

September 27, 2019

MEMO TO: EDB-37 file

F R O M: Keani Rawlins-Fernandez, Chair *Keani Rawlins-Fernandez*  
Economic Development and Budget Committee

SUBJECT: **TRANSMITTAL OF LEGISLATIVE PROPOSALS RELATING TO  
COUNTY PROPERTY TAX REFORM** (EDB-37)

The attached legislative proposals pertain to Item 37 on the Committee's agenda.

edb:ltr:037afile01:dr

Attachments

RECEIVED  
2019 SEP 27 AM 11:33  
COUNTY CLERK

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

BILL NO. \_\_\_\_\_ (2019)

A BILL FOR AN ORDINANCE RELATING TO  
TIERS OF REAL PROPERTY TAX RATES

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

SECTION 1. Article X, Chapter 3.48, Maui County Code, is amended to  
read as follows:

**“Article X**

**Determination of Rates and Tiers**

**3.48.560 Definitions.** Unless a different meaning is clearly indicated by the context, as used in this article:

A. [“Net taxable lands” means all other real property exclusive of buildings.

B.] “Net taxable real property” means[, as indicated by the context,] the percentage of the fair market value of property determined under section 3.48.180, which the director of finance certifies as the tax base as provided by ordinance less exemptions as provided by ordinance and, in all cases which appeals from the director's assessment are then unsettled, less fifty per cent of the value in dispute.

B. “Tax rate” means the dollar amount of tax levied under this chapter per \$1,000.00 of net taxable real property, computed to the nearest cent.

**3.48.561 Tax rate tiers.** A. Classifications are as referenced in section 3.48.305.

B. Tiers are based on net taxable real property and are as follows:

1. Owner-occupied tier 1, tier 2, and tier 3 tax rates.
2. Non-owner-occupied tier 1, tier 2, and tier 3 tax rates.
3. Short-term rental tier 1 and tier 2 tax rates.

4. Commercial/industrial tier 1 and tier 2 tax rates.

C. The net taxable value will be set forth in the annual budget.

**3.48.565 Increase or decrease.** The council may increase or decrease the tax rate for [buildings and for all other real property, exclusive of buildings for net taxable land and net taxable buildings of] each class of net taxable real property established in accordance with section 3.48.305. A resolution setting the tax rates and tiers shall be adopted on or before June 20 preceding the tax year for which property tax revenues are to be raised according to the following procedures:

A. The council shall advertise its intention to increase or decrease tax rates and tiers and the date, time, and place of a public hearing in a newspaper of general circulation. The date of the public hearing shall be not less than ten days after the advertisement is first published and shall set forth the tax rates and tiers to be considered by the council.

B. After the public hearing provided for in subsection A, [of this section,] the council shall readvertise and reconvene within three weeks to adopt a resolution fixing the tax rates and tiers for the tax year for which property tax revenues are to be raised. The advertisement shall state the new rates and tiers to be fixed and the date, time and place of the meeting scheduled for fixing such rates[.] and tiers. The date, time and place of the meeting shall also be announced at the public hearing required by subsection A. [of this section.] If the resolution fixing the tax rates and tiers is not adopted within three weeks from the public hearing required by subsection A, [of this section,] the council shall again advertise and meet as required by subsection A.

C. If adopting an increase or decrease in the tax rates and tiers as provided by subsections A and B, [of this section,] the council determines that it requires a further increase or decrease in tax rates and tiers or fails to act in any specified period, the council shall readvertise and follow the requirements of subsections A and B.

**3.48.575 Use of increased or decreased rates[.] and tiers.** If the tax rates and tiers for the tax year are increased or decreased, the council shall notify the director of finance of the increased or decreased rates[.] and tiers, and the director shall employ such rates and tiers in the levying of property taxes as provided by this chapter.

**3.48.580 Calculations submitted by director.** A. [The director of finance shall, on] On or before April 19 preceding the tax year, the director of finance must furnish the council with a calculation certified [by him] as being as nearly accurate as [may be,] possible, of the estimated revenues derived using the rates and tiers set forth in the proposed budget, separately stated for each [category] classification established in accordance with section 3.48.305, for net taxable [lands and for net taxable buildings.] real property.

B. [The director of finance shall, on] On or before May 1 preceding the tax year, the director of finance must furnish the council with a calculation certified [by him] as being as nearly accurate as [may be,] possible, of the net taxable real property within the County, separately stated for each [category] classification established in accordance with section 3.48.305 [for net taxable lands and for net taxable buildings] plus such additional data relating to the property tax base as may be necessary.

