CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL 61 (2016)

A BILL FOR AN ORDINANCE

RELATING TO REAL PROPERTY TAXATION.

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

SECTION 1. Purpose. The purpose of this ordinance is clarify that the payment of the late filing penalty of $500.00 must be made at the time of the late filing.

SECTION 2. Section 8-10.21, Revised Ordinances of Honolulu 1990,("Claim for Exemption"), as amended, is amended to read as follows:

Sec. 8-10.21 Claim for exemption.

(a) Notwithstanding any provision in this chapter to the contrary, any real property determined by the director to be exempt from property taxes under Section 8-10.20 shall be exempt from property taxes effective as of the date the application is filed with the director; provided, that the initial application for exemption shall be filed with the director within 60 days of the qualification or in the failure thereof by September 30th preceding the tax year for which the exemption is claimed. A copy of the regulatory agreement that has been recorded with the registrar of the bureau of conveyances or filed with the assistant registrar of the land court, whichever is applicable, shall be filed with the application along with any additional documents determined by the director to be necessary to supplement the application. As used herein, the date of the qualification shall be the earlier of: (i) the date when the mortgage made by the nonprofit or limited distribution mortgagor and insured under Section 202, 221(d)(3) or 236 of the National Housing Act is recorded or (ii) the date the regulatory agreement is recorded with the registrar of the bureau of conveyances or the assistant registrar of the land court of the state, whichever is applicable.
For a housing project that qualified for an exemption from real property taxation under Section 8-10.20 before December 20, 2002,* the first application filed after December 20, 2002* shall be deemed the initial filing under this subsection.
After the initial year for which the real property has qualified for an exemption, a claim for an exemption shall be filed annually on or before September 30th, together with a document from the agency regulating the housing project certifying that the housing project continues to be in compliance with the initial regulatory agreements and is in compliance with the applicable low-income rental requirements in the manner provided by applicable law or rule.

(b) In the event property taxes have been paid to the county in advance for real property that subsequently qualifies for the exemption, the director shall refund to the owner that portion of the taxes attributable to and paid for the period after the qualification.

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(c) Cancellation of Exemption—Penalties.

(1) Notice by Director.

Following the initial year for which real property has qualified for an exemption, if an owner fails to file a claim for continued exemption by the September 30th deadline, the director shall promptly mail a notice to the owner at the owner's address of record stating that unless a claim for continued exemption and all the necessary documents including the non-waivable late filing penalty of $500.00 are received by the director by November 15th of the same year, the exemption shall be cancelled.

(2) Cancellation of Exemption.

An owner who has been sent a notice under paragraph (1) by the director and who fails to file for a[n] continued exemption by the November 15th deadline and fails to submit the non-waivable late filing penalty of $500.00, shall have the exemption cancelled and the housing project shall be subject to taxes and penalties pursuant to paragraph (3).

In the event the director finds that the initial or subsequent claim for exemption contains false or fraudulent information, the housing project fails to meet the requirements of Section 8-10.20 during the regulated period, or the owner fails to file annually during the regulated period as required under this section, the director shall cancel the exemption retroactive to the date the exemption was first granted pursuant to an initial filing under subsection (a), and the housing project shall be subject to the taxes and penalties determined in paragraph (3).

(3) Back Taxes and Penalties.

In the event a housing project is subject to taxes and penalties as provided in paragraph (2), the differences in the amount of taxes that were paid and those that would have been due but for the exemption allowed shall be payable, together with interest at 10 percent per annum, from the respective dates that these payments would have been due. The taxes and penalties due shall be a paramount lien upon the real property.

In addition, in the event a claim for a[n] continued exemption is submitted after the September 30th deadline but on or before the November 15th deadline, a non-waivable late filing penalty of $500.00 shall be imposed and paid at the time of such filing.

(Sec. 8-10.21, R.O. 1978 (1983 Ed.); Am. Ord. 02-68)

[*Editor's Note: "December 20, 2002" is substituted for "the effective date of this ordinance."]

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.

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SECTION 4. This ordinance shall take effect upon its approval and shall apply to the tax years beginning July 1, 2017 and thereafter.

INTRODUCED BY:

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DATE OF INTRODUCTION:

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SEP 29 2016
Honolulu, Hawaii

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Councilmembers

APPROVED AS TO FORM AND LEGALITY:

_____
Deputy Corporation Counsel

APPROVED this _____ day of _____, 20__.

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Kirk Caldwell, Mayor
City and County of Honolulu