



A BILL FOR AN ORDINANCE

RELATING TO REAL PROPERTY TAXATION.

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

SECTION 1. The purpose of this ordinance is to amend the provisions relating to the alternate energy improvements real property tax exemption.

SECTION 2. Section 8-10.15, Revised Ordinances of Honolulu 1990, is amended to read as follows:

**"Sec. 8-10.15 ~~[Exemption—Alternate]~~ Exemption—Renewable energy
~~[improvements].~~**

- (a) The value of all improvements ~~[in the county]~~ affixed to land (not including a building or its structural components, except where ~~[alternate]~~ renewable energy improvements are incorporated into the building, and then only that part of the building necessary to such improvement) and actually used for [an alternate] a renewable energy improvement [shall be exempted from the measure of the taxes imposed by this article.] is exempt from real property taxes, as provided in this section, if a timely claim for exemption is approved by the director.
- (b) The portions of land actually used for the active production or storage of renewable energy shall be exempt from 80 percent of its value from the measure of the taxes imposed by this chapter; provided that:
- (1) A State-approved special use permit or county-approved conditional use permit allowing for such production is required if the production of renewable energy is inconsistent with or not permitted by the underlying zoning; and
- (2) The production or storage of renewable energy must be primarily for use, distribution, or sale to public utilities or for public consumption under a power purchase agreement or power purchase contract with the utility.

As used in this subsection, "portions of land actually used" means the land area in physical contact with renewable energy structures.

- (c) The exemption provided in this section does not apply to any portion of land or improvements used primarily for the production or storage of renewable energy for personal use, or used to sustain private enterprises or operations.



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~~[(b)]~~ (d) As used in this section, ~~["alternate]~~ "renewable energy improvement" means any construction or addition, alteration, modification, improvement, or repair work undertaken upon or made to any building, property, or land ~~[which] that~~ results in:

- (1) The production or storage of energy from a source, or uses a process which does not use fossil fuels, or nuclear fuels ~~[or geothermal source]~~. Such energy source may include, but ~~[shall]~~ is not [be] limited to, solid wastes, [wind or ocean waves, tides or currents;] wind, sun, falling water, biogas, geothermal, ocean water, currents and waves, biomass biofuels, hydrogen, or any combination of the foregoing; or
- (2) An increased level of efficiency in the utilization of energy produced by fossil fuels or in the utilization of secondary forms of energy dependent upon fossil fuels for its generation.

~~[(e)]~~ (e) Application for the exemption provided by this section ~~[shall be made]~~ must be filed by the taxpayer with the director on or before September 30th, preceding the tax year for which the exemption is claimed. No improvement exemption may be claimed for devices that convert solar radiation to electricity or heat because these devices are excluded from the definition of "property" or "real property" and are not assessed. The director may require the taxpayer to furnish reasonable information in order that the director may ascertain the validity of the claim for exemption.

~~[(d)]~~ (f) The claim for exemption, once allowed, shall continue for ~~[a period of 25 years thereafter.]~~ the period of the power purchase agreements or contract with the utility.

(g) The director may require that the claimant provide documentation to support an initial claim for exemption or the continuing qualification for the exemption. Failure to provide the director with such documentation is grounds for denying a claim for an exemption or disallowing an existing exemption. The director may require that the claimant provide documentation evidencing active production of renewable energy, such as a current, valid copy of a State-approved special use permit or county-approved conditional use permit, approvals or orders from the State Public Utilities Commission, or if the claimant is not the fee owner, a copy of the lease or agreement describing the allowable uses and period of use of the real property. Failure to provide the director with such documentation within 30



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days of the director's request is grounds for disallowance or denial of a claim for the exemption.

- (h) The director may cancel the exemption if the renewable energy improvement ceases operations that generate or store renewable energy, and when the production or storage of renewable energy on the land ceases or terminates. Scheduled equipment maintenance and forced shut downs due to unforeseen circumstances beyond the control of the claimant will be considered.
- (i) The claimant may cancel the exemption by filing a written notice of cancellation with the director.
- (j) The land portions granted in this exemption may not be subject to other real property tax exemption in this article or dedication program in Article 7.
- ~~(e)~~ (k) The director may adopt rules [and regulations] in accordance with HRS Chapter 91 to implement this section."

