

# Real Estate Taxes

- Ownership of real estate is subject to taxation.
- Primary sources of government income:
  - Income tax
  - Sales tax
  - General excise tax
  - Real property tax



# Real Property Taxes

- Most common method of determining taxes is ad valorem (according to value).
- Responsibility for annual evaluation and assessment lies with each county.
- Property should be assessed at 100% of its fair market value.
- The tax rate is determined by each county and varies depending on the type & use of the property.



# Tax Collection

- Taxes are assessed on a calendar year.
- Are collected in two installments on a fiscal year which runs from July 1<sup>st</sup> to June 30<sup>th</sup>.
- The first installment due August 20<sup>th</sup> pays from July 1<sup>st</sup> to December 31<sup>st</sup>.
- The second installment due February 20<sup>th</sup> pays from January 1<sup>st</sup> to June 30<sup>th</sup>.



## More on Property Taxes

- Taxes become delinquent if they are not paid by each installment due date.
- After three years, a sale by public auction may be held.
- An owner may appeal the tax assessment.



# Assessments

- ▶ Special assessments for sidewalk or street widening, sewage or drainage systems, park or recreational facilities, or other general improvements may be levied by the county.
- ▶ Special assessment bills are sent out annually, and must be paid either in full or installments.
- ▶ Often times large assessments are prorated at closing and assumed by the buyer.



# Homeowner Tax Exemption

## Oahu

- ▶ \$80,000. under 65
- ▶ \$120,000. age 65 and up
- ▶ Special Exemption for homeowners age 75 years and older whose household qualifies as low-income.

- ▶ Homeowner Tax Exemption in the neighbor counties varies from county to county.
- ▶ Check with the Real Property Tax Division in the various counties for the current exemption.



# Home Exemptions

- ▶ Exemption amount is subtracted from the assessed value of the owner occupant and the homeowner is taxed on the balance.
- ▶ Homeowner must file for exemption by the deadline in each county.
- ▶ Exemption will remain in place until property is sold.



## More on Home Exemptions

- ➔ If a couple is separated and living in separate homes, they can prorate one home exemption.
- ➔ Home exemption is available to a person with a residential lease of five years or more who is responsible for paying taxes.
- ➔ Owners of co-op and condominiums qualify.
- ➔ Vendee in Agreement of Sale qualifies.





## Further Exemptions Apply to:

- ▶ Disabled veterans;
  - ▶ no tax at all.
- ▶ Blind
- ▶ Deaf
- ▶ Totally disabled
- ▶ Amputees
- ▶ Paralytics
- ▶ Incurably insane
- ▶ Hansen's disease
  - ▶ Leprosy
- ▶ Religious organizations
- ▶ Educational institution
- ▶ Government agency

