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EXEMPTION INFORMATION

PURPOSE

This document was prepared by the Real Property Assessment Division of the City Department of Budget and Fiscal Services to assist Oahu property owners seeking information on home exemptions. It explains how to qualify for exemptions which reduce the net taxable assessed value of the property used in determining the property tax.

BACKGROUND

The first home exemption law was enacted in 1896 by the Republic of Hawaii to provide some tax relief, encourage home ownership and the settlement of land. In 1896, the home exemption amount was \$300.

Currently, the basic home exemption is \$80,000. This means that \$80,000 is deducted from the assessed value of the property and the homeowner is taxed on the balance. For homeowners 65 years and older the home exemption is \$120,000. To qualify for this exemption, you must be 65 years or older on or before June 30 preceding the tax year for which the exemption is claimed.

Property owners with an existing home exemption, with their date of birth on file, do not need to re-apply for the new exemption amounts. The exemption amounts will automatically increase depending on the age of the homeowner.

WHO QUALIFIES FOR THE HOME EXEMPTIONS?

You are entitled to the home exemption if:

1. You own and occupy the property as your principal home ("real property owned and occupied as The owner's principal home" means occupancy of a home in the city with the intent to reside in the city. Intent to reside in the city may be evidenced by, but not limited to, the following indicia: occupancy of a home in the city for more than 270 calendar days of a calendar year; registering to vote in the city; being stationed in the city under military orders of the United States; and filing of an income tax return as a resident of the State of Hawaii, with

a reported address in the city;

2. Your ownership is recorded at the Bureau of Conveyances, State Department of Land and Natural Resources, in Honolulu on or before September 30 preceding the tax year for which you claim the exemption. In the case of a lease, the document must indicate that the lessee has a lease for residential purposes for a term of five years or more and will pay all property taxes;
3. You file a claim for [home exemption \(Form P-3\)](#) with the Real Property Assessment Division on or before September 30 preceding the tax year for which you claim the exemption.

SINGLE HOME EXEMPTION

The law allows just one (1) home exemption; if a husband and wife live apart and own separate homes, each shall be entitled to one-half (1/2) of one exemption or to an exemption apportioned between their respective homes in proportion to the assessed value.

TOTALLY DISABLED VETERANS

If you are a totally disabled veteran, due to injuries received while on active duty with the U.S. Armed Forces, your home is exempted from all property taxes except the minimum tax. For this special exemption, veterans must file a claim on [form BFS-RP-P-6B](#). The exemption shall take effect beginning with the next tax payment date, provided that the claimant shall have filed with the department a claim for a disability exemption along with a copy of a physician's certificate of disability on such form as the department shall prescribe on or before June 30 for the first payment or December 31 for the second payment. The home exemption will remain in effect as long as the veteran claiming the exemption remains totally disabled or the widow or widower of the totally disabled veteran remains unmarried.

HANSEN'S DISEASE

If you have Hansen's Disease and are confined because of the illness, you are exempt from real property taxes on your real property, up to but not exceeding a taxable value of \$25,000. This is in addition to your regular or multiple home exemption. If you are on a temporary released status, you can retain your exemption during that period.

Claims for this special exemption must be filed on [form P-6](#) on or before September 30.

BLIND, DEAF OR TOTALLY DISABLED

If you have impaired sight or hearing or are totally disabled, you may file a claim on [form P-6](#) for a \$25,000 real property tax exemption on property you own. This claim is in addition to the regular or multiple home exemption. Your condition must be certified by an authorized physician, who is licensed to practice medicine in the State of Hawaii. "Certification" will be determined on the basis of a written report resulting from an examination performed by the authorized physician. The following requirements must be satisfied to qualify for the exemption:

BLIND

An individual whose eyesight does not exceed 20/200 in the better eye with corrective lenses or whose visual sharpness is greater than 20/200. In this latter case, the field of vision must have a width of 20 degrees or less.

DEAF

An individual whose average loss in the speech frequencies (500/2,000) hertz) in the better ear is 82 decibels, AS.A, or worse.

TOTALLY DISABLED

A person who is totally and permanently disabled, either physically or mentally, which results in the person's inability to engage in any substantial gainful business or occupation. For example, medically-certified heart attack or stroke victims, unable to engage in any substantial gainful business or occupation may qualify for this exemption.

Once filed and granted, these home and real property exemptions do not have to re-filed annually, as long as all requirements continue to be met.

