

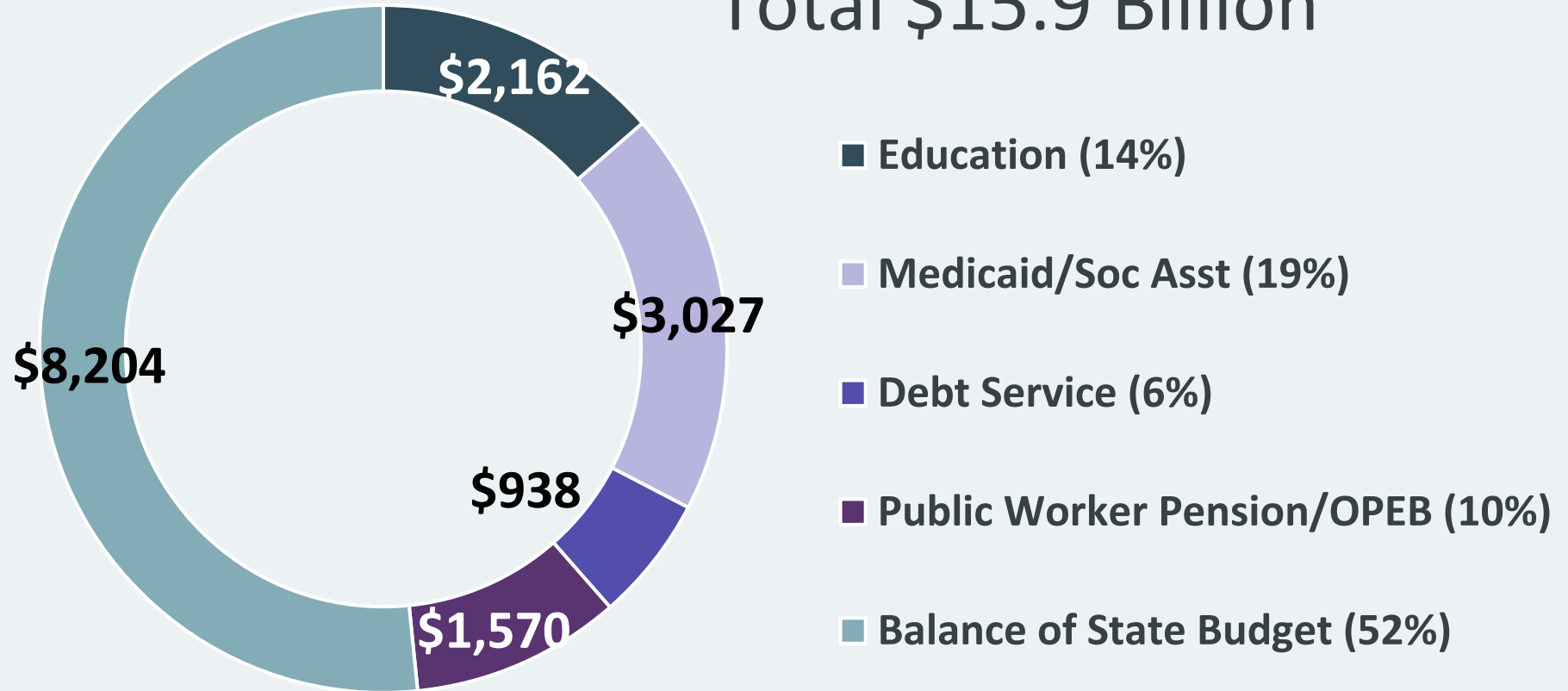
Real Property Tax Rates:
*A Tool for Counties to
Meet Residents' Needs*

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

Hawai'i budget for FY22 (in millions)

Total \$15.9 Billion



State: limited revenue-raising potential

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

Seniors	Low-Wage Workers	High-Wage Workers
\$4.6B retirement income exempted in 2018	56% of filers have AGI <\$50K. Tax liability is 12%	Only 1% of filers has AGI \$400,000 or more

Hawai'i RPT rates fell after 1978

- Hawai'i has lowest average residential RPT rate
(20th in revenue due to high value)

	Hawai'i	National Average
RPT Rate	0.280%	1.240%
Taxes on Med. Value Home	\$1,715	\$3,313

Average RPT Rate: 1983 and 2022

	RPT Rate 1983	RPT Rate 2022	Rev. Potential
Honolulu	0.806%	0.575%	+\$556
Maui	0.450%	0.708%	(\$140 million)
Hawai'i	1.001%	0.984%	+\$6 million
Kaua'i	0.870%	0.685%	+\$42 million
Total	0.776%	0.645%	+\$465 million

RPT rates address housing market

	Changes Since 1995
Honolulu	Res A with tiers by value. B&B Home.
Maui	Homeowner. Commercial residential. Short-term rental. Tiers by value.
Hawai'i	Homeowner. Affordable rental. Tiers by value.
Kaua'i	Homeowner. Commercial residential. Vacation rental. Residential investor.

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.