SECTION 3. Ordinance material to be repealed is bracketed and stricken. 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 material that has been bracketed and stricken, or the underscoring.

SECTION 4. This ordinance takes effect upon its approval and applies to the tax years beginning July 1, 2022 and thereafter; provided that:

- (1) Notwithstanding the September 30th application deadline specified in Section 8-10.15(d), Revised Ordinances of Honolulu 1990, as amended, a one-time application period of 10 calendar days following the effective date of this ordinance will be permitted to allow eligible properties an opportunity to qualify for the tax year beginning July 1, 2022 and the assurance toward the correctness of the assessment lists and certification of the net taxable amounts of real property; and



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- (2) Properties under which an exemption under Section 8-10.15, Revised Ordinances of Honolulu 1990, as it read prior to the effective date of this ordinance, have been granted by the Director of Budget and Fiscal Services will continue to be allowed the exemption until such time that the exemption is disallowed pursuant to Section 8-10.15(d), Revised Ordinances of Honolulu 1990, as it read prior to the effective date of this ordinance.

INTRODUCED BY:

Tommy Waters (br)

DATE OF INTRODUCTION:

September 28, 2021
Honolulu, Hawai'i

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Kare Lee

Deputy Corporation Counsel

APPROVED this 14th day of DECEMBER, 20 21.

Rick Blangiardi

RICK BLANGIARDI, Mayor
City and County of Honolulu

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

BILL 39 (2021), CD2

Introduced: 09/28/21 By: TOMMY WATERS - BY REQUEST Committee: BUDGET (BUD)

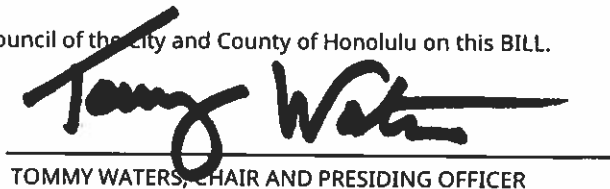
Title: RELATING TO REAL PROPERTY TAXATION.

Voting Legend: * = Aye w/Reservations

09/28/21	INTRO	Introduced.
10/06/21	CCL	Passed first reading. 9 AYES: CORDERO, ELEFANTE, FUKUNAGA, KIA'ĀINA, SAY, TSUNEYOSHI, TULBA, TUPOLA, WATERS
10/20/21	BUD	Amended to CD1. 5 AYES: CORDERO, ELEFANTE, KIA'ĀINA, SAY, TSUNEYOSHI 1 EXCUSED: TUPOLA
10/20/21	BUD	Reported out for passage on second reading and scheduling of a public hearing as amended in CD1 form. CR-293 5 AYES: CORDERO, ELEFANTE, KIA'ĀINA, SAY, TSUNEYOSHI* 1 EXCUSED: TUPOLA
10/29/21	PUBLISH	Public hearing notice published in the Honolulu Star-Advertiser.
11/10/21	CCL/PH	Committee report adopted. Bill passed second reading as amended, public hearing closed and referred to committee. 9 AYES: CORDERO*, ELEFANTE*, FUKUNAGA, KIA'ĀINA*, SAY, TSUNEYOSHI, TULBA, TUPOLA*, WATERS
11/17/21	BUD	Reported out for passage on third reading as amended in CD2 form. CR-322 6 AYES: CORDERO, ELEFANTE, KIA'ĀINA, SAY, TSUNEYOSHI, TUPOLA
11/17/21	PUBLISH	Second reading notice published in the Honolulu Star-Advertiser.
12/01/21	CCL	Committee report adopted and Bill passed third reading as amended. 9 AYES: CORDERO, ELEFANTE, FUKUNAGA, KIA'ĀINA, SAY, TSUNEYOSHI, TULBA, TUPOLA, WATERS

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


TOMMY WATERS, CHAIR AND PRESIDING OFFICER