



A BILL FOR AN ORDINANCE

RELATING TO THE DEFERRAL OF REAL PROPERTY TAXES.

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

SECTION 1. The purpose of this ordinance is to allow certain elderly persons to defer their real property tax obligation on their residences.

SECTION 2. Chapter 8, Revised Ordinances of Honolulu 1990, as amended, is amended by adding a new article to be appropriately designated by the revisor of ordinances to read as follows:

"Article ____ Deferral of Real Property Taxes

Sec. 8-____.1 Definitions.

As used in this article:

"Claimant" means a person who elects to defer payment of real property taxes accrued on the claimant's residence by filing a declaration to defer as provided by this article. When two or more individuals of a household file or seek to file a declaration to defer, they may determine between them as to who the claimant shall be.

"Equity value" means the amount by which the fair market value of a residence as determined from the records of the county assessor exceeds the total amount of any liens or other obligations against the property.

Sec. 8-____.2 Conditions and qualifications for claiming deferral.

A claimant may defer payment of real property taxes on up to eighty percent of the amount of the claimant's equity value in the claimant's residence if the following conditions are met:

- (a) The claimant has been granted a multiple home exemption for the property under Section 8-10.4(e).
- (b) The claimant must have and keep in force fire and casualty insurance in sufficient amount to protect the interest of the city in the claimant's equity value.



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Sec. 8-____.3 Administration.

- (a) Each claimant electing to defer payment of real property tax obligations under this article shall file with the director, on forms prescribed by the director, a written application. The application to defer real property taxes for any year shall be filed no later than September 30th preceding the tax year for which the deferral is requested.
- (b) The application shall designate the property to which the deferral applies, and shall include a statement setting forth (a) a list of all members of the claimant's household, (b) the claimant's equity value in his residence, (c) facts establishing the eligibility for the deferral under the provisions of this article, and (d) any other relevant information required by the department.
- (c) The director shall determine if the owner qualifies for the deferral before December 31st preceding the tax year and, in the event the application is denied, the director shall notify the applicant in writing on or before the December 31st date.
 - (1) If an application for a deferral is granted, the property tax bill for the claimant's property shall be reduced by the amount of the requested deferral; any remaining payments due shall be apportioned between the two installments of taxes due for the tax year.
 - (2) If an application for a deferral is denied, the director shall:
 - (A) State the basis for denial; and
 - (B) Inform the applicant that the director's decision may be appealed, and the procedure and deadline for appeal.

Sec. 8-____.4 Ceasing to reside permanently on property subject to the deferral declaration.

If the claimant declaring his intention to defer real property tax obligations under this article ceases to reside permanently on the property for which the declaration to defer is made between the date of filing the declaration and December 15th of that year, the deferral otherwise allowable under this article shall not be allowed on such tax roll. However, this section shall not apply where the claimant dies, leaving a spouse surviving, who is also eligible for deferral of real property taxes.



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Sec. 8-____.5 Procedure where residence under mortgage or purchase contract.

If any residence is under mortgage or purchase contract, said holder of the mortgage or purchase contract shall cosign the application for deferral.

Sec. 8-____.6 Lien.

Whenever a person's real property tax obligation is deferred under the provisions of this article, the amount deferred and required to be paid shall become a lien in favor of the city upon his or her property and shall be a paramount lien upon the property. This lien may accumulate up to eighty percent of the amount of the claimant's equity value in said property and shall bear interest at the rate of eight percent per year from the time it could have been paid before delinquency until said obligation is paid.

Sec. 8-____.7 When deferred taxes become payable.

Real property tax obligations deferred under this article shall become payable together with interest as provided in Sec. 8-____.6:

- (a) Upon the sale of the property which has a deferred real property tax lien upon it.
- (b) Upon the death of the claimant with an outstanding deferred real property tax lien, except a surviving spouse who is qualified under this article may elect to incur the real property tax lien which shall then be payable by that spouse.
- (c) Upon the taking of the property by a governmental entity.
- (d) At such time as the claimant ceases to reside permanently in the residence upon which the deferral has been granted.
- (e) Upon the failure of any condition set forth in Sec. 8-____.2.

Sec. 8-____.8 Election to continue deferral by surviving spouse.

- (a) A surviving spouse of the claimant may elect to continue the property in its deferred tax status if the property is the residence of the spouse of the claimant and the spouse meets the requirements of this article.



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- (b) The election under this section to continue the property in its deferred status by the spouse of the claimant shall be filed in the same manner as an original claim for deferral is filed under this article, not later than ninety days from the date of the claimant's death. Thereupon, the property with respect to which the deferral of real property taxes is claimed shall continue to be treated as deferred property. When the property has been continued in its deferred status by the filing of the spouse of the claimant of an election under this section, the spouse of the claimant may continue the property in its deferred status in subsequent years by filing a claim under this article so long as the spouse meets the qualifications set out in this section.

Sec. 8-____.9 Payment of all or part of taxes authorized.

Any person may at any time pay a part or all of the deferred taxes but such payment shall not affect the deferred tax status of the property.”



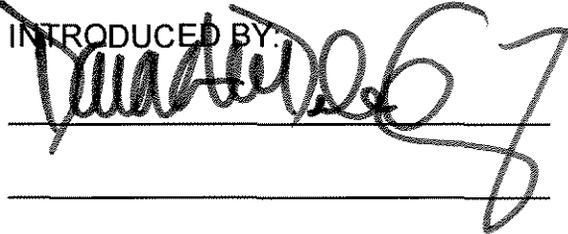
CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL 18 (2006)

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SECTION 3. This ordinance shall take effect upon its approval and shall apply to the tax year beginning July 1, 2007 and the tax years thereafter.

INTRODUCED BY:


DATE OF INTRODUCTION:

FEB 09 2006
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 2006.

MUFU HANNEMANN, Mayor
City and County of Honolulu

FILED
FEB 09 2008
PURSUANT TO ROH Sec. 1-2.4

(OCS/020806/ct)