PROPOSED HAWAIʻI COUNTY HOMEOWNER PROPERTY TAX RELIEF BILL

Homeowner and Kūpuna Tax Relief Act of 2027

Keep local families in their homes. Protect kūpuna. Require responsible county spending.

Citizen proposal for public review and signatures. Hawai'i County Council must enact and fund the program before relief begins.

1. TWO FORMS OF PROPERTY TAX RELIEF

Native Hawaiian kūpuna age 65 and older. The proposal calls for a full county real property tax exemption on qualifying owner-occupied primary homes, including a waiver of the minimum property tax. The proposed exemption has no income limit. Enactment requires the legal and funding reviews described below.

Other qualifying homeowners. The proposal would limit annual county real property tax to **2% of combined gross income**, subject to the applicable minimum tax, for eligible homeowners whose titleholders have combined annual gross income of **$80,000 or less**.

2. WHO QUALIFIES?

The property must be in Hawai'i County, be the applicant's primary residence, and qualify for the county homeowner exemption. Relief applies to one primary home. Vacation homes, short-term rentals, and separately identifiable rental or commercial portions are excluded.

For the income-based credit, no titleholder may own other real property, except as allowed under the inherited-family-land provision in Section 5. Count all titleholders' taxable and nontaxable gross income, including Social Security, pensions, wages, and rental income. Exclude loan proceeds and transfers between an owner's own accounts.

3. FULL EXEMPTION FOR NATIVE HAWAIIAN KŪPUNA AGE 65 AND OLDER

Request a full exemption for qualifying resident homeowners of Native Hawaiian ancestry who are **65 or older by June 30 before the tax year begins**. Before enactment, county counsel must provide written analysis identifying a lawful basis, addressing federal and state equal protection, and recommending eligibility and documentation standards.

The proposal leaves the definition of qualifying Native Hawaiian ancestry and acceptable documentation to the ordinance drafting process, informed by county counsel's written analysis. Council must adopt eligibility rules through a public process, with privacy protections and an opportunity to appeal.

A qualifying resident owner may claim the exemption even if a spouse or co-owner is younger. A senior co-owner who lives elsewhere cannot qualify the home.

Exempt the qualifying home and its residential homesite from **100% of county real property tax, including the minimum tax**. Separately assessed land and identifiable income-producing portions remain taxable. The residential homesite includes the land the County assesses as supporting the dwelling and its ordinary residential use.

The Finance Department must identify the exempt area and value in writing, allow an appeal, and preserve lawful agricultural treatment for the remaining land. A qualifying farm home may receive relief while the rest of the farm retains its applicable tax treatment.

The exemption cancels the qualifying tax for that year. Existing unpaid taxes, service charges, and special assessments remain due.

4. INCOME-BASED CREDIT

For eligible homeowners who do not receive the full kūpuna exemption, calculate annual tax after existing exemptions and other credits. Grant a credit for the amount above **2% of combined gross income for the calendar year before the application year**. The credit cannot reduce the bill below the applicable minimum tax. No cash refund, duplicate credit, or carryover is allowed.

For applications filed in **2027** for the **2028–2029** tax year, use **2026 income**. Follow the same rule in later years. Calculate the final credit using the tax for the year receiving relief after rates are adopted. Apply the credit to both installments and correct billing errors promptly.

Example with $2,000 in annual property tax before the proposed relief

Combined gross income or eligibility	Tax after relief	Annual savings
$25,000	$500	$1,500
$50,000	$1,000	$1,000
$80,000	$1,600	$400
Qualifying Native Hawaiian homeowner age 65 or older	$0	$2,000

Examples assume full eligibility. The applicable minimum tax still applies to the income-based credit.

5. PROTECTIONS FOR LOCAL FAMILIES

Inherited family land. For the income-based credit, disregard an inherited, undivided interest in other family land if it produces no income, provides no second home or vacation use, and cannot reasonably be sold separately without partition. Require disclosure and proof.

