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A BILL FOR AN ORDINANCE

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RELATING TO REAL PROPERTY TAX HOME EXEMPTION.

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

SECTION 1. Purpose. The purpose of this ordinance is to increase the tax exemption for homeowners whose home is on certain private streets, thoroughfares or roads.

SECTION 2. Section 8-10.4, Revised Ordinances of Honolulu 1990, as amended, is amended to read as follows:

**"Sec. 8-10.4 Homes.**

- (a) Real property owned and occupied as the owner's principal home as of the date of assessment by an individual or individuals; shall be exempt only to the following extent from property taxes:
- (1) Totally exempt where the value of a property is not in excess of \$80,000;
  - (2) Where the value of the property is in excess of \$80,000, the exemption shall be the amount of \$80,000.

Provided:

- (A) That no such exemption shall be allowed to any corporation, copartnership or company;
- (B) That the exemption shall not be allowed on more than one home for any one taxpayer;
- (C) That where the taxpayer has acquired the taxpayer's home by a deed made on or after July 1, 1951, the deed shall have been recorded on or before September 30th immediately preceding the year for which the exemption is claimed;
- (D) That a husband and wife shall not be permitted exemption of separate homes owned by each of them, unless they are living separate and apart, in which case they shall each be entitled to one-half of one exemption; and



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- (E) That a person living on premises, a portion of which is used for commercial purposes, shall not be entitled to an exemption with respect to such portion, but shall be entitled to an exemption with respect to the portion thereof used exclusively as a home.

For the purposes of this section, "real property owned and occupied as the owner's principal home" means occupancy of a home in the city and may be evidenced by, but not limited to, the following indicia: occupancy of a home in the city for more than 270 calendar days of a calendar year; registering to vote in the city; being stationed in the city under military orders of the United States; and filing of an income tax return as a resident of the State of Hawaii, with a reported address in the city. The director may demand documentation of the above or other indicia from a property owner applying for an exemption or from an owner as evidence of continued qualification for an exemption. Failure to respond to the director's request shall be grounds for denying a claim for an exemption or disallowing an existing exemption.

In the event the director receives satisfactory evidence that an individual occupies a home outside the city or there is documented evidence of the individual's intent to reside outside the city, that individual shall not be qualified for an exemption or continued exemption under this section, as the case may be.

Notwithstanding any provision to the contrary, for real property held by a trustee or other fiduciary, the trustee or other fiduciary shall be entitled to the exemption where: (i) the settlor of the trust occupies the property as the settlor's principal home; or (ii) the settlor of the trust dies and a beneficiary entitled to live in the home under the terms of the trust document occupies the property as the beneficiary's principal home.

- (b) The use of a portion of any building or structure for the purpose of drying coffee and the use of a portion of real property, including structures, in connection with the planting and growing for commercial purposes, or the packing and processing for such purposes, of flowers, plants, or foliage, shall not affect the exemptions provided for by this section.
- (c) Where two or more individuals jointly, by the entirety, or in common own or lease land on which their homes are located, each home, if otherwise qualified for the exemption granted by this section, shall receive the exemption. If a portion of land held jointly, by the entirety, or in common by two or more individuals is not qualified to receive an exemption, such disqualification shall not affect the eligibility for an exemption or exemptions of the remaining portion.



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- (d) A taxpayer who is 65 years of age or over on or before June 30th preceding the tax year for which the exemption is claimed and who qualifies under subsection (a) of this section shall be entitled to a home exemption of \$120,000.

For the purpose of this subsection, a husband and wife who own property jointly, by the entirety, or in common, on which a home exemption under the provisions of subsection (a) of this section has been granted shall be entitled to the \$120,000 home exemption set forth above when at least one of the spouses qualifies for this home exemption.

- (e) (1) In lieu of the \$120,000 home exemption provided in subsection (d), a low-income taxpayer who:
  - (A) Is 75 years of age or over on or before June 30th preceding the tax year for which the exemption is claimed;
  - (B) Qualifies under subsection (a) of this section;
  - (C) Applies for the exemption as required in subdivision (2) of this subsection; and
  - (D) Has household income that meets the definition of "low-income" in Section 8-10.20(a) shall be entitled to one of the following home exemption amounts for that tax year:

<b>Age of Taxpayer</b>	<b>Home Exemption Amount</b>
75 years of age or over but not 80 years of age or over	\$140,000
80 years of age or over but not 85 years of age or over	\$160,000
85 years of age or over but not 90 years of age or over	\$180,000
90 years of age or over	\$200,000

- (2) The claim for exemption, allowed at the applicant's attainment of 75, 80 or 85 years, shall continue for a maximum period of five years, after which period of time the home exemption amount shall revert to \$120,000, except the claim for exemption at 90 years of age shall extend for the life of the applicant or until June 30, 2039. The director shall not accept claims for exemption under this subsection after September 30, 2013.



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- (3) For the purpose of this subsection, a husband and wife who own property jointly, by the entirety, or in common, on which a home exemption under the provisions of subsection (a) of this section has been granted and qualify under this subsection shall be entitled to the applicable home exemption set forth above when at least one of the spouses qualifies each year for the minimum age of the applicable home exemption.
- (f) To qualify for the exemptions under subsections (d) and (e), a taxpayer must provide, upon request, a photocopy of or submit for inspection, a current, valid government-issued identification containing a photo and the date of birth, such as a Hawaii State driver's license, a Hawaii State identification card, or a passport.
- (g) An owner of any property which has been granted an exemption under this section who, pursuant to subsection 8-10.1(d) of this chapter, reports the disposition of such exempt property and requests that the exemption for this property be voided, shall continue to receive the exemption for newly acquired property as long as:
- (1) The property is occupied as the owner's principal home;
  - (2) The owner applies for an exemption pursuant to this section for the new property within 30 days of the disposition, including sale, of the exempt property; and
  - (3) The new property does not have an existing home exemption.

A property is considered disposed of or acquired, for purposes of this subsection, upon recordation of a deed, transfer certificate of title or other instrument evidencing a change in the ownership of the property."

SECTION 3. 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 underscoring.



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SECTION 4. This ordinance takes effect upon its approval and applies to the tax years beginning July 1, 2016 and thereafter.

INTRODUCED BY:

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CITY CLERK  
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DATE OF INTRODUCTION:

**SEP 4 2014**

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

**FILED**  
**SEP 4 2016**  
PURSUANT TO RCH Sec. 4-2.4