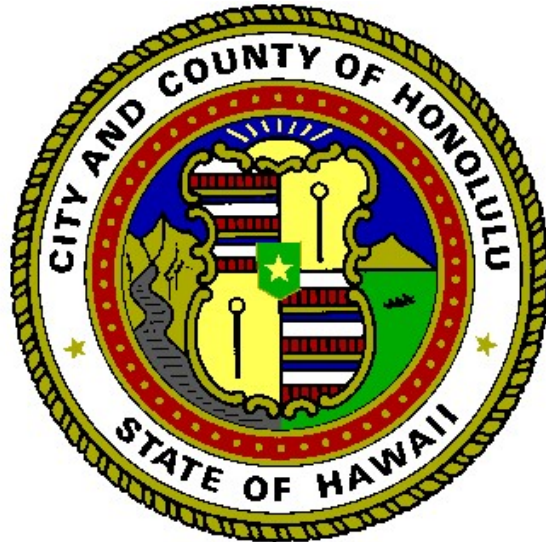
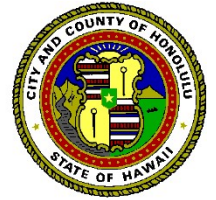


# Honolulu's Real Property Taxes

## Home Exemption - Property Records - Notice of Assessment - Appeal Options - Council Legislation



October 7, 2022  
Honolulu Board of Realtors  
Agent Forum



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# Revised Ordinances Of Honolulu (ROH) Sec 8-10.4 Homes

- September 30<sup>th</sup> (one-time) filing deadline. Form: BFS-RP-P-3
- Owned and occupied as the owner's principal home.
- Exemption amounts:
  - \$100,000 for those under the age of 65
  - \$140,000 for those aged 65 or over
- If not already done, all homeowners who occupy their home are urged to apply. Since the exemption amount increases as the claimant reaches the age of 65, the eldest approved applicant, by default, will be granted the exemption as the claimant. Other approved applicants will serve as back up claimants should the granted claimant be deemed no longer eligible for the exemption.
- A change in ownership or use, such as the sale or rental of a property, voids the exemption and must be reported to our office within 30 days of the exemption ineligibility. Failure to notify the City will subject the claimant to back taxes and any applicable penalties.



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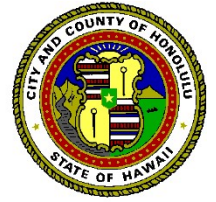
# Home Exemption Program Scope

For the current tax year of July 1, 2022 to June 30, 2023:

- Of the 256,924 Residential classed parcels, there are 149,088 granted home exemptions (approximately 58% of total parcels)
- Approximately \$62.8 Million in tax relief has been provided to home exemption claimants.

Note: There are 20,763 Residential A classed parcels. Residential A classed properties are basically residential properties without a home exemption and have a total or gross assessed value of \$1 Million or greater.

The tax rate for the Residential class is \$3.50 per \$1,000 of the net taxable amount. The tax rate for the Residential A class is \$4.50 per \$1,000 of the next taxable amount for the first \$1M and \$10.50 in excess of \$1M.

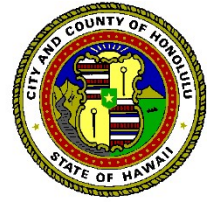


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# Exemption Considerations Upon Acquiring A Property

We are asking for feedback and cooperation of realtors to consider sharing the imposition of real property taxes with your clients when:

- the property is being purchased in relation to the exemption application deadline.
- the property has a current home exemption.
- the property does not have a home exemption and is in the Res A class but the buyer will occupy the property to be eligible for a home exemption. However, the recording date is just past the exemption deadline of Sept 30. Do you consider the real property tax imposition in the negotiation of the sales price and/or inform the buyer of the obligated real property tax amount for nearly two years?

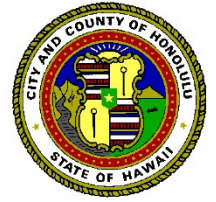


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# Additional Exemption and Dedication Considerations Upon Acquiring A Property

We are asking for feedback and cooperation of realtors to consider sharing the imposition of real property taxes with your clients when:

- A person(s) acquires, inherits, or is gifted a property. Or an unfortunate event when the claimant passes away and no longer eligible to receive the exemption, does your client or the surviving spouse know to file a home exemption?
- the property has a full or large exemption amount such as a historical residential dedication or disabled veteran's exemption. Does your client understand the possible change in taxes or the obligation to maintain such an exemption.
- the property has as an agricultural, or residential use dedication. Does your client understand the obligation to uphold the obligations of the dedication or inform our office should they no longer wish to continue the dedication.

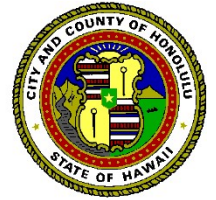


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# Review Property Records

Taxpayers/Property owners are encouraged to review their property class (residential, commercial, etc.) and the property descriptions of the land and any building improvements.