**3.48.585 Validity.** Insofar as the validity of any tax rate and tier is concerned, the provisions of sections 3.48.565 and 3.48.580, as to dates, shall be deemed directory; provided, that all other provisions of sections 3.48.565 and 3.48.580, and all provisions of section 3.48.570 and 3.48.575 shall be deemed mandatory.

**3.48.590 Minimum real property tax.** Notwithstanding any provision to the contrary, there shall be levied upon each individual parcel of real property taxable under this chapter a minimum real property tax as set forth in the annual budget, except:

[1)]A. Those tracts leased under section 207 of the Hawaiian Homes Commission Act, 1920, as amended;

[2)]B. Any parcel used for farming taro where the assessed value times the current agricultural class tax rate is less than the minimum real property tax;

[3)]C. Portions of real property designated as kuleana land and granted an exemption as provided for in section 3.48.554;

[4)]D. Homes, or portions thereof, granted an exemption under section 3.48.475 to be levied a real property tax of \$150 per year; and

[5)]E. Remnant parcels granted an exemption under section 3.48.552 to be levied a real property tax of \$150 per year.”

SECTION 2. 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 3. This ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:

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Department of the Corporation Counsel  
County of Maui

edb:misc:037abill01:dr

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

BILL NO. \_\_\_\_\_ (2019)

A BILL FOR AN ORDINANCE RELATING TO  
REAL PROPERTY TAX VALUATIONS

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

SECTION 1. Article VII, Chapter 3.48, Maui County Code, is amended to  
read as follows:

**“Article VII**

**Valuations**

**3.48.290 Considerations by director.** The director of finance shall cause the fair market value of all taxable real property to be determined and annually assessed by the market data and cost approaches to value using appropriate systematic methods suitable for mass valuation of properties for taxation purposes, so selected and applied to obtain, as far as possible, uniform and equalized assessments throughout the county; provided, that the value of land classified and used for agriculture, whether such lands are dedicated pursuant to section 3.48.350 or not, shall, for real property tax purposes, be the value of such land for agricultural use without regard to any value that such land might have for other purposes or uses, or to neighboring land uses, and determined as provided in section 3.48.320; and provided further that, for real property tax purposes, the value of land leased under Section 207 of the Hawaiian Homes Commission Act, 1920, shall be no value. In making such determination and assessment, the director shall separately value and assess, within each class established in accordance with section 3.48.305, buildings and all other real property, exclusive of buildings.

**3.48.300 Methods—Recordkeeping.** So far as practicable, records shall be compiled and kept which shall show the methods established by or under the authority of the director, for the determination of values.

**3.48.305 Classification of [land and building.] real property.** A. Except as otherwise provided in subsection [3.48.305(B), land and building] B, real property shall be classified, upon consideration of [the real property's] its highest and best use, into the following general classes:

1. [Residential.] Non-owner-occupied.
2. [Apartment.] Owner-occupied.
3. Hotel and resort.
4. Time share.
5. [Commercial.] Commercial/industrial.
6. [Industrial.] Agricultural.
7. [Agricultural.] Vacant agricultural.
8. Conservation.
9. [Homeowner.] Vacant conservation.
10. Commercialized residential.
11. Short-term rental.

B. In assigning land to one of the general classes, the director shall give major consideration to the districting established by the land use commission pursuant to chapter 205, Hawaii Revised Statutes, the districting established by the County in its general plan and zoning ordinance, use classifications established in the general plan of the State, and such other factors that influence highest and best use, except that:

1. Any dwelling, as defined in section 18.04.165, in any class except “hotel and resort,” “time share,” “commercial/industrial,” “commercialized residential,” or “short-term rental,” shall be designated “non-owner-occupied” or “owner-occupied.” A parcel that does not serve as the owner's primary residence shall be classified as “non-owner occupied.” A parcel that is used [exclusively] as the owner's principal residence and has been granted a home exemption in accordance with sections 3.48.410 and 3.48.475, shall be classified as [“homeowner”] “owner-occupied” without regard to its highest and best use.

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 “commercialized residential” without regard to its highest and best use[.], and shall not qualify for a home exemption.

3. A parcel that is subject to a time share plan as defined in section 514E-1, Hawaii Revised Statutes, as amended, shall be classified as “time share.”

4. Unless classified as “time share,” “hotel and resort,” or “commercialized residential,” lodging or dwelling units, as defined in title 19 of this code, occupied by transient tenants for periods of less than six consecutive months shall be classified as “short-term rental” including a parcel that does not serve as the owner's primary residence and has been granted a short-term rental home permit, a transient vacation rental permit, or a conditional permit allowing transient vacation rental use pursuant to title 19 of this code shall be classified as “short-term rental” without regard to its highest and best use[.], and shall not qualify for a home exemption.

