

**MICHAEL P. VICTORINO**  
Mayor

**SCOTT K. TERUYA**  
Director

**MAY-ANNE A. ALIBIN**  
Deputy Director



**DEPARTMENT OF FINANCE**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.mauicounty.gov](http://www.mauicounty.gov)

September 20, 2021



Honorable Michael P. Victorino  
Mayor, County of Maui  
200 South High Street  
Wailuku, Hawaii 96793

**APPROVED FOR TRANSMITTAL**

*Michael P. Viti* 9/21/21  
Mayor Date

For Transmittal to:

Honorable Tamara Paltin, Chair  
Planning and Sustainable Land Use Committee  
Maui County Council  
200 South High Street  
Wailuku, Hawaii 96793

Dear Chair Paltin:

**SUBJECT: AMENDING CHAPTERS 19.35, 19.64, AND 19.65, MAUI COUNTY CODE, RELATING TO ACCESSORY DWELLING, BED AND BREAKFAST HOME, AND SHORT-TERM RENTAL HOME PERMITS (PSLU-69)**

Pursuant to your request dated August 31, 2021, relating to accessory dwelling, bed and breakfast home, and short-term rental home permits, please see responses below:

May I please request your Department's response to the following:

1. What are the tax implications of using an accessory dwelling as a Bed and Breakfast Home ("B&B") or Short-Term Rental Home ("STRH"), as opposed to using it for long-term occupancy or leaving it unoccupied?

*Response: For the 2021 Assessment year, the non-owner occupied rate for tier 1 was \$5.45, tier 2 was \$6.05 and tier 3 was \$8.00. The*

*commercialized residential rate was \$4.40. If the accessory dwelling's use changes from being unoccupied to Bed and Breakfast Home ("B&B") and the tax rate remains the same the property would lower their property tax burden. If the property is granted a short-term rental home permit, the property taxes would raise from the non-owner occupied rate to the short-term rental rate. At this time, the tax rate for the long-term rental is unknown so RPAD can't foresee the tax implication of changing the use of the property.*

2. What are the tax implications, including for a homeowner exemption, of using a primary residence as a B&B or STRH with the owner or long-term renter residing in the accessory dwelling?

*Response: Per MCC 3.48.305B(2), a parcel that serves as the owner's primary residence and has been granted a bed and breakfast permit, a transient vacation rental permit, or a conditional permit allowing a transient vacation rental use pursuant to title 19 of this code shall be classified as "commercialized residential" without regard to its highest and best use. A home owners exemption or long-term rental exemption would not be given on this parcel as it isn't eligible for the property. Per MCC 3.48.305B(4) short-term rental includes a parcel that does not serve as the owner's primary residence and has been granted a short-term rental home permit. Because it isn't used as the owner's primary residence, the parcel wouldn't qualify for the home-owner's exemption. If the accessory dwelling is being used as a long-term rental they may be eligible for the exemption.*

Should you have any questions, please feel free to contact me at extension 7474.

Sincerely,



SCOTT K. TERUYA  
Director of Finance

Attachment

SKT/mm