



A BILL FOR AN ORDINANCE

RELATING TO THE TAXATION OF REAL PROPERTY.

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 provisions of the ROH concerning the dedication of agricultural land.

SECTION 2. Section 8-7.3, Revised Ordinances of Honolulu 1990, as amended, ("Dedication of land for agricultural use"), is amended by amending the definition of "Agricultural use" and adding a definition of "Horse boarding and stabling" in subsection (a) to read as follows:

"Agricultural use" means the active, commercial, and primary use of land for aquaculture, crop production, livestock production and grazing of animals [used in livestock production]. The term includes horse boarding and stabling."

"Horse boarding and stabling" means the sheltering, care, feeding, and riding of horses as an income-producing business. All portions of land on which horses are boarded, cared for, fed, and ridden for intended income shall deemed utilized for horse boarding and stabling and eligible for dedication under this section."

SECTION 3. Section 8-7.3, Revised Ordinances of Honolulu 1990, as amended, ("Dedication of land for agricultural use"), is amended by amending subsections (b) and (p) to read as follows:

"(b) Lands for which the director has approved a petition for dedication for a specific agricultural use for a period of five or 10 years shall be classified and assessed for real property tax purposes at a percentage of the land's fair market value as established in subdivision (2) and shall be subject to the following:

- (1) The land dedicated [must] shall be substantially and continuously used for the business of raising and producing agricultural products in their natural state or used for an agricultural use.
- (2) Dedicated land shall be assessed as follows:
 - (A) For land dedicated for a period of five years, the land shall be assessed at three percent of its fair market value.



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- (B) For land dedicated for a period of 10 years, the land shall be assessed at one percent of its fair market value.
- (C) For land dedicated for a pasture use or grazing of animals for a period of five or 10 years, the land shall be assessed at one percent of its fair market value. [Only Ag-1 and P-2 zoned properties may be dedicated for a pasture use or grazing of animals.]
- (3) The land dedicated shall be substantially and continuously in a use specified under subdivision (1) for the duration of the dedication period.”

“(p) Notwithstanding any provisions in this section to the contrary, for five- and 10-year dedications of land for a specific agricultural use, the director may grant an owner a grace period which may be granted subject to the following conditions:

- (1) A grace period may be granted only if one of the following events occurs:
 - (A) A bank or other lending institution acquires possession of a property as a result of a default of a mortgage on the property; or
 - (B) The agricultural use of a dedicated parcel is terminated because a lessee has abandoned or terminated a lease prior to the end of the term of the lease and the owner of the parcel has not found another lessee.
- (2) During the grace period, the owner is not required to use the land for the business of raising and producing agricultural products or use the land for an agricultural use.
- (3) At the end of the grace period, the owner shall use the land for the business of raising and producing agricultural products or use the land for an agricultural use for the entire remaining period of the owner’s dedication. The grace period shall not be counted in determining the owner’s compliance with the dedication.
- (4) The grace period shall not exceed two years.
- (5) During the grace period, the land shall be assessed at 100 percent of market value.



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- (6) No grace period shall be granted for a parcel of land within five years following the expiration of a previous grace period.”

SECTION 4. Ordinance material to be repealed is bracketed. New ordinance 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.



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SECTION 5. This ordinance shall take effect upon its approval and shall apply to the tax years beginning July 1, 2013 and thereafter.

INTRODUCED BY:

[Handwritten signature]

DATE OF INTRODUCTION:

MAR 15 2012

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