

EXPLANATION OF THE REAL PROPERTY TAX

HOMEOWNER EXEMPTION



COUNTY OF HAWAI'I REAL PROPERTY TAX DIVISION

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HOME EXEMPTION

This handout has been prepared by the Real Property Tax Division to assist property owners in the County of Hawai'i by providing an explanation of the benefits associated with the filing of a claim for home exemption. The home exemption is deducted from the gross value of your property to arrive at the net taxable value for the property.

The basic home exemption is \$40,000. For homeowners 60 years of age and older, higher exemption amounts apply (see "Home Exemptions for 60 Years of Age or Over"). In 2005, an additional exemption of 20% of the assessed value of property not to exceed \$80,000 was also enacted.

WHO QUALIFIES FOR THE HOME EXEMPTION?

You are entitled to the home exemption if:

- 1) You own and occupy the property as your principal home for more than 200 calendar days of a calendar year. The term "principal home" is defined as the place where an individual has a true, fixed, permanent home and principal establishment and to which place the individual has whenever absent, the intention of returning. It is the place in which a person has voluntarily fixed habitation, not for mere special, temporary or vacation purposes, but with the intention of making a permanent home. The three elements that are necessary for real property to be considered a "principal home" are:
 - (A) The taxpayer has no other home exemption or principal home in any other jurisdiction;
 - (B) Intent of the owner to create or maintain a principal home within the County; and
 - (C) Owner's actual physical occupancy of the principal home within the County.
- 2) The ownership of your property is recorded at the Bureau of Conveyances on or before December 31 preceding the tax year for which the exemption is claimed or by June 30. All leases must be for a term of ten years or more and recorded at the Bureau of Conveyances in order for the lessee to qualify for the home exemption.

In the case of a lease of Hawaiian homestead land, either lessee and/or spouse shall be entitled to the home exemption. Proof of marriage must be submitted for the non-Hawaiian spouse claiming the home exemption.

- 3) You must file a claim, Form 19-71 for the home exemption on or before December 31 preceding the tax year for first half payment or by June 30 for the second half payment.

SINGLE HOME EXEMPTION

The law allows just one home exemption for any taxpayer. A husband and wife shall not be permitted exemption of separate homes owned by each of them, unless they are living separate and apart, in which case they shall be entitled to one exemption, to be apportioned equally between each of their respective homes.

HOME EXEMPTIONS FOR 60 YEARS OF AGE OR OVER

- For those aged 60 to 69, the exemption amount is \$80,000.
- For those 70 and older, the exemption amount is \$100,000.
- To obtain the \$80,000 or \$100,000 exemption, the claimant must be 60 or 70 years of age on or before December 31, preceding the tax year.

IF YOU SELL, RENT OR BUY ANOTHER HOME

If changes occur in the use of your home, such as renting, conducting a business or you no longer occupy the home, you must report such changes to the Tax Office. These changes will affect your exemption.

IF YOU RECENTLY PURCHASED A NEW HOME IT IS IMPORTANT TO FILE A NEW CLAIM FOR EXEMPTION. You will not qualify for the exemption that was filed by the seller of the property nor will a claim be transferred from your former residence, if you had one.

HOW TO FILE THE CLAIM

Call or visit the Tax Office and ask for Form 19-71. Complete the form. Submit a copy of your driver's license or proof of age. If you return the claim using the mail, the envelope must be postmarked by December 31 or June 30. Claim forms are also available on the Real Property Tax Division's website: www.hawaiipropertytax.com.

BENEFITS OF CLAIMING THE HOME EXEMPTION

The claim for home exemption will:

- 1) Reduce the net taxable value of your property
- 2) Allow you to be placed in the homeowner's class, if the property is used exclusively as your principal residence.

OTHER EXEMPTIONS ARE AVAILABLE

If you:

- 1) Are blind, deaf or totally disabled
- 2) Have Hansen's disease
- 3) Are a totally disabled veteran

Once filed and granted, a home exemption does not have to be re-filed annually as long as all requirements continue to be met. However, any person who has been allowed an exemption, has a duty to report to the assessor within thirty days after qualification for such an exemption ceases. Any person who fails to make a report within the time required shall be liable for a civil penalty of \$100. In addition to the penalty, any individual who files a fraudulent claim for an exemption or attests to any false statement shall be fined \$1,000.

MINIMUM TAX

Parcels of real property including those that qualify for a home exemption are subject to a minimum tax.

(Revised 1/06)