



# BILL 46: EMPTY HOMES TAX




















**BILL 46** endeavors to tax property owners with a new tax classification—**Residential E**—for properties that are vacant for 6 months or more within the City's fiscal year. The Honolulu City Council's goal is to discourage out-of-state investment in hopes of freeing up inventory for local residents to purchase or to raise tax revenue to spend on affordable housing solutions.

## HERE IS THE TRUTH ABOUT THE BILL:

ASSUMPTION	FACT
<i>Bill 46 will free up inventory for locals to buy.</i>	<b>There simply isn't much vacant inventory in neighborhoods that would be considered "affordable" for local residents</b> , or in areas where they want to live.
<i>Bill 46 will generate significant tax revenue.</i>	<b>In January, Ernst &amp; Young to complete a study offering a more accurate assessment of the revenue and impact of Bill 46.</b> The 11,000 homes and \$189 million in revenue being stated in reports are far from accurate.
<i>Bill 46 will be simple to enforce.</i>	<b>There are too many unanswered questions about how to implement and enforce this new tax.</b> Director of Budget and Fiscal Services Andrew Kawano testified that administering such a tax "would break the system."
<i>Bill 46 will not harm locals.</i>	<b>Many homeowners will be caught unaware and penalized each year with the introduction of a new tax classification.</b> Under Residential E, every property without an owner-occupant exemption will automatically be considered an empty home, requiring the owner to opt-out and prove that the home is occupied. If property owners miss the filing deadline, they will be deemed an empty home for an entire year and face a significant empty homes tax.
<i>Bill 46 will not impact Neighbor Island homeowners.</i>	<b>Bill 46 would trigger Maui, Moloka'i, Kauai, Lanai, or Hawai'i Island residents who own property on O'ahu</b> , unless their primary income comes from O'ahu.
<i>Bill 46 revenue will support affordable housing.</i>	<b>Bill 46 allocates only 20% of the tax revenue to affordable housing initiatives via the Office of Housing</b> , with 5% going toward administrative costs and the balance towards the General Fund.
<i>Bill 46 is legally sound.</i>	<b>It's uncertain whether Bill 46 would hold up in court due to serious concerns about the measure's constitutionality.</b> Recently, a similar measure was overturned in San Francisco.
<i>The exemptions in Bill 46 cover all Kama'āina.</i>	<b>Kama'āina who inherited or purchased a property on O'ahu in hopes of returning home will be penalized by this tax.</b> Though they now live on the mainland for whatever reasons, they visit often and live in their family home when they are here. They want to retire to their family home eventually. Why should they be impacted by this tax?

**SOLUTIONS:** The Honolulu Board of REALTORS® (HBR) has encouraged the City Council to target the properties that are most likely empty homes by using the Residential A classification and properties valued at \$3M and above. That will not hurt our local residents or burden our real property tax department unnecessarily and will be easy to enforce. HBR has also urged the Council to pause and wait for the \$500,000 Ernst & Young study to tell us the true size of the affected market and the potential outcomes of the empty homes tax. From there, we can establish sensible solutions to generate revenue and determine ways to deploy the funds to help with housing.

**Time is ticking - Bill 46 goes to the last full council vote on December 11<sup>th</sup>.  
Contact your Councilmember to voice your concerns and opposition to this bill.**

<p><b>CONTACT YOUR COUNCILMEMBER</b> Representatives who support/undecided on Bill 46</p>					<p><b>CONTACT YOUR COUNCILMEMBER</b> Representatives who oppose Bill 46</p>			
								
DISTRICT 4, CHAIR Tommy Waters ☎ 808-768-5004	DISTRICT 2 Matt Weyer 808-768-5002	DISTRICT 5 Calvin Say ☎ 808-768-5005	DISTRICT 6 Tyler Dos Santos-Tam ☎ 808-768-5006	DISTRICT 7 Radiant Cordero ☎ 808-768-5007	DISTRICT 1 Andria Tupola ☎ 808-768-5001	DISTRICT 3 Esther Kia'aina ☎ 808-768-5003	DISTRICT 8 Val Aquino Okimoto ☎ 808-768-5008	DISTRICT 9 Augie Tulba ☎ 808-768-5009
								
								

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