- Records are available at [honolulupropertytax.com](http://honolulupropertytax.com). You may search by the site address or Tax Map Key (TMK), also known as the Property ID.
- Ensure appropriate land size (sq.ft./acres) and building improvements (sq.ft. living area, bathroom count)
- Accuracy of these descriptions are important as these characteristics are the basis for its annual Notice of Assessment, which includes the net taxable and classification (tax rate) to calculate the annual tax bill.



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# Review Your Notice of Assessment

Annually on or before December 15<sup>th</sup> each year, our division sends out over 300,000 Notice of Assessments to property owners/taxpayers.

Each notice has:

- Applicable tax year
- The property's identification (site address/Tax Map Key)
- Recorded owners (fee simple/lessee/lessor)
- General class – land classification (residential, commercial, etc.)
- Assessed property value (total or gross)
- If any, applied exemption and exemption amount
- Net taxable value

According to Revised Ordinances of Honolulu (ROH), “real property shall be assessed in its entirety to the owner...”, ROH sec. 8-6.3. “In its entirety” is interpreted as fee simple interest.



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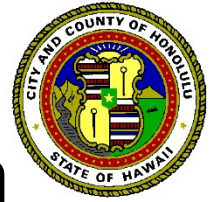
# APPEAL OPTIONS

## Board of Review / Tax Appeal Court

After reviewing your Notice of Assessment, if you do not agree with the assessed value, the classification, or the amount of the granted exemption, you may file an appeal within 30 days from the dated Notice of Assessment.

- Grounds of Appeal: 1) Value assessment exceeds by more than 10% of the market value. 2) Lack of uniformity or inequality. 3) Denial of an exemption 4) Illegality of any ground under the Constitution or laws of the United States or laws of the State or ordinances of the City.
- Deposit cost of a Board of Review appeal is \$50.
- The taxpayer has the option to appeal to the Board of Review of the City or to the Tax Appeal Court of the State of Hawaii.

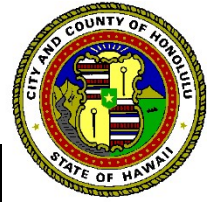




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# Bill 4 (2022), CD2: Transient Vacation (TVU) Class with Tiered Tax Rates

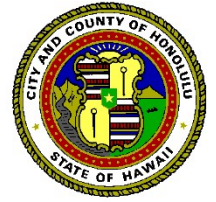
- Bill 4 (2022), CD2 follows up on Bill 41(2021) or Ordinance 22-007 which allows for a registration process for short term rentals.
- Dept. of Planning and Permitting will begin the registration process of Bed and Breakfast (BnB) and Transient Vacation Units later this month. Such properties merit their own class and tax rates.
- The transient vacation class proposes to have a tiered tax rate system, similar to the Residential A class.
- CD2 starts the discussion of a \$600,000 threshold, including rates that result in low taxes than the Hotel and Resort class but higher than BnB and Residential A.
- As such Tier 1 should be higher than the current BnB rate of \$6.50/\$1,000. Tier 2 could be the same or lower than the Hotel and Resort class of \$13.90/\$1,000 of net taxable.



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# Bill 9 (2022): Creates A Supplemental "Empty Homes Tax"

- Bill 9 (2022) proposes an annual 3% supplemental tax on empty homes (\$30,000 for \$1,000,000 property)
- Democratic gubernatorial candidate wishes to pursue such revenue.
- How many vacant or empty homes are there on Oahu? 34,000; 88,000?
- What's your definition of an unoccupied or empty home? 180 consecutive vacant days, or cumulative. Occupied means live or enter the home?
- How should the City or State implement this program?
- A request of information (RFI) was drafted to address needed government resources to properly implement such a program – number and level of staff, computer equipment, software, office space, vehicles, etc.



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# Board Of Review Member

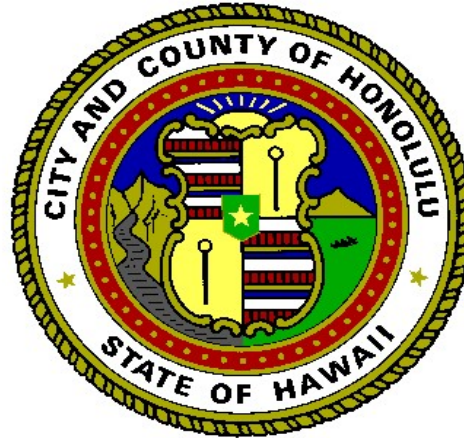
The City is seeking Board of Review (BOR) members. BOR members adjudicate appeal cases as submitted by taxpayers who are aggrieved by their assessment.

BOR Members are appointed by Mayor Blangiardi and vetted by city council. Each member receives a \$25 per diem for each participated hearing with mileage and parking reimbursements.

There are 3 boards that have different hearing dates throughout the week. 1 in Kapolei and 2 in Honolulu.

Interested individuals may contact our office at 808.768.3799 / [bfsrpmailbox@honolulu.gov](mailto:bfsrpmailbox@honolulu.gov) or City's Chief of Staff, Samuel Moku at 808.768.5225 / [samuel.moku@honolulu.gov](mailto:samuel.moku@honolulu.gov)

# Mahalo



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