Real Property Tax Rates: A Tool for Counties to Meet Residents’ Needs
Hawai‘i’s growing public obligations

• **$59.6 Billion.** Capital cost estimates for public infrastructure, climate change mitigation, water/sewer

• **$6.5 Billion.** Subsidies for workforce housing

• **$200 Million/Year.** Public pre-K costs
Hawaiʻi budget for FY22
(in millions)

Total $15.9 Billion

- Education (14%)
- Medicaid/Soc Asst (19%)
- Debt Service (6%)
- Public Worker Pension/OPEB (10%)
- Balance of State Budget (52%)

$8,204
$2,162
$3,027
$938
$1,570
State: limited revenue-raising potential

- GET burdensome for low-income households
- Income tax revenue growth limited

<table>
<thead>
<tr>
<th>Seniors</th>
<th>Low-Wage Workers</th>
<th>High-Wage Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.6B retirement income exempted in 2018</td>
<td>56% of filers have AGI &lt;$50K. Tax liability is 12%</td>
<td>Only 1% of filers has AGI $400,000 or more</td>
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</tbody>
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Hawaiʻi RPT rates fell after 1978

• Hawaiʻi has lowest average residential RPT rate
  (20th in revenue due to high value)

<table>
<thead>
<tr>
<th></th>
<th>Hawaiʻi</th>
<th>National Average</th>
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</thead>
<tbody>
<tr>
<td>RPT Rate</td>
<td>0.280%</td>
<td>1.240%</td>
</tr>
<tr>
<td>Taxes on Med. Value Home</td>
<td>$1,715</td>
<td>$3,313</td>
</tr>
</tbody>
</table>
## Average RPT Rate: 1983 and 2022

<table>
<thead>
<tr>
<th>Location</th>
<th>RPT Rate 1983</th>
<th>RPT Rate 2022</th>
<th>Rev. Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honolulu</td>
<td>0.806%</td>
<td>0.575%</td>
<td>+$556</td>
</tr>
<tr>
<td>Maui</td>
<td>0.450%</td>
<td>0.708%</td>
<td>($140 million)</td>
</tr>
<tr>
<td>Hawaiʻi</td>
<td>1.001%</td>
<td>0.984%</td>
<td>+$6 million</td>
</tr>
<tr>
<td>Kauaʻi</td>
<td>0.870%</td>
<td>0.685%</td>
<td>+$42 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>0.776%</strong></td>
<td><strong>0.645%</strong></td>
<td><strong>+$465 million</strong></td>
</tr>
</tbody>
</table>
RPT rates address housing market

<table>
<thead>
<tr>
<th></th>
<th>Changes Since 1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hawaiʻi</td>
<td>Homeowner. Affordable rental. Tiers by value.</td>
</tr>
</tbody>
</table>
RPT rates: Opportunity

• Increasing rates on houses not used for local residents can help pay for workforce housing.

• Additional revenue can finance bonds to subsidize affordable housing (Los Angeles, San Francisco, Portland, maybe Maui?)
Recommendation

Commission should encourage counties to explore ways RPT can enhance revenues to support housing and other growing capital needs.