5. [A unit and its appertaining common interest that are part of a planned development where transient vacation rentals are permitted, in accordance with chapter 19.32 of this code, shall be classified in accordance with subsection 3.48.305(C)(2)(a). The planned development shall form an entity that shall annually report to the director on a form prescribed by the director, the actual use of each unit in the planned development along with any information deemed relevant by the director to determine the actual use of each unit. If the required annual report is not filed on or before December 1, the director may classify all units in the planned development in accordance with subsection 3.48.305(A) for the following assessment year. The entity shall report any change in actual use of a unit in the planned development within thirty days of that change. The director may investigate any unit and, if it is determined by the director that the actual use differs from the use reported, reclassify and reassess the unit.

6.] Unless classified as “time share” or “commercialized residential,” properties occupied by transient tenants for periods of less than six consecutive months, have eight or more lodging or dwelling units as defined in title 19 of this code, and employ more than twenty full-time persons, shall be classified as “hotel and resort.”

6. “Vacant agricultural” means a parcel, or portion thereof, which would otherwise be classified “agricultural” by the director upon major consideration of the districting established by the County in its general plan and comprehensive zoning ordinance and of such other factors that influence highest and best use, but which parcel, or portion thereof:



- a. has no residential buildings; and
- b. is not dedicated for agricultural purposes.

If a portion of a parcel is dedicated as “vacant agricultural,” the remainder of the parcel that is zoned agricultural must be dedicated for agricultural use.

7. “Vacant conservation” means a parcel, or portion thereof, that would otherwise be classified “conservation” by the director upon major consideration of the districting established by the county in its general plan and comprehensive zoning ordinance and of such other factors that influence highest and best use, but which parcel, or portion thereof:

- a. has no residential buildings; and
- b. is not dedicated for conservation purposes.

If a portion of a parcel is dedicated as “vacant conservation,” the remainder of the parcel that is zoned conservation must be dedicated for conservation use.

[C. When property is subdivided into condominium units, each condominium association or any entity filing a condominium property regime, shall file an annual report with the director of all units in the association, by tax map key number, before December 1 of each calendar year.

1. The director shall prescribe the form of the list and any supporting evidence as necessary. The list shall include whether the unit is vacant, owner occupied, or rented long term or short term, by month.

2. Each unit and its appertaining common interest shall be:

a. Classified upon consideration of its actual use into one of the general classes as follows:

i. Homeowner. Only those units owned and occupied as a principal home and for which a home exemption claim was filed and granted shall be classified as “homeowner.”

ii. Apartment. Only those units occupied by the owner for personal use or by a lessee for a term of six consecutive months or more shall be classified as “apartment.”

iii. Commercial. Only those units occupied by the owner or a lessee for business or mercantile activities shall be classified as “commercial.”

iv. Hotel and resort. Unless classified as “time share” or “commercialized residential,” properties that are occupied by transient

tenants for periods of less than six consecutive months, have eight or more lodging or dwelling units as defined in title 19 of this code, and employ more than twenty full-time persons, shall be classified as "hotel and resort."

v. Time share. Units occupied by transient tenants for periods of less than six consecutive months that are subject to a time share plan as defined in section 514E-1, Hawaii Revised Statutes, as amended, shall be classified as "time share."

vi. Commercialized residential. Units that serve as the owner's primary residence and that have been granted a bed and breakfast permit, a transient vacation rental permit, or a conditional permit allowing transient vacation rental use pursuant to title 19 of this code, shall be classified as "commercialized residential."

vii. Short-term rental. Unless classified as "time share," "hotel and resort," or "commercialized residential," lodging or dwelling units, as defined in title 19 of this code, occupied by transient tenants for periods of less than six consecutive months shall be classified as "short-term rental," including properties granted a short-term rental home permit, transient vacation rental permit, or conditional permit allowing transient vacation rental use.

b. Deemed a parcel and assessed separately from other units.

3. The director may, after investigation, reclassify and reassess any unit in a condominium association found to be in violation of the owner's certification of actual use.

4. A condominium owner, the condominium association or any entity filing a condominium property regime, or both, shall notify the director of any change in a unit's classification within thirty days of that change.

5. If the required annual report is not filed on or before December 1, the director may classify all units in the project in accordance with subsection B for the following assessment year.

D.] C. Notwithstanding the foregoing, a parcel that does not serve as the owner's primary residence and was, prior to May 23, 2012, granted a conditional permit for bed and breakfast or transient vacation rental use pursuