

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

November 15, 2024

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 October 29, 2024, makes reference to Bill 145 (2024), entitled "A BILL FOR AN ORDINANCE TO AMEND SECTION 3.48.558, MAUI COUNTY CODE, RELATING TO THE REAL PROPERTY TAX EXEMPTION FOR CHILD CARE FACILITIES."

Bill 145's purpose is to increase the Real Property Tax exemption for child care facilities from \$50,000 to \$100,000.

Your Committee notes the exemption has not increased since Ordinance 2533 was enacted in 1997. Your Committee also notes recipients of the exemption may qualify for the home exemption.

The Director explained that commercial properties with a licensed child care facility may have the exemption applied for the portion of the property on which the facility is operating. Facilities located on government properties are not taxed, while facilities on nonprofit and church properties pay the minimum tax.

Your Committee supported providing a greater tax incentive for licensed child care facilities and daycare centers and recommended increasing the exemption to \$200,000. The larger exemption creates an opportunity for property owners to reduce rents to child care providers operating out of rentals.

The Director said increasing the exemption would have a minimal impact on the County's revenue as only nine properties received the exemption in Fiscal Year 2025, resulting in a total subsidy of \$950.

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

Page 2

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Report No. _____**


Your Committee agreed that licensed child care providers are an important resource for working families and financial incentives are needed to support these operations.

Your Committee voted 8-0 to recommend passage of Bill 145, CD1 (2024), on first reading. Committee Chair Sugimura, Vice-Chair Kama, and members Cook, Lee, Paltin, Rawlins-Fernandez, Sinenci, and U'u-Hodgins voted "aye." Committee member Johnson was excused.

Your Committee is in receipt of Bill 145, CD1 (2024), approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee's recommended revisions and nonsubstantive revisions.

Your Budget, Finance, and Economic Development Committee **RECOMMENDS** that Bill 145, CD1 (2024), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE TO AMEND SECTION 3.48.558, MAUI COUNTY CODE, RELATING TO THE REAL PROPERTY TAX EXEMPTION FOR CHILD CARE FACILITIES," 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.



YUKI LEI K. SUGIMURA, Chair

ORDINANCE NO. _____

BILL NO. 145, CD1 (2024)

A BILL FOR AN ORDINANCE TO AMEND SECTION 3.48.558,
MAUI COUNTY CODE, RELATING TO THE REAL PROPERTY TAX
EXEMPTION FOR CHILD CARE FACILITIES

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

SECTION 1. The Council finds that the amount of the Real Property Tax exemption for child care facilities has not been increased since the exemption was first authorized by Ordinance 2533, effective January 23, 1997. The Council further finds that licensed child care providers are an important resource for working families, and financial incentives are needed to support the viability of these operations.

According to the Department of Finance, for Fiscal Year 2025, nine child care facilities receive the child care facility exemption, all of which also receive the home exemption. Therefore, the fiscal impact to the County of an increased child care facility exemption amount will be limited.

This Ordinance's purpose is to increase the child care facility exemption from \$50,000 to \$200,000.

SECTION 2. Section 3.48.558, Maui County Code, is amended by amending Subsection A to read as follows:

"A. Real property used for the operation of a child care home, day care home, nursery, babysitting service, or other like child care facility [shall be] is exempt from property taxes to the extent provided below, [provided that] if the child care provider

operating the facility has been licensed by the [state] State department of human services for one year or more and is actually and actively engaged in providing child care services in the facility, and [that] the facility conforms with zoning requirements [set forth in title 19 of this code]:

1. The child care facility [shall be] is totally exempt [where] if the value of the property is [not in excess of \$50,000.] \$200,000 or less.

2. [Where] If the value of the property [is in excess of [\$50,000,] exceeds \$200,000, the exemption [shall be in the amount of \$50,000.] is \$200,000."

SECTION 3. 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 4. This Ordinance takes effect on approval.

APPROVED AS TO FORM AND LEGALITY:



KRISTINA C. TOSHIKIYO

Department of the Corporation Counsel
County of Maui

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INTRODUCED BY:

Yuki Lei K. Sugimura

YUKI LEI K. SUGIMURA