CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL **66 (2015), FD1**

A BILL FOR AN ORDINANCE

RELATING TO REAL PROPERTY TAX EXEMPTIONS FOR HOMES.

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

SECTION 1. Purpose. The purpose of this ordinance is to amend certain real property tax exemptions for homes.

SECTION 2. Section 8-10.4, Revised Ordinances of Honolulu 1990 ("Homes"), as amended, is amended by amending subsection (a) to read as follows:

"(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] is 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] is the amount of $80,000.

Provided:

(A) That no such exemption [shall] will be allowed to any corporation, copartnership or company;

(B) That the exemption [shall] will 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] is recorded on or before September 30th immediately preceding the year for which the exemption is claimed;

(D) That [a husband and wife shall] spouses will 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] is entitled to one-half of one exemption; [and]

(E) That a person living on premises, a portion of which is used for commercial purposes, [shall not be] is not entitled to an exemption with respect to such portion, but [shall be] is entitled to an

exemption with respect to the portion thereof used exclusively as a home; [and]

(F) Notwithstanding any law to the contrary, real property [shall] will continue to be entitled to the exemption contained in this section [8-10.4] in the event the owner of the real property moves from the home on which the exemption is granted to a long-term care facility or an adult residential care home licensed to operate in the state, provided:

(i) The taxpayer designates the adult residential care home or long-term care facility on the form necessary to administer this subsection;

(ii) The home the taxpayer moves from is not rented or leased or let during the time the taxpayer is in the long-term care facility or the adult residential care home; and

[(iii) The director of budget and fiscal services may adopt rules and shall provide forms as may be necessary to administer this subsection; and]

[(iv)] (iii) Continuation of the home exemption [shall entitle] entitles the taxpayer to the benefits of this section [8-10.4] in effect during the applicable time period[.]; and

(G) Notwithstanding any law to the contrary, in the event the owner of real property vacates the home for which an exemption is granted and moves to a temporary residence within the city during the renovation of the home, the real property will continue to be entitled to the exemption contained in this section provided:

(i) The taxpayer submits to the director a change in status report regarding vacating the home during renovations which identifies:

(aa) The building permit number issued by the city department of planning and permitting;

(bb) The renovation start date as indicated on the building permit; and

(cc) A verifiable address within the city where the taxpayer will reside during the renovation period and where the assessment notices will be mailed;

(ii) The renovation period will commence on the renovation start date and must not exceed two years. The taxpayer may reoccupy the home before the expiration of two years. Prior to the reoccupation of the home, the taxpayer must submit to the director a change in status report regarding reoccupation of the home along with a dated certificate of occupancy, notice of completion or close permit indicating the date the renovations have been completed;

(iii) Upon receipt by the director of the change in status report regarding reoccupation of the home and a dated certificate of occupancy, notice of completion or close permit, assessment notices will be mailed to the reoccupied home and the owner may sell the home without penalty;

(iv) The home must not be rented, leased or sold during the renovation period;

(v) If the owner: 1) fails to submit the change in status report within two years of the renovation start date; or 2) rents, leases or sells the property during the renovation period, the home exemption will be disallowed and the taxpayer will be subject to a rollback tax and penalty as set forth in Section 8-10.1(d) and (e) for the two-year renovation period; and

(vi) Continuation of the home exemption entitles the taxpayer to the benefits of this section in effect during the applicable time period.

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] is grounds for denying a claim for an exemption or disallowing an existing exemption. The director may demand documentary evidence such as a tax clearance from the State of Hawaii indicating that the taxpayer filed an income tax return as a full-time resident for the year prior to the effective date of the exemption. Failure to respond to the director's demand in 30 days [shall be] is grounds for disallowance or denial of a claim for an 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] will 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] is 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."

SECTION 3. 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.

A BILL FOR AN ORDINANCE

SECTION 4. This ordinance takes effect upon its approval.

INTRODUCED BY:

Trevor Ozawa

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DATE OF INTRODUCTION:

August 27, 2015
Honolulu, Hawaii

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Councilmembers

APPROVED AS TO FORM AND LEGALITY:

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Deputy Corporation Counsel

APPROVED this _____ day of _____, 20____.

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KIRK CALDWELL, Mayor
City and County of Honolulu