



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 modify the requirements regarding the real property tax credit for low-income homeowners.

SECTION 2. Section 8-13.2, Revised Ordinances of Honolulu 1990, is amended to read as follows:

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

[(a)] An owner is entitled to a real property tax credit equal to the amount by which the taxes owed for the same tax year in which the application is filed for the property exceed [four] three percent of the titleholders' income, provided:

- (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 same tax year in which the application is filed for the tax credit exceed [four] three 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 \$60,000;
- (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 is not less than the minimum tax required in Section 8-11.1(g);
- (7) If the taxes owed less any other one-time tax credit are less than or equal to [four] three percent of all [title-holders'] titleholders' combined income



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for the calendar year immediately preceding the date of the application, no credit [shall] will be applied;

- (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; and
  - (9) The grant of the application [of] for a tax credit entitles the owner to a credit only for the tax year succeeding the tax year in which the application was filed. There will be no carryover tax credit.
- [(b) In lieu of the property tax credit provided in subsection (a), an owner otherwise qualifying for the tax credit under subsection (a) where any titleholder is 75 years of age or over on or before June 30th preceding the tax year for which the credit is claimed and the combined income of all titleholders to the applicable property for the calendar year immediately preceding the date of the application does not exceed \$60,000, is entitled to a real property tax credit equal to the amount by which the taxes owed for the property for the tax year in which the application was filed exceed three percent of the titleholders' combined income.]"

SECTION 3. Section 8-13.3, Revised Ordinances of Honolulu 1990, 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] will 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 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 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' income.



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The applicant may refuse to provide such records, information or authorization. However, upon [such] the applicant's 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] will 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] must be filed on or before September 30th for a credit upon taxes due in the immediately succeeding tax year. The application [shall] must require the certification by the owner that:
- (1) The requirements of Section 8-13.2[(a) or (b)] under which the credit is applied for [shall] will be fulfilled throughout the succeeding tax year; and
  - (2) The owner's property [shall] will 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 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] Unless the denial is unappealable under subsection (a), inform the applicant that the director's decision may be appealed, and the procedure and deadline for appeal."

SECTION 4. Section 8-13.5, Revised Ordinances of Honolulu 1990, is amended to read as follows:

**"Sec. 8-13.5 Penalties.**

- (a) Any person who:



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(1) Files a fraudulent application or attests to any false statement with the intent to defraud the city or evade the payment of real property taxes or any part thereof; or

(2) In any manner intentionally deceives or attempts to deceive the city,

[shall be] is guilty of a violation and [be] subject to a criminal fine of not more than \$2,000, in addition to being responsible for paying any outstanding taxes, interest and penalties.

(b) During the tax year for which a tax credit was granted to an owner of property pursuant to this article, if the owner fails to notify the city within 30 days that the requirements of Section 8-13.2[(a) or (b)] under which the credit was granted are no longer met, in addition to the consequences provided in Section 8-13.6, the owner [shall] will be subject to a fine of \$200."

SECTION 5. Section 8-13.6, Revised Ordinances of Honolulu 1990, is amended to read as follows:

**"Sec. 8-13.6 Revocation of credit.**

During the tax year for which a tax credit is granted to an owner of property pursuant to this article, if:

(1) Title to the property is transferred to a new owner by gift, sale, devise, operation of law, or otherwise, except when title is transferred to a qualified surviving spouse, or

(2) The requirements of Section 8-13.2 [(a) or (b)] under which the credit was granted are no longer met,

then the tax credit [shall] will be revoked and the owner [shall] will owe property taxes in the amount of the tax credit. The additional taxes [shall] will be billed and [shall] be deemed delinquent if not paid within 30 days after the date of mailing of the tax bill, or if the credit is revoked within the tax year for which the credit was granted, within 30 days after the date of mailing of the tax bill, or on or before the next installment payment date, if any, for such taxes, whichever is later."

