



Roadmap to HAWAII PROPERTY TAXES

General Assessment Overview

The counties in the state of Hawaii correspond to the four main islands: The city and county of Honolulu (the main island of Oahu), Maui and Lanai, Kauai, and Hawaii (the Big Island).

In each county, real property assessments and taxation are functions of the Real Property Tax Division of the Department of Finance. Personal property is not assessed in Hawaii.

Hawaii's assessment ratio is 100%. The assessment date for Hawaii and Maui is January 1. The city and county of Honolulu and county of Kauai assessment dates are October 1.

The primary method of appraisal is the replacement cost approach, followed by the sales comparison approach. Occasionally, the Board of Review (BOR) will also consider the capitalized income approach and equalization of assessments, although typically, little to no weight is given to these methodologies. Their primary concern, however, is the same as that of the Appraisal Division, which is replacement cost or market sales.

As a disclosure state, all real estate transaction amounts must be reported to state and local government. Sales are utilized in determining benchmarks, but again the cost approach by statute is the main methodology of valuation.

Various assessable commercial improvement values are recosted for a given year. The recosting consists of entering improvement characteristics from the assessor's building record into a computer system that calculates replacement cost of the improvement, less depreciation.

The assessors aggressively pursue land market value, and often that is the variance in values year over year.

Valuation Notices

Depending on the property's respective county or city, valuation notices are issued at different times of the year.

The counties of Hawaii, Maui, and Lanai issue their values in March of each year. The county of Kauai releases its values in early December. The city and county of Honolulu issues assessments on or just before December 15 of each year.

Appeals

As values are issued at different times, each county and city has various appeal deadlines. The filing deadline for the city and county of Honolulu is January 15. The counties of Hawaii, Maui, and Lanai have a filing deadline of April 9, and Kauai's appeal deadline is December 31.

In the counties of Hawaii and Maui, grounds for an appeal must be that the assessment is more than 20% above the fair market value. The county of Kauai maintains a 15% variance, and Honolulu County will hear appeals claiming an overassessment of 10% or more. **There is no statute of limitations on appeals.**

Appeal filing fees vary by county on a Tax Map Key (TMK—Hawaii's terminology for parcel) basis. If a prior assessment value rolls over with the exact value and was appealed in a prior year, it is assumed to be automatically appealed for the current year.

Prior to filing a formal appeal, property owners are encouraged to informally discuss their values with the local assessor.

If a difference of value opinion cannot be settled, an appeal to the **Tax Board of Review (BOR)** can be made. A filing fee must be submitted with the appeal paperwork. The BOR is comprised of five members, who are typically private citizens. The burden

of proof lies with the taxpayer, and while a property owner is not required to be present at the hearing, it is recommended.

If a property owner is unsatisfied with the BOR decision, an appeal can be made to the **Tax Appeal Court**. An attorney is required at this level. The deadline for this type of appeal is 30 days from the BOR's decision letter, and filing fees also apply. The appeal paperwork must be sent directly to the Tax Appeal Court, and copies should go to the Real Property Tax Division.

A BOR appeal is not required before filing to the Tax Appeal Court, although it is the standard process. If a property owner decides to file directly to the Court, the complaint must be filed within 30 days after payment under protest. Filing directly to the Tax Appeal Court is typically only used for larger, problematic appeals.

All tax payments due must be paid timely to avoid any penalties or interest. Any adjustment from an appeal can be credited to a future bill or, if requested, refunded.

Additionally, a property appraisal, performed by a local licensed appraiser well versed in local customs, is highly recommended for any level of appeal. Without it, the appeal is at the mercy of the Board and Courts.

Overall, Hawaii grants a lot of authority to the local levels. As such, the assessors and Boards work to ensure the tax burden via assessments, and tax rates are shifted away from homeowners and toward commercial owners. The city and county of Honolulu have tax rates broken out by property classification. Homeowners, multiresidential, and agricultural properties have significantly lower tax rates than commercial real estate.

Tax Bills

Property taxes are calculated by multiplying the property's value by the county's tax rate.

Property tax bills are paid in two installments, regardless of where the property is located. **The first half installment is due August 20, and the second half installment is due February 20.**

Hawaii Tax Calendar

Real Estate

Assessment Date	Jan 1 (Counties of Hawaii and Maui) Oct 1 (Honolulu City and Co, Kauai)
Value Notices Issued	Mar (Counties of Hawaii and Maui) Dec 1 (County of Kauai) Dec 15 (Honolulu City and County)
Appeal Deadline	Jan 15 (Honolulu City and County) Apr 9 (Counties of Hawaii and Maui) Dec 31 (County of Kauai)
Tax Bills Due	Aug 20 (1st installment) Feb 20 (2nd installment)

Personal Property

Exempt
