



A BILL FOR AN ORDINANCE

RELATING TO THE REAL PROPERTY TAX CREDIT FOR LOW-INCOME HOMEOWNERS.

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

SECTION 1. Purpose. The purpose of this ordinance is to clarify and refine the requirements regarding the real property tax credit for low-income homeowners.

SECTION 2. Section 8-13.1, Revised Ordinances of Honolulu 1990 ("Definitions"), as amended, is amended by amending the definition of "Income" to read as follows:

"Income" means the sum of federal [adjusted gross] total income as defined in the Internal Revenue Code of the United States of 1954, as amended, and all nontaxable income, including but not limited to [the amount of capital gains excluded from adjusted gross income, alimony, support money, nontaxable strike benefits, cash public assistance and relief (not including relief granted under this article),] (1) tax-exempt interest received from the federal government or any of its instrumentalities, (2) the gross amount of any IRA distribution, pension or annuity benefits received (including Railroad Retirement Act benefits and veterans disability pensions), excluding rollovers, (3) all payments received under the federal Social Security and state unemployment insurance laws, [nontaxable interest received from the federal government or any of its instrumentalities, workers' compensation, the gross amount of "loss of time" insurance,] (4) nontaxable contributions to public or private pension, annuity and/or deferred compensation plans, and (5) federal cost of living allowances[, and the deduction allowed for two-earner married couples under Section 221 of the Internal Revenue Code of the United States of 1954, as amended]. All income set forth in the tax return filed by the titleholder, whether the tax return is a joint tax return or an individual tax return, shall be considered the [title-holder's] titleholder's income. "Income" does not include nonmonetary gifts from private sources, or surplus foods or other relief in kind provided by public or private agencies."

SECTION 3. Section 8-13.2, Revised Ordinances of Honolulu 1990, as amended, is amended to read as follows:

**"Sec. 8-13.2 Real property tax credit established.**

- (a) An owner shall be entitled to a real property tax credit equal to the amount by which the taxes calculated for the property exceed four percent of the titleholders' income, provided:



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- (1) The owner has been granted the home exemption under Section 8-10.4 at the time the application is filed;
  - (2) The taxes owed for the tax year immediately succeeding the date of the application for the tax credit[,] exceed four percent of the titleholders' combined income for the calendar year immediately preceding the date of the application;
  - (3) The combined income of all titleholders of the property for the calendar year immediately preceding the date of the application does not exceed \$50,000;
  - (4) No titleholder owns any other real property anywhere during the applicable tax year;
  - (5) The titleholders have not violated Section 8-13.5;
  - (6) The amount of the tax after applying the credit shall not be less than the minimum tax required in Section 8-11.1(g); [and]
  - (7) If the taxes owed less any other one-time tax credit are less than or equal to four percent of all [title holder's] titleholders' combined income for the calendar year immediately preceding the date of the application, no credit shall be applied[.]; and
  - (8) The titleholder(s) of the property filed income tax returns, if required under Hawaii income tax law and under Internal Revenue Service regulations, on or before filing an application for a tax credit.
- (b) The grant of the application of a tax credit shall entitle the owner to a credit only for the succeeding tax year. There shall be no carryover tax credit."

SECTION 4. Section 8-13.3, Revised Ordinances of Honolulu 1990, as amended, is amended to read as follows:

**"Sec. 8-13.3 Administration.**

- (a) The director shall determine the eligibility of the owner for a tax credit upon review and verification of each application for the tax credit. The application form shall be as prescribed by the director. To verify information in the application, the director shall require proof of the income of each of the titleholders. [The director shall require that each titleholder provide a self-certified copy of the titleholder's



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State of Hawaii income tax return for the most recent tax year and the director shall obtain adequate information from the state department of taxation to verify the veracity of the copy submitted. Furthermore, if a titleholder provides a self-certified copy of state income tax form N-11, a copy of the titleholder's federal tax return for the most recent tax year must also be provided.] The director shall require that each titleholder provide copies of: (1) a tax return transcript from the Internal Revenue Service, (2) a tax account transcript, if applicable, from the Internal Revenue Service, and (3) any accompanying forms and schedules as the director may require to verify the veracity of the transcripts. For titleholders who did not have to file and therefore did not file an income tax return under Hawaii income tax law and under Internal Revenue Service regulations, the director shall require proof of the [titleholder's] titleholders' income which may include bank statements or other financial records as verification. The director may require proof of nonreceipt of income from relief programs such as social security, welfare, and unemployment compensation, etc. and may require such authorization from the titleholders to enable the director to fully verify the [titleholders] titleholders' income.

