

COUNCIL OF THE COUNTY OF MAUI
**BUDGET, FINANCE, AND ECONOMIC
DEVELOPMENT COMMITTEE**

July 15, 2022

**Committee
Report No. _____**

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget, Finance, and Economic Development Committee, having met on June 29, 2022, makes reference to Bill 93 (2022), entitled "A BILL FOR AN ORDINANCE AMENDING SECTIONS 3.48.450 AND 3.48.466, MAUI COUNTY CODE, RELATING TO HOMEOWNER EXEMPTIONS."

Bill 93's purpose is to amend Sections 3.48.450 and 3.48.466, Maui County Code, to increase the homeowner exemptions for a principal home to \$300,000, and for a long-term rental to \$400,000, beginning January 1, 2023.

Your Committee discussed the significant increase in property valuations that has impacted real property tax payments for homeowners of principal homes and long-term rentals in Maui County.

The Director of Finance said the homeowner exemption was last increased in 2006, and then reduced to the current amount in 2012. He said the adjustments were made after reviewing the property values over time and adjusting the amount of the exemption.

The Director projects the anticipated revenue impact to the County would be approximately \$5.7 million.

Your Committee voted 9-0 to recommend passage of Bill 93 (2022) on first reading. Committee Chair Rawlins-Fernandez, Vice-Chair Paltin, and members Johnson, Kama, King, Lee, Molina, Sinenci, and Sugimura voted "aye."

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**Committee
Report No. _____**

Your Budget, Finance, and Economic Development Committee RECOMMENDS that Bill 93 (2022), attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING SECTIONS 3.48.450 AND 3.48.466, MAUI COUNTY CODE, RELATING TO HOMEOWNER EXEMPTIONS," be PASSED ON FIRST READING and be ORDERED TO PRINT.

This report is submitted in accordance with Rule 8 of the Rules of the Council.



KEANI N.W. RAWLINS-FERNANDEZ, Chair

bfed:cr:22082aa:lcm

ORDINANCE NO. _____

BILL NO. 93 (2022)

A BILL FOR AN ORDINANCE AMENDING SECTIONS 3.48.450 AND 3.48.466,
MAUI COUNTY CODE, RELATING TO HOMEOWNER EXEMPTIONS

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. The Council finds that escalated housing market inflation has substantially increased property value assessments, which has caused undue burden for Maui County residents. The Council, therefore, seeks to mitigate these impacts by increasing the homeowner exemption to help offset financial hardships directly related to inflated housing valuations.

SECTION 2. Section 3.48.450, Maui County Code, is amended by amending subsection A to read as follows:

“A. Real property owned and occupied only as a principal home, as of the date of assessment, by an individual or individuals, ~~[shall]~~ will be exempt only to the following extent from property taxes:

1. For tax year ending June 30, ~~[2012:]~~ 2023:
 - a. Totally exempt where the value of the property is not in excess of ~~[\$300,000;]~~ \$200,000; or
 - b. Where the value of the property is in excess of ~~[\$300,000,]~~ \$200,000, the exemption ~~[shall]~~ will be in the amount of ~~[\$300,000.]~~ \$200,000.
2. For tax years beginning on or after July 1, ~~[2012:]~~ 2023:
 - a. Totally exempt where the value of the property is not in excess of ~~[\$200,000;]~~ \$300,000; or
 - b. Where the value of the property is in excess of ~~[\$200,000,]~~ \$300,000, the exemption ~~[shall]~~ will be in the amount of ~~[\$200,000.]~~ \$300,000.”

SECTION 3. Section 3.48.466, Maui County Code, is amended by amending subsection B to read as follows:

“B. The provisions of subsection A will apply, provided, as follows:

1. That long-term rental exemptions may be allowed on more than one home for any one taxpayer, provided however, that the homes are located on different parcels.

2. That where a homeowner resides and in accordance with the requirements of 3.48.450 qualifies for a homeowner exemption, and a long-term rental exemption, for tax years beginning on or after July 1, [2022:] 2023:

a. Totally exempt where the value of the property is not in excess of [~~\$300,000;~~] \$400,000; or

b. Where the value of the property is in excess of the [~~\$300,000,~~] \$400,000, the exemption will be in the amount of \$100,000.

3. That if a portion of the premises is used for commercial purposes, such portion of the premises will not be entitled to an exemption, but will be entitled to an exemption with respect to the portion thereof used exclusively as a long-term rental.

4. That no such exemption will be allowed for any real property that is classified as “commercialized residential” or as a “short-term rental.””

SECTION 4. Material to be repealed is bracketed. New material is underscored. In printing this bill, the County Clerk need not include the brackets, the bracketed material, or the underscoring.

SECTION 5. This Ordinance takes effect on January 1, 2023.

APPROVED AS TO FORM AND
LEGALITY:



KRISTINA C. TOSHIKIYO

Department of the Corporation Counsel

County of Maui

bfed:misc:032(7)abill01:ljcm

LF2021-0012

BFED-32(7) 2022-05-18 Ord Amd 3.48.450 & 3.48.466
Homeowner Exemptions

INTRODUCED BY:

A handwritten signature in black ink, appearing to read "Keani N.W. Rawlins-Fernandez". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

KEANI N.W. RAWLINS-FERNANDEZ