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**A BILL FOR AN ORDINANCE**

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RELATING TO REAL PROPERTY TAXATION.

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

SECTION 1. Findings and purpose. The City Council finds that the overall goal for Hawaii's energy future is to become energy independent from fossil fuels by 2045. As a result, it is incumbent upon the City to encourage the use of renewable energy to achieve this goal, in particular the use of cold seawater for air conditioning purposes. This technology provides significant reduction in the release of carbon dioxide into the atmosphere, reduces the use of millions of gallons of oil to generate electricity, reduces the use of millions of kWh of electricity used to generate conventional cooling, saves millions of gallons of potable water currently being used in cooling towers, and saves millions of gallons of fresh water currently discharged into sewer systems.

The purpose of this ordinance is to provide a real property exemption for properties connected to and utilizing a cold seawater-based district cooling system for air conditioning purposes.

A seawater-based district cooling system is a cold water distribution system that uses naturally occurring cold sea water for air conditioning. Cold seawater is drawn from the ocean through a deep water intake pipe to a cooling station, where the "cold" is transferred to the buildings via a fresh water loop that never mixes with the ocean water.

SECTION 2. Chapter 8, Article 10, Revised Ordinances of Honolulu 1990 ("Exemptions"), is amended by adding a new section to be appropriately designated by the Revisor of Ordinances and to read as follows:

**"Sec. 8-10. Exemption—Cold seawater air conditioning systems.**

- (a) For real property on which a building is connected to a cold seawater-based district cooling system for air conditioning purposes, the property is entitled to an exemption from real property taxes of 30 percent of the assessed value of the building or buildings connected to the system; provided that:
- (1) The property owner installs connections to a cold seawater-based district cooling system and equipment necessary for a cold seawater air conditioning system;
  - (2) The property owner executes a contract with a cold seawater-based district cooling system air conditioning provider for a period of at least three years; and



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- (3) The real property cold seawater air conditioning system becomes operational after December 31, 2020.
- (b) Application for the exemption provided by this section must be made with the director on or before September 30th preceding the tax year for which the exemption is claimed. The director may require the taxpayer to furnish reasonable information in order that the director may ascertain the validity of the claim for exemption.
- (c) The claim for exemption, once allowed, will continue for a period of three years thereafter and may not be renewed.
- (d) In the event the director finds that the initial claim for exemption contains false or fraudulent information, the director shall cancel the real property tax exemption retroactive to the date the exemption was first granted, and the property will be subject to the real property taxes which would have been due but for the exemption allowed, together with a \$500 penalty per year of violation and interest at 10 percent per annum, from the respective dates that these payments would have been due. The taxes and penalties due will be a paramount lien upon the real property.
- (e) The owner of any property which has been allowed an exemption under this section has a duty to report to the assessor within 30 days after the property ceases to qualify for the exemption for, among others, the following reasons:
- (1) The ownership of the property has changed; or
- (2) Failure to utilize the cold seawater air conditioning system for a period longer than 60 consecutive days.

Such report shall have the effect of voiding the claim for exemption. The report shall be sufficient if it identifies the property involved, states the change in facts or status, and requests that the claim for exemption previously filed be voided.

In the event the property comes into the hands of a fiduciary who is answerable as provided for by this chapter, the fiduciary shall make the report required by this subsection within 30 days after the assumption of the fiduciary's duties or within the time otherwise required, whichever is later.

A penalty will be imposed if the change in facts occurred in the 12 months ending September 30th preceding the tax year for which an exemption is to take effect



# CITY COUNCIL

CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

ORDINANCE \_\_\_\_\_

BILL 30 (2019), CD1

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and the report required by this subsection is not filed by the immediately following November 1st. The amount of the penalty will be \$500 imposed on the November 2nd preceding the tax year for which the owner or the property no longer qualifies for the exemption and on November 2nd for each year thereafter that the change in facts remains unreported, in addition to interest at 10 percent per annum from the respective dates that these payments would have been due. The taxes and penalties due will be a paramount lien upon the real 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 tax years beginning July 1, 2021.

INTRODUCED BY:

Carol Fukunaga

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DATE OF INTRODUCTION:

May 30, 2019  
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