shall be for the duration of the regulated period, provided that the lease remains in force and effect for the duration of said regulated period. This exemption shall be incorporated into any and all agreements, including regulatory and loan agreements as applicable.
  - (2) If the qualifying housing project is comprised of multiple parcels of land, each parcel comprising the housing project shall be[
    - (A) Exempt] exempt from property taxes up to but not exceeding \$\_\_\_\_\_ of assessed value. [; and
    - (B) Subject to the assessment of the minimum tax under Section 8-11.1; provided that for an exempt rental housing project consisting of no more than one hundred (100) parcels of land, in the event full payment of the annual minimum tax is received on or before June



**A BILL FOR AN ORDINANCE**

30<sup>th</sup> prior to the tax year for any one of the parcels comprising the exempt rental housing project, no minimum tax shall be due and owing for the tax year for any of the other parcels comprising the exempt rental housing project; provided further, that no tax bill shall be issued for the June 30<sup>th</sup> full minimum tax payment.]”

SECTION 14. Section 8-10.29, Revised Ordinances of Honolulu 1990 (“Exemption—Nonprofit organization thrift shops”), is amended by amending subsection (a) to read as follows:

- “(a) Notwithstanding Section 8-10.10(d), real property used for a thrift shop shall be exempt from property taxes up to but not exceeding \$ \_\_\_\_\_ of assessed value, provided that:
  - (1) The thrift shop is operated by a nonprofit organization that sells goods;
  - (2) Ninety percent or more of the goods sold in the thrift shop have been donated; and
  - (3) All of the net revenues from the thrift shop are used to provide job training and employment services or drug rehabilitation services at no cost to the person being trained or rehabilitated.”

SECTION 15. Section 8-10.32, Revised Ordinances of Honolulu 1990 (“Exemption—Kuleana land”), is amended by amending subsection (a) to read as follows:

- “(a) Real property zoned as residential or agricultural, any portion of which is designated as kuleana land, shall [pay the minimum] be exempt from the real property tax up to but not exceeding \$ \_\_\_\_\_ of assessed value as long as the real property is owned in whole or in part by a lineal descendant of the person(s) that received the original title to the kuleana land.”

SECTION 16. Section 8-11.1, Revised Ordinances of Honolulu 1990 (“Real property tax—Determination of rates”), is amended by amending subsection (g) to read as follows:

- “(g) Notwithstanding any provision to the contrary, there shall be levied upon each individual parcel of real property taxable under this chapter a minimum real property tax of \$100.00 a year, except for properties exempt under Section 8-10.27 [and except as provided in Section 8-10.28(b)(2)].”



**A BILL FOR AN ORDINANCE**

SECTION 17. Ordinance material to be repealed is bracketed. 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 bracketed material or the underscoring.

SECTION 18. This ordinance shall take effect upon its approval and shall apply to the tax years beginning July 1, 2012 and thereafter.

INTRODUCED BY:

*[Handwritten signature]*

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CITY CLERK  
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DATE OF INTRODUCTION:

**MAR 10 2011**

Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

\_\_\_\_\_  
Deputy Corporation Counsel

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
PETER B. CARLISLE, Mayor  
City and County of Honolulu

**FILED**  
**MAR 10 2013**  
PURSUANT TO ROH Sec. 1-2.4