Trusts and life estates. Allow qualifying resident owners with a recognized beneficial ownership interest or recorded life estate to apply under county homeowner exemption rules. Require genuine ownership and primary occupancy.

Past-due taxes. Allow owners complying with an approved payment plan to qualify. Existing taxes, penalties, and interest remain due.

6. APPLICATIONS AND APPEALS

Provide paper and online applications, phone and in-person assistance, written reasons for denial, at least **30 days to correct missing information**, and an appeal process. Protect applicant records as required by law.

Verify income annually for the 2% credit. For the kūpuna exemption, verify age and ancestry once and renew automatically while the owner remains eligible. Require owners to report changes in ownership or occupancy within 30 days. Allow qualifying temporary absences under homeowner exemption rules. Provide notice and an appeal before recovering improperly obtained relief.

7. FUND RELIEF THROUGH VERIFIED SPENDING SAVINGS

Before benefits begin, require a public financial plan that estimates the number of eligible homes, revenue losses from both programs, and administrative costs. Identify lawful, recurring spending savings sufficient to cover those costs.

Review consulting contracts, vacant administrative positions, travel, software, fleet costs, overtime, and overlapping programs. Protect essential workers and services. Exclude borrowing, restricted grants, and one-time cuts from permanent funding.

Do not fund relief through higher property tax rates on homeowners, agricultural properties, qualifying long-term rentals, or locally owned small businesses, or through higher penalties or more aggressive collections. If verified savings fall short, Council must publish the gap and identify additional recurring savings before launch.

Once enacted and funded, grant relief to every eligible applicant. Publish annual totals for recipients, tax relief, administrative costs, spending reductions, and actual savings while protecting private applicant information.

8. THE HONOLULU MODEL

Honolulu's income-based credit uses a **3% threshold** and an **$80,000 combined income limit for titleholders**. It requires annual applications and a home exemption, generally excludes owners of other property, and retains a minimum tax.

This proposal uses a **2% threshold**, adds a limited exception for inherited family land, and bases the credit on the tax for the year receiving relief.

Honolulu's larger home exemption for owners age 65 and older reduces taxable value. The full exemption proposed here for Native Hawaiian kūpuna is a separate request that requires the written legal analysis in Section 3.

9. PROPOSED SCHEDULE

- **2027** — Council obtains written legal analysis, reviews costs and recurring savings, holds public hearings, and considers amendments to Hawai‘i County Code Chapter 19.
- **September 30, 2027** — Proposed first application deadline.
- **December 31, 2027** — Preliminary eligibility notices, subject to continued eligibility.
- **June 2028** — Calculate final credits after tax rates are adopted and before billing.
- **July 1, 2028** — Proposed start of relief for the 2028–2029 tax year.

Council may set later dates to allow time for lawful funding and administration. The Finance Department must publish clear rules and forms. Apply the most favorable available relief without duplication. If a court invalidates one provision, preserve the provisions that can operate independently.

OFFICIAL SOURCES

- Honolulu income-based property tax credit, Revised Ordinances §8-13.2
- Honolulu homeowner exemption and age-65 provisions

HAWAIʻI COUNTY HAWAIʻI COUNTY HOMEOWNER PROPERTY TAX RELIEF BILL— PUBLIC SIGNATURES

By signing below, I endorse the complete proposed **Homeowner and Kūpuna Tax Relief Act of 2027** and ask Hawaiʻi County Council to enact and fund its age-65 property tax exemption and 2% income-based tax limit, subject to the proposal's eligibility rules and minimum-tax provisions.

Please review the complete proposal before signing. Please sign only once.

Print Name	Signature	Island AND Town or District	Date

These signatures support the proposed Homeowner and Kūpuna Tax Relief Act of 2027, including its eligibility rules and requirement for verified recurring spending savings to fund relief. This signature page must accompany the complete proposal when submitted to Hawaiʻi County Council.