

HOW TO CALCULATE YOUR RP TAX BILL ***

1.) Homeowner Class

- If** a) Tax rate is \$4.45/1,000
- b) Bldg value = \$50,000 **WITH HOME EXEMPTION,**
- c) Land value= \$50,000 **PROPERTY IS PLACED IN**
- d) Total value= \$100,000 **HOMEOWNERS CLASS WITH**
- e) Less exempt (\$40,000) **LOWEST TAX RATE**
- f) Net taxable= \$60,000
- g) $\frac{\text{Net taxable} \times \text{Tax rate}}{1,000} = \text{Total Taxes Due}$
- h) $\frac{\$60,000 \times \$4.45}{1,000} = \$267.00$

2.) Improved Residential Class IF PROPERTY IS NOT USED

- If** a) Tax rate is \$8.50/1,000 **EXCLUSIVELY FOR**
- b) Bldg value = \$50,000 **RESIDENTIAL PURPOSES,**
- c) Land value= \$50,000 **WILL REMAIN IN ORIGINAL**
- d) Total value= \$100,000 **CLASS (SAMPLE REFERS TO**
- e) Less exempt (\$40,000) **IMPROVED RESIDENTIAL).**
- f) Net taxable= \$60,000
- g) $\frac{\text{Net taxable} \times \text{Tax rate}}{1,000} = \text{Total Taxes Due}$
- h) $\frac{\$60,000 \times \$8.50}{1,000} = \$510.00$

This tax bill calculation example should demonstrate the difference between the classifications used by the tax division in calculating your real property tax liability. This should also demonstrate the importance of filing your claim for the home exemption. Look at the tax calculation below for the taxpayer who does not file the home exemption claim. Land and building values are assumed to be the same.

3.) Improved Residential Class

- If** a) Tax rate is \$8.50/1,000
- b) Bldg value = \$50,000
- c) Land value= \$50,000
- d) Total value= \$100,000
- e) Net taxable= \$100,000
- f) $\frac{\text{Net taxable} \times \text{Tax rate}}{1,000} = \text{Total Taxes Due}$
- g) $\frac{\$100,000 \times \$8.50}{1,000} = \$850.00$

THERE IS A MINIMUM TAX

*****TAX RATES ARE SUBJECT TO CHANGE EACH YEAR!**

(Rev. 7/02)

**EXPLANATION OF THE
REAL PROPERTY TAX
HOMEOWNERS EXEMPTIONS**

COUNTY OF HAWAII
REAL PROPERTY TAX DIVISION
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HOME EXEMPTIONS

This handout has been prepared by the Real Property Tax Division to assist property owners in the County of Hawaii by providing an explanation of the benefits associated with filing 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. As of January 1, 1991, the basic home exemption is \$40,000. For homeowners 60 years and older additional exemptions are available.

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. 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 their habitation, not for mere special, temporary, or vacation purposes, but with the intention of making a permanent home.
- 2) The ownership of your property is recorded at the Bureau of Conveyances, State Dept. of Land and Natural Resources, in Honolulu, on or before December 31 preceding the tax year for which the exemption is claimed. All leases must be for a term of ten years or more and recorded at the Bureau in order for the lessee to qualify for 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 which you are claiming the exemption.

SINGLE HOME EXEMPTION

The law allows just one (1) 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.

MULTIPLE HOME EXEMPTIONS FOR SENIOR CITIZENS

- For those age 60 to 69, the multiple home exemption is twice the basic home exemption or \$80,000.
- For those 70 and older, the multiple exemption is 2-1/2 times the basic exemption or \$100,000.
- To obtain the multiple home 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.

HOW TO FILE THE CLAIM.

Call or visit the Tax Office and ask for Form 19-71. Complete the form. Both husband and wife should sign the form. Submit a copy of your drivers license or some proof of your date of birth. If you return the claim using the mail, the envelope must be postmarked by December 31.

BENEFITS OF CLAIMING THE HOME EXEMPTION -The claim for home exemption will.....

- 1) Reduce the net taxable value for your property
- 2) Allow you to be placed in the homeowners class, if the property is used exclusively for residential purposes.

See sample tax calculations on next page.

OTHER EXEMPTIONS ARE AVAILABLE - IF YOU :

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

Please call or visit the office for details.