The applicant may refuse to provide such records, information or authorization. However, upon such refusal to submit a true and complete application, the director may deny the application for a tax credit. Notwithstanding any provision to the contrary, there shall be no appeal from such a decision of the director to deny an application due to the applicant's refusal to provide records, information or authorization.

- (b) The owner's application for a tax credit shall be filed on or before September 30th for a credit upon taxes due in the immediately succeeding tax year. The application shall require the certification by the owner that:
  - (1) The requirements of Section [8-13.2(a)(3)] 8-13.2(a)(4) shall be fulfilled throughout the succeeding tax year; and
  - (2) The owner's property shall continue to qualify for a home exemption under Section 8-10.4 throughout such year.
- (c) The director shall determine if the owner qualifies for a tax credit 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 tax credit is granted, the director shall apply the credit to the property tax bill issued pursuant to Section 8-3.2, apportioned



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in two equal parts between the two installments of taxes due pursuant to said section.

- (2) If an application for a tax credit 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."

SECTION 5. The council is aware that at the time this bill is considered for final approval by the council, there may be other bills that were given final approval by the council but not yet enacted as an ordinance that amend the same provisions of the revised ordinances of Honolulu that this bill amends. If this bill is enacted as an ordinance, the revisor of ordinances shall give maximum effect to all amendments to the revised ordinances made in this bill and made in any other bill situated as described above. The absence in this bill of amendments made in those other bills shall not be construed as a repeal of the amendments made in those other bills.

SECTION 6. Ordinance material to be repealed is bracketed. New ordinance 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 bracketed material, or the underscoring.



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SECTION 7. This ordinance shall take effect upon its approval and shall apply to tax years beginning July 1, 2008 and thereafter.

INTRODUCED BY:

Ann Kobayashi

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DATE OF INTRODUCTION:

March 7, 2007  
Honolulu, Hawaii

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Councilmembers

APPROVED AS TO FORM AND LEGALITY:

*L. M. G.*  
Deputy Corporation Counsel

APPROVED this 20<sup>th</sup> day of June, 2007.

*Mufi Hannemann*  
MUFU HANNEMANN, Mayor  
City and County of Honolulu

(OCS/051607/ct)

CITY COUNCIL  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII  
CERTIFICATE

07-30

ORDINANCE

BILL 38 (2007), CD1

Introduced: 03/07/07 By: ANN KOBAYASHI

Committee: BUDGET

Title: A BILL FOR AN ORDINANCE RELATING TO THE REAL PROPERTY TAX CREDIT FOR LOW-INCOME HOMEOWNERS.

Links: [BILL 38 \(2007\)](#)  
[BILL 38 \(2007\), CD1](#)  
[CR-101](#)

COUNCIL	03/14/07	BILL PASSED FIRST READING AND REFERRED TO COMMITTEE ON BUDGET.				
	APO Y	CACHOLA Y	DELA CRUZ Y	DJOU Y	GARCIA Y	
	KOBAYASHI Y	MARSHALL Y	OKINO Y	TAM Y		
BUDGET	03/28/07	CR-101 – BILL REPORTED OUT OF COMMITTEE FOR PASSAGE ON SECOND READING AND SCHEDULING OF A PUBLIC HEARING.				
PUBLISH	03/31/07	PUBLIC HEARING NOTICE PUBLISHED IN THE HONOLULU STAR-BULLETIN.				
COUNCIL/PUBLIC HEARING	04/11/07	BILL PASSED SECOND READING, CR-101 ADOPTED, PUBLIC HEARING CLOSED AND REFERRED TO BUDGET COMMITTEE.				
	APO Y	CACHOLA Y	DELA CRUZ Y	DJOU Y	GARCIA Y	
	KOBAYASHI Y	MARSHALL Y	OKINO Y	TAM Y		
PUBLISH	04/16/07	SECOND READING NOTICE PUBLISHED IN THE HONOLULU STAR BULLETIN.				
BUDGET	04/18/07	BILL DEFERRED IN COMMITTEE.				
BUDGET	05/16/07	CR-175 – BILL REPORTED OUT OF COMMITTEE FOR PASSAGE ON THIRD READING AS AMENDED IN CD1 FORM.				
COUNCIL	06/06/07	BILL PASSED THIRD READING AS AMENDED (BILL 38 (2007), CD1) AND CR-175 ADOPTED.				
	APO Y	CACHOLA Y	DELA CRUZ Y	DJOU Y	GARCIA Y	
	KOBAYASHI Y	MARSHALL Y	OKINO Y	TAM Y		

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this BILL.

  
DENISE C. DE COSTA, CITY CLERK

  
BARBARA MARSHALL, CHAIR AND PRESIDING OFFICER

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