



A BILL FOR AN ORDINANCE

RELATING TO REAL PROPERTY TAX INCENTIVES FOR NEW CONSTRUCTION.

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

SECTION 1. Findings and Purpose. On September 5, 2008, the University of Hawaii Economic Research Organization (“UHERO”) released its Annual Hawaii Construction Forecast. UHERO’s forecast is for residential building permits to drop 20 percent in 2008 and another six percent in 2009, non-residential construction to drop by 24 percent from its peak in 2006, and construction jobs to drop 2.9 percent in 2009 and further drop 2.4 percent in 2010. The purpose of this ordinance is to address the anticipated slowdown in construction by providing a real property tax exemption for new and accelerated construction on Oahu.

SECTION 2. Section 8-10.26, Revised Ordinances of Honolulu 1990, is amended to read as follows:

“Sec. 8-10.26 Exemption--Qualifying construction work.

- (a) Any incremental increase in the valuation of buildings primarily attributable to qualifying construction work shall be exempt from property taxes for a period of seven years following the completion of the qualifying construction work, provided that:
 - (1) The qualifying construction work commences on or after [January 1, 1999] _____ as evidenced by the issuance date of the building permits;
 - (2) The qualifying construction work is completed on or before [June 30, 2003] _____ unless extended pursuant to subsection (d); and
 - (3) The laborers and mechanics who performed the qualifying construction work were paid at or above the rate of wages established by Hawaii Revised Statutes Chapter 104 and the applicable rules adopted thereunder.

(b) As used in this section:

“Incremental increase in the valuation of buildings primarily attributable to qualifying construction work” shall be determined by subtracting the valuation of buildings on the property as determined in the real property tax assessment immediately preceding [June 22, 1999] the effective date of this ordinance from



A BILL FOR AN ORDINANCE

the valuation of buildings following the completion of qualifying construction work as of [June 22, 1999.] the effective date of this ordinance.

“Qualifying construction work” means work to construct new buildings, or to construct additions or renovations to existing buildings, located on land which is classified in accordance with Section 8-7.1 as hotel and resort, commercial, industrial, preservation, or agricultural.

- (c) The date of the completion of the construction shall be established by the date of the department of planning and permitting’s inspection completion date, or the last of the inspection completion dates, where multiple inspections are required for the electrical, plumbing and/or architectural and structural work allowed under the building permit.
- (d) The claimant may request an extension of time of up to one year but no later than [June 30, 2004] _____ to complete construction, and only if a major change in circumstances beyond the control of the claimant has occurred since the issuance of the building permit which causes the delay. The request for an extension setting forth the claimant’s justification for an extension shall be made in writing to the director of planning and permitting and either receipt-stamped by the department or U.S. postmarked. By either method, the request shall be receipt-stamped or U.S. postmarked no later than [June 29, 2003.] _____. The decision of the director of planning and permitting on the request shall be final.
- (e) The claim for exemption shall be filed with the department of budget and fiscal services on or before September 30th preceding the first tax year for which such exemption is claimed on such form as shall be prescribed by the department, and shall be supported by documentation establishing the date of the issuance of the building permit, the department of planning and permitting’s inspection completion date, and the director of planning and permitting’s decision to grant an extension of time to complete construction, if applicable.
- (f) The claim for exemption, once allowed, shall continue for a period of seven years provided that where an extension has been granted under subsection (d) in no event shall such exemption be allowed beyond [June 30, 2012.] _____.
- (g) In order to confirm that the laborers and mechanics who performed the qualifying construction work were paid at or above the applicable rate of wages, every claim for exemption filed with the department of budget and fiscal services shall include documentation in a form satisfactory to the director of budget and fiscal services which establishes that the wage rates for the laborers and mechanics



A BILL FOR AN ORDINANCE

who performed the qualifying construction work were not less than the wage rates established by HRS Chapter 104 and the applicable rules adopted thereunder. This documentation shall include, but not be limited to, a notarized affidavit from the claimant establishing that the wage rates for the laborers and mechanics who performed the qualifying construction work were not less than the wage rates established by HRS Chapter 104 and the applicable rules adopted thereunder.

- (h) Any claim for exemption filed under this section prior to June 30, 2004 shall continue to be subject to the provisions established by Ordinance 99-42, as amended by Ordinances 00-45 and 02-39, and shall not be subject to the provisions 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.



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL 11 (2009)

A BILL FOR AN ORDINANCE

SECTION 4. This ordinance shall take effect upon its approval and the property tax exemption established by this ordinance shall apply to tax years beginning on _____ and ending _____ only.

INTRODUCED BY:

[Handwritten signature]

[Handwritten signature]

DATE OF INTRODUCTION:

FEB 19 2009
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20____.

MUFU HANNEMANN, Mayor
City and County of Honolulu