



 808-733-7060
 808-737-4977

 1259 A'ala Street, Suite 300
Honolulu, HI 96817

February 25, 2026

The Honorable Donovan M. Dela Cruz, Chair

Senate Committee on Ways and Means
State Capitol, Conference Room 211 & Videoconference

RE: Senate Bill 3333, SD1, Relating to Taxation

HEARING: Wednesday, February 25, 2026, at 10:57 a.m.

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 10,000 members. HAR **supports the intent** of Senate Bill 3333, SD1, which requires each county to apply any applicable real property tax exemptions, reduced assessments, or tax classifications for any affordable housing subject to income, resale, or occupancy restrictions as of the date a qualifying owner takes title to the affordable housing for the upcoming tax period, consistent with county procedures. Effective 4/19/2042.

As an example, on Oahu, homeowners must file a home exemption for property taxes by September 30 to apply to the following tax year. Additionally, taxpayers may file an appeal by January 15 after assessment notices are issued on December 1. As a result, homeowners who purchase an affordable housing unit between these periods may be subject to higher property tax rates until they are able to file for the homeowner exemption in September for the following year. As such, this measure can help homebuyers of affordable housing units by ensuring that the appropriate tax rate is applied at the time of purchase.

Mahalo for the opportunity to testify on this measure.



TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: REAL PROPERTY, Specifies Effective Date for Exemptions When Property Transferred

BILL NUMBER: SB 3333 SD1

INTRODUCED BY: EIG/HOU

EXECUTIVE SUMMARY: Requires each county to apply any applicable real property tax exemptions, reduced assessments, or tax classifications for any affordable housing subject to income, resale, or occupancy restrictions as of the date a qualifying owner takes title to the affordable housing for the upcoming tax period, consistent with county procedures.

SYNOPSIS: Adds a new section to chapter 46, HRS, stating that each county shall apply any applicable real property tax exemptions, reduced assessments, or tax classifications for any affordable housing subject to income, resale, or occupancy restrictions as of the date a qualifying owner takes title to the affordable housing for the upcoming tax period, consistent with county procedures.

EFFECTIVE DATE: April 19, 2042.

STAFF COMMENTS: This bill might not be effective to accomplish anything. *State ex rel. Anzai v. City and County of Honolulu*, 99 Hawai‘i 508, 57 P.3d 433 (2002), established that any county is “free to exercise its exclusive authority to increase, diminish, enact, or repeal any exemptions involving real property taxes without interference by the legislature.” *Id.*, 57 P.3d at 446. Real property taxes are the exclusive province of the counties, under the Hawaii Constitution, and the counties would have the right to ignore any state constraints on real property taxation.

Digested: 2/23/2026

DEPARTMENT OF BUDGET AND FISCAL SERVICES
KA 'OIHANA MĀLAMA MO'OHELU A KĀLĀ
CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • WEBSITE: honolulu.gov/budget

RICK BLANGIARDI
MAYOR
MEIA



ANDREW T. KAWANO
DIRECTOR
PO'O

CARRIE CASTLE
DEPUTY DIRECTOR
HOPE PO'O

February 24, 2026

The Honorable Donovan M. Dela Cruz, Chair
The Honorable Sharon Moriwaki, Vice-Chair
and Members of the Senate Committee on Ways and Means
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Dela Cruz, Vice-Chair Moriwaki, and Committee Members:

SUBJECT: Testimony on Senate Bill 3333, SD1 (2026)
Hearing: February 25, 2026 at 10:57 a.m., Conference Room 211
and via Videoconference

The Department of Budget and Fiscal Services, City and County of Honolulu ("City"), expresses **strong concerns** with Senate Bill ("SB") 3333, SD1 (2026), which directs each county to apply certain tax relief to qualifying affordable housing properties.

While the City acknowledges the proposed intent, the City will continue to comply with the Constitution of the State of Hawaii, Article VIII, § 3, which states the powers and duties relating to the taxation of real property shall be exercised exclusively by the counties. In this interpretation of the Constitution, the City believes that this measure will be ineffective if passed. We do, however, understand the concerns and will meet internally to discuss and consider.

For these reasons, the City respectfully expresses **strong concerns** with SB 3333, SD1 (2026). Thank you for the opportunity to provide testimony on this measure.

Sincerely,


Andrew T. Kawano
Director