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BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE  
Amendment Summary Form

Legislation: Bill 95 (2023), amending Chapter 3.48, Maui County Code, relating to the August 2023 fires disaster exemption.

Proposer: Tamara Paltin, Councilmember *Tamara M. Paltin*

Motions: Move to substitute Bill 95 (2023) with the proposed CD1 version to include an expiration of the real property exemption in the event damaged or destroyed property is sold during the exemption period, clarify that both partially or completely destroyed property qualifies for the exemption, allow uninsured property owners to submit photographic evidence of damage or destruction to qualify for the exemption, and to allow property classified as non-owner occupied to qualify for the tax exemption for housing a displaced person.

Effect: The proposed CD1 version, which is intended to strengthen the bill by clarifying several of its provisions, makes the following revisions:

In SECTION 2, amend proposed Maui County Code Subsection 3.48.551(A) to include after “June 30, 2025” the following: “following compliance with subsection 3.48.551(B); except, if the property is sold during the exemption period, the exemption automatically expires on the closing date of the sale unless the sale is to a community land trust.”

In SECTION 2, amend proposed Maui County Code Subsection 3.48.551(B) to include after “real property taxation” the following: “, due to damage sustained from the August 2023 fires rendering the property partially or completely uninhabitable,”.

In SECTION 2, amend proposed Maui County Code Subsection 3.48.551(B) to include after “submission to the director of” the following: “: 1. A”, delete “a”, insert after “rendering the property” the following: “partially or

completely”, and insert after “uninhabitable” the following: “; or 2. In instances where the property was uninsured, sufficient photographic evidence of the damage or destruction.”

In SECTION 2, amend proposed Maui County Code Subsection 3.48.551(C) to include after “commercialized residential” the following: “, non-owner occupied,”; delete “sufficient proof that”, and include in its place the following: “a one-year lease renting the property at fair market value to” before “a displaced person or family”; and delete “was housed in the property.”

Attachment: Proposed CD1 version of Bill 95 (2023).

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ORDINANCE NO. \_\_\_\_\_

BILL NO. 95, CD1 (2023)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE, RELATING TO THE AUGUST 2023 FIRES DISASTER EXEMPTION

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

SECTION 1. Section 3.48.450, Maui County Code, is amended to read as follows:

**“3.48.450 Homes—standards for valuation.** A. Real property owned and occupied only as a principal home, as of the date of assessment, by an individual or individuals, will be exempt only to the following extent from property taxes:

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

B. The provisions of subsection A will apply[, provided, as follows:] subject to the following conditions:

1. That no such exemption will be allowed to any corporation, copartnership, or company.
2. That the exemption will not be allowed on more than one home for any one taxpayer.
3. That where the taxpayer has acquired a home by a deed made on or after July 1, 1951, the deed must have been recorded on or before December 31 immediately preceding the year for which the exemption is claimed.
4. That married persons will not be permitted an exemption of separate homes, unless they are living separate and apart, and provide a copy of a decree of separation from

the appropriate court having jurisdiction that is in effect prior to the effective date of the exemption; and each file a separate income tax return as a resident of the State of Hawaii with a reported address in the County the year prior to the effective date of the exemption; in which case they will be entitled to one exemption, to be apportioned equally between each of their respective homes.

5. That a person living on premises, a portion of which is used for commercial purposes, will not be entitled to an exemption [with respect to such] for that portion, but will be entitled to an exemption [with respect to] for the portion [thereof] used exclusively as a home.

6. That no such exemption will be allowed for any real property that is classified as "commercialized residential" or "short-term rental."

C. Upon proper application, a taxpayer [shall be] is entitled to a home exemption[, provided] if the taxpayer:

1. Occupies the home in the County for which the exemption is being filed for more than two hundred seventy calendar days of a calendar year, does not rent the entire premises for any portion of the year, and files an income tax return as a resident of the State of Hawaii with a reported address in the County the year prior to the effective date of the exemption. Non-resident and part-year resident State of Hawaii income tax returns do not qualify for the home exemption; or

2. Is stationed in the County under military orders of the United States.

D. The director may demand documentary evidence such as a tax clearance from the State of Hawaii indicating that the taxpayer filed an income tax return as a full-time resident for the year prior to the effective date of the exemption, from a property owner applying for an exemption or from an owner as evidence of continued qualification for an exemption. Failure to respond to the director's demand in thirty days [shall be] is grounds for denial of a claim for an exemption.

E. [In the event] if the director obtains evidence that an individual resides in a home outside the County, [such] the evidence [shall serve as] is prima facie proof that the individual does not own and occupy real property in the County as a principal home, and the director [shall] must provide written notice to the individual by mail that the individual [shall] is not [be] qualified for an exemption or continued exemption under this section. [Such evidence shall] Evidence may include[, but not be limited to,] documentation that homes that are being advertised for occupancy by transient tenants

for periods of less than six consecutive months for any period during the course of any assessment year.

F. If during the course of any tax year, the home exemption of a property is revoked, the taxes for the entire tax year [shall] must be recalculated without the exemption.

G. No home exemption is allowed if taxes on the property are delinquent for a period of more than one year; except a home exemption is allowed for those tracts leased under section 207 of the Hawaiian Homes Commission Act, 1920, as amended, regardless of delinquency status.

H. A taxpayer with a home exemption on property damaged or destroyed by the August 2023 wildfires is entitled to maintain that exemption concurrently with exemptions allowed, as applicable, under subsections 3.48.551(A) or (B) through June 30, 2025.”

SECTION 2. Chapter 3.48, Maui County Code, is amended by adding a new section to read as follows:

**“3.48.551 August 2023 wildfire exemption.** A. All residential real property within the Lāhainā tax map zone, known as zone four, sections five and six, is exempt from real property taxation from July 1, 2023, through June 30, 2025, following compliance with subsection 3.48.551(B); except, if the property is sold during the exemption period, the exemption automatically expires on the closing date of the sale unless the sale is to a community land trust.

B. All other residential real property classified as owner-occupied and partially damaged or completely destroyed by the August 2023 wildfires is exempt from real property taxation, due to damage sustained from the August 2023 fires rendering the property partially or completely uninhabitable, from July 1, 2023, through June 30, 2025, following the submission to the director of:

1. A copy of an insurance claim submitted by the property owner to the insured’s insurance carrier for damages sustained from the August 2023 fires rendering the property partially or completely uninhabitable; or

2. In instances where the property was uninsured, sufficient photographic evidence of the damage or destruction.

C. Real property classified as commercialized residential, non-owner occupied, or TVR-STRH and used to temporarily house a person or family displaced by the August 2023 wildfires is exempt from real property taxation for each month a displaced person or family is housed in the property, whether the displaced person or family uses the property for a partial or completed month, from August 1, 2023, through July 1, 2025, following the submission to

the director of a one-year lease renting the property at fair market value to a displaced person or family.

D. Real property classified as hotel and resort and used to temporarily house a person or family displaced by the August 2023 wildfires is exempt from real property taxation, calculated by dividing the property's monthly taxation amount by the number of rentable units, then multiplying the result by the number or partial or complete months a displaced person or family is housed in the property, from August 1, 2023, through July 1, 2025, following the submission to the director of sufficient proof that a displaced person or family was housed in the property."

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.

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INTRODUCED BY:

*Tamara M. Paltin*

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TAMARA PALTIN