SECTION 6. Ordinance material to be repealed is bracketed. New ordinance material is underscored. When revising, compiling or printing this ordinance for



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inclusion in the Revised Ordinances of Honolulu, the revisor of ordinances need not include the brackets, the bracketed material, or the underscoring.

SECTION 7. This ordinance takes effect upon its approval and will apply to applications due on September 30, 2016 and every year thereafter.

INTRODUCED BY:

Ann Kobayashi

Joey Manahan

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DATE OF INTRODUCTION:

April 28, 2016  
Honolulu, Hawaii

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Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Susan A. Bender  
Deputy Corporation Counsel SUSAN A. BENDER

APPROVED this 21<sup>st</sup> day of July, 2016.

Kirk Caldwell  
KIRK CALDWELL, Mayor  
City and County of Honolulu

CITY COUNCIL  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII  
CERTIFICATE

ORDINANCE 16-20

BILL 35 (2016), CD1

Introduced: 04/28/16

By: ANN KOBAYASHI

Committee: BUDGET

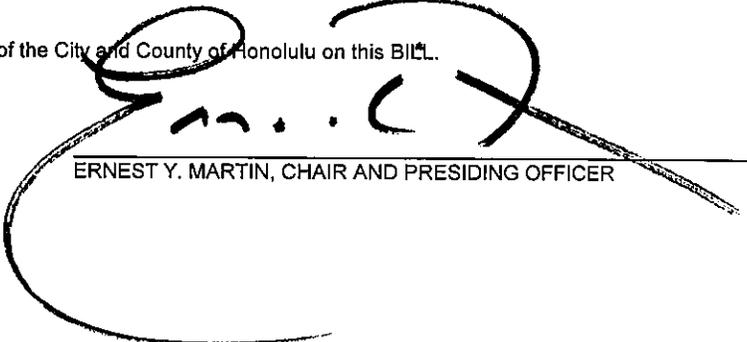
Title: A BILL FOR AN ORDINANCE RELATING TO THE REAL PROPERTY TAX CREDIT FOR LOW INCOME HOMEOWNERS.

Voting Legend: \* = Aye w/Reservations

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|----------|------------------------|---|
| 05/04/16 | COUNCIL                | BILL PASSED FIRST READING AND REFERRED TO COMMITTEE ON BUDGET.<br>9 AYES: ANDERSON, ELEFANTE, FUKUNAGA, KOBAYASHI, MANAHAN, MARTIN, MENOR, OZAWA, PINE.   |
| 05/18/16 | BUDGET                 | CR-170 – BILL REPORTED OUT OF COMMITTEE FOR PASSAGED ON SECOND READING AND SCHEDULING OF A PUBLIC HEARING.  |
| 05/21/16 | PUBLISH                | PUBLIC HEARING NOTICE PUBLISHED IN THE HONOLULU STAR-ADVERTISER.  |
| 06/01/16 | COUNCIL/PUBLIC HEARING | CR-170 ADOPTED. BILL PASSED SECOND READING, PUBLIC HEARING CLOSED AND REFERRED TO COMMITTEE ON BUDGET.<br>9 AYES: ANDERSON, ELEFANTE, FUKUNAGA, KOBAYASHI, MANAHAN, MARTIN, MENOR, OZAWA, PINE. |
| 06/08/16 | PUBLISH                | SECOND READING NOTICE PUBLISHED IN THE HONOLULU STAR-ADVERTISER.  |
| 06/15/16 | BUDGET                 | CR-202 – BILL REPORTED OUT OF COMMITTEE FOR PASSAGE ON THIRD READING AS AMENDED IN CD1 FORM.  |
| 07/06/16 | COUNCIL                | CR-202 ADOPTED AND BILL 35 (2016), CD1 PASSED THIRD READING AS AMENDED.<br>9 AYES: ANDERSON, ELEFANTE, FUKUNAGA, KOBAYASHI, MANAHAN, MARTIN, MENOR, OZAWA, PINE.                                |

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.

  
GLEN I. TAKAHASHI, CITY CLERK

  
ERNEST Y. MARTIN, CHAIR AND PRESIDING OFFICER