REVISED ORDINANCES OF HONOLULU, SEC. 8-10.22

EXEMPTION—HISTORIC RESIDENTIAL REAL PROPERTY DEDICATED FOR PRESERVATION

(a) As used in this section: "Alternative visual visitations" means the alternative visual access provided to the public from a viewing point on the property. "Average condition of property" means a finding by the director that all major components of a property are still functional and contributing toward an extended life expectancy and effective age and utility are standard for like properties of its class and usage; this finding will allow for some deferred maintenance and normal obsolescence with age, in that a few minor repairs and some refurbishing is needed. "Day" means the seven consecutive hours running from 9:00 a.m. to 4:00 p.m. "Historic property" means property that has been placed on the Hawaii Register of Historic Places. "Public way" means and includes any area open to the general public, such as a road, alley, street, way, right-of-way, lane, trail, bikeway, highway, bridge, sidewalk, park or beach and any private property usually open to the public, such as a parking lot. "Residential property" means property improved with a one or two-family detached dwelling or a duplex unit. This definition includes associated structures, such as carriage houses, ohana units and outbuildings. This definition specifically excludes vacant parcels, districts, areas, or sites, including heiaus, burial and underwater sites. "Visual access" means visual access at all times with the unaided eye from a distance of not more than 50 feet from the owner's property line from a public way as defined in this section, of the entire front or rear of the one or two-family detached dwelling or duplex unit that is the subject of the petition for dedication under this section.

(b) An owner of taxable historic residential property may dedicate a portion or portions of the residential property thereof for historic preservation by petitioning the director of budget and fiscal services, provided the residential property has visual access or the owner allows alternative visual visitations.

1. If the historic residential property does not provide visual access, the petition shall provide the public with alternative visual visitations to the property from a viewing point on the historic residential property for at least the twelve days a year designated in the rules adopted by the director.

2. The viewing point on the historic residential property for alternative visual visitations shall: (A) Be clearly identified on the sketch or site plan included in the petition for dedication; (B) Be identified by a sign on the historic residential property marking the location of the viewing point; and (C) Establish the point beyond which the public shall not advance.

(c) The director shall prescribe the form of the petition. The petition shall be filed with the director by September 1st of any calendar year. The notice of assessment shall serve as notification of approval, approval in part, or disapproval of the petition for dedication. The owner may appeal any petition for dedication approved in part or disapproved, on or before the date for appealing an assessment as set forth in section 8-12.1. If the petition is approved or approved in part, the exemption provided for by this section shall be effective October 1st of the same calendar year.

(d) The director shall review the petition and determine what portion or portions of the residential real property shall be exempted from real property taxes. Any building or portion of a building less than fifty years old shall not be exempted from real property taxes. The director shall consult with the state historic preservation office in making this determination. The director shall take into consideration whether the historic property has been maintained, at a minimum, in average condition, and shall determine the total area or areas of real property that shall be exempted. The director shall confirm that the historic residential property has visual access. If the director determines that the historic residential property does not provide visual access, then the director shall confirm that the petition provides the public with acceptable alternative visual visitations.

(e) If the director determines that the historic residential property does not provide visual access to the public or that the petition does not provide the public with acceptable alternative visual visitations, the application for dedication shall be denied.

(f) Portions of residential real property which are dedicated and approved by the director as provided for by this section, shall be exempt from real property taxation except as provided by Section 8-9.1.

(g) The approval of the petition by the director shall constitute an obligation on the part of the owner to meet the following requirements:

1. The owner shall provide visual access to the public of the dedicated historic residential property, or shall provide alternative visual visitations as described in the approved petition.
2. The owner shall certify that the historic property shall meet or exceed average condition, and, during the dedicated period, shall maintain the historic property in at least average condition. All repair, maintenance and improvements to the property, and use of the property, shall comply with all statutes, ordinances, rules and regulations, and standards for historic properties.
3. The owner of a historic residential property that has been approved for dedication pursuant to this section shall place and maintain on the dedicated historic residential property a plaque that has been approved by the director and the state historic preservation officer. The director shall adopt rules prescribing the requirements for such a plaque. for a minimum period of 10 years, automatically renewable indefinitely, subject to cancellation by either the owner or the director upon five years' notice at any time after the end of the fifth year. Legally permitted uses of the historic residential property may continue during the dedication period

without cancellation of the dedication.

- (h) An owner may appeal any cancellation of the dedication or imposition of any rollback tax or penalty as in the same manner as an appeal from an assessment.
- (i) Any person who becomes an owner of historic residential property that is subject to a dedication under this section shall be subject to the requirements imposed under subsection (g).
- (j) The director shall cancel the dedication and disallow the tax exemption if:
1. the owner fails to observe the requirements and obligations of this section and the rules adopted to implement this section,
 2. a city department issues a citation for noncompliance with or violation of chapters 16 through 21, or
 3. the property is removed from the historic register. The cancellation and disallowance shall subject the owner to a rollback tax and penalty, retroactive to the date of the last 10-year renewal of the dedication. All differences in the amount of taxes that were paid and those that would have been due but for the exemption allowed by this section shall be payable, together with a 12 percent penalty and interest at 12 percent per year for each year of the rollback tax provided the provision in this subsection shall not preclude the city from pursuing any other remedy to enforce the covenant on the use of the property.
- (k) The director shall cancel the dedication and the retroactive assessment shall not apply: (1) where the owner submits the written notice of cancellation within the prescribed time as provided in subsection (g); and (2) where the subject property is destroyed by any natural disaster or by fire, and upon verification by the Historic Preservation Officer that the restoration or reconstruction of the property is not feasible. (l) The director shall adopt rules and regulations deemed necessary to accomplish the foregoing in accordance with HRS Chapter 91.

(Sec. 8-10.22, R.O. 1978 (1987 Supp. to 1983 Ed.); Am. Ord. 96-15, 01-23, 11-7)

SEC. 8-10.20 EXEMPTION-LOW-INCOME RENTAL HOUSING

(a) For the purposes of this section: Dwelling unit means a room or rooms connected together, constituting an independent living unit and containing a single kitchen and at least one bathroom. A dwelling unit shall not include a unit used for time sharing or as a transient vacation unit. "Housing project" means a rental housing project where at least 20 percent of the dwelling units are reserved for low income residents. The housing project must be situated on (i) a single parcel of land, (ii) multiple parcels of land that are contiguous, or (iii) non-contiguous multiple parcels of land which are separated from each other only by a road or roads. If the housing project is comprised of multiple parcels of land, or is comprised of individual dwelling units, each situated upon a subdivided parcel of land, the regulatory agreement must specifically identify each such parcel of land or dwelling units as comprising the housing project. Kitchen means a facility in a dwelling unit that exists when there are fixtures, appliances or devices for all of the following: (1) heating or cooking of food, (2) washing of utensils used for dining and food preparation and/or for washing and preparing food, and (3) refrigeration of food. Low-income means the annual income of a household that does not exceed 80 percent of the area median income for the county as determined by the United States Department of Housing and Urban Development. "Nonprofit or limited distribution mortgagor" means a mortgagor who qualifies for and obtains mortgage insurance under Sections 202, 221(d)(3) or 236 of the National Housing Act

as a nonprofit or limited distribution mortgagor. Owner shall include a lessee of the property whose lease term extends at least as long as the regulated period. Regulatory agreement means an agreement between an owner and the federal government, state government or a political subdivision of the state government, or agency of the federal government, agency of the state government or agency of the political subdivision of the state government, embodying provisions regulating rents, charges, profits, dividends, development costs, and methods of operation, in accordance with the laws, policies, or rules of the federal government, state government or of the political subdivision of the state government, or agency of the federal government, agency of the state government or agency of the political subdivision of the state government. Regulated period means the period during which a housing project is subject to a regulatory agreement, which shall not be less than 15 years.

(b) Real property which is owned and operated by (i) a nonprofit, limited distribution mortgagor, or (ii) a person, corporation, trust, partnership or association which is used for a housing project that is subject to a regulatory agreement shall be exempt from property taxes for the duration of the regulated period. This exemption shall be incorporated into any and all agreements, including regulatory and loan agreements as applicable.

1. If the qualifying housing project is comprised of multiple parcels of land, each parcel comprising the housing project shall be exempt from property taxes.
2. If the housing project fails to meet the requirements under this section at any time during the regulated period, the exemption shall be cancelled and the housing project shall be subject to taxes and penalties as determined in Section 8-10.21(c).
3. If any portion of the housing project that qualifies for an exemption under this section is transferred during the regulated period, the exemption shall be cancelled and the entire housing project, including the portion retained, if any, and the portion transferred, shall be subject to the taxes and penalties pursuant to Section 8-10.21(c)(3). The taxes and penalties shall not apply to any portion of the housing project for which a new claim is filed for an exemption for low-income rental housing as described in this section within 30 days of the recordation or filing of the sale or transfer with the registrar of the bureau of conveyances or the assistant registrar of the land court, whichever is applicable, and the exemption is granted by the director.
4. If the entire housing project is sold or otherwise transferred during the regulated period, a new claim for exemption must be filed within 30 days of the recordation or filing of such sale or transfer with the registrar of the bureau of conveyances or the assistant registrar of the land court, whichever is applicable. Failure to file a new claim for exemption or meet the qualifications under this section shall result in cancellation of the exemption and taxes and penalties imposed pursuant to Section 8-10.21(c).

(c) The exemption provided in this section shall not apply to any commercial portion of the property that is used for commercial or other purposes, and not for the primary use of the tenants of the housing project.

(d) Where a housing project is situated upon a single parcel of land, if any portion of the property is ineligible for the property tax exemption under this section:

1. The remaining eligible portion shall not be deprived of the exemption;
2. The ineligibility of a portion of the property for exemption under this section shall not disqualify that portion from exemption under any other law; and

3. The tax shall be assessed upon so much of the value of the building and land thereunder as the proportion of the nonexempt floor area bears to the total floor area of the building.

Exemptions claimed under this section shall disqualify the same property from receiving an exemption under HRS Section 53 38.

(Sec. 8 10.20, R.O. 1978 (1983 Ed.); Am. Ord. 90 31, 02-68)

SEC. 8-10.21 CLAIM FOR EXEMPTION

(a) Notwithstanding any provision in this chapter to the contrary, any real property determined by the director to be exempt from property taxes under Section 8 10.20 shall be exempt from property taxes effective as of the date the application is filed with the director; provided, that the initial application for exemption shall be filed with the director within 60 days of the qualification or in the failure thereof by September 30th preceding the tax year for which the exemption is claimed. A copy of the regulatory agreement that has been recorded with the registrar of the bureau of conveyances or filed with the assistant registrar of the land court, whichever is applicable, shall be filed with the application along with any additional documents determined by the director to be necessary to supplement the application. As used herein, the date of the qualification shall be the earlier of: (i) the date when the mortgage made by the nonprofit or limited distribution mortgagor and insured under Section 202, 221(d)(3) or 236 of the National Housing Act is recorded or (ii) the date the regulatory agreement is recorded with the registrar of the bureau of conveyances or the assistant registrar of the land court of the state, whichever is applicable. For a housing project that qualified for an exemption from real property taxation under Section 8-10.20 before the effective date of this ordinance, the first application filed after the effective date of this ordinance shall be deemed the initial filing under this subsection. After the initial year for which the real property has qualified for an exemption, a claim for an exemption shall be filed annually on or before September 30th, together with a document from the agency regulating the housing project certifying that the housing project continues to be in compliance with the initial regulatory agreements and is in compliance with the applicable low-income rental requirements in the manner provided by applicable law or rule.

(b) In the event property taxes have been paid to the county in advance for real property that subsequently qualifies for the exemption, the director shall refund to the owner that portion of the taxes attributable to and paid for the period after the qualification.

(c) Cancellation of Exemption-Penalties.

1. Notice by Director Following the initial year for which real property has qualified for an exemption, if an owner fails to file a claim for continued exemption by the September 30th deadline, the director shall promptly mail a notice to the owner at the owners address of record stating that unless a claim for continued exemption and all the necessary documents are received by the director by November 15th of the same year, the exemption shall be cancelled.
2. Cancellation of Exemption An owner who has been sent a notice under paragraph (1) by the director and who fails to file for an exemption by the November 15th deadline shall have the exemption cancelled and the housing project shall be subject to taxes and penalties pursuant to paragraph (3). In the event the director

finds that the initial or subsequent claim for exemption contains false or fraudulent information, the housing project fails to meet the requirements of Section 8-10.20 during the regulated period, or the owner fails to file annually during the regulated period as required under this section, the director shall cancel the exemption retroactive to the date the exemption was first granted pursuant to an initial filing under subsection (a), and the housing project shall be subject to the taxes and penalties determined in paragraph (3).

3. **Back Taxes and Penalties** In the event a housing project is subject to taxes and penalties as provided in paragraph (2), the differences in the amount of taxes that were paid and those that would have been due but for the exemption allowed shall be payable, together with interest at 10 percent per annum, from the respective dates that these payments would have been due. The taxes and penalties due shall be a paramount lien upon the real property. In addition, in the event a claim for an exemption is submitted after the September 30th deadline but on or before the November 15th deadline, a late filing penalty of \$500.00 shall be imposed.

(Sec. 8 10.21, R.O. 1978 (1983 Ed.); Am. Ord. 02-68)

IF YOU SELL, RENT OR PURCHASE ANOTHER HOME

If there is any change which might affect your home exemption, such as no longer occupying the property as your home, ceasing to own the property, and/or renting the property during the tax year, then you must report the change ([Form P-43](#)) to the Real Property Assessment Division, Department of Budget and Fiscal Services, City and County of Honolulu. The report must be submitted within 30 days of the change. Failure to file a report within 30 days of any change in status may result in a penalty and additional real property taxes being assessed.

MINIMUM \$300 REAL PROPERTY TAX

There is a \$300 minimum real property tax. This means that every parcel of taxable real property, for which the computed tax amounts to less than \$300, is liable for this minimum real property tax.

KNOW YOUR PARCEL ID (TAX MAP KEY NUMBER)

All real property is mapped and indexed by number according to a tax key system kept by the Real Property Assessment Division. The tax map key identifies your property and homeowners should know their numbers when inquiring about their property. Refer to your assessment notice for your tax map key number.

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