

MICHAEL P. VICTORINO
Mayor

SCOTT K. TERUYA
Director

MAY-ANNE A. ALIBIN
Deputy Director



DEPARTMENT OF FINANCE
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793

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OFFICE OF THE MAYOR

April 26, 2019

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

For Transmittal to:

Honorable Tasha Kama
Chair, Affordable Housing Committee
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Michael P. Victorino 4/29/19
Acting Mayor Date

Dear Chair Kama:

SUBJECT: PROPOSED FISCAL YEAR 2020 BUDGET FOR THE COUNTY OF MAUI (EDB-1)

This is in response to your request dated April 24, 2019 on the above subject, relating to changes to the real property tax rates proposed in the Mayor's fiscal year 2020 budget.

1. *Could you please provide an estimated value for the total assessed value for the homeowner classification given an increase in the exemption to \$400,000.*

The estimated total assessed value for the homeowner classification will not change, but given an increase in the exemption to \$400,000, the estimated net taxable value would be \$7,197,141,600.

2. *Regarding condominiums that elect to declare they are not operating as a short term rental: How has this system been working for the Finance Department?*

The condominium classification program is cumbersome to administer. MCC 3.48.305(C), requires condominium associations to file an annual report with the director, reporting the use of all units in the association by December 1 each calendar year.

In 2018, the Real Property Assessment Division (RPAD) sent owners of 212 condominium units to certify the actual use of their condominium unit because their

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association said the unit is being used as a “short term rental” and they were currently classified as “apartment” use.

Of the 212 condominium units, 92 units responded as “apartment”; 118 units responded as “short term rental” and 2 units filed homeowner exemption claim forms.

Has there been an assessment of whether or not condominium owners can ‘game’ the system, but actually operating the unit as a short term rental?

The RPAD does not need to do an assessment of condominium owners “gaming” the system. We know there are condominium owners declaring “apartment use” when they are short term renting their unit based on anonymous complaints we’ve received. The problem is finding the evidence to prove their unit is advertised for occupancy by transient tenants for less than six consecutive months to reclassify their unit to “short term rental.” This is an ongoing issue.

Thank you for the opportunity to respond. Should you have any questions, please feel free to contact me at extension 7474.

Sincerely,



SCOTT K. TERUYA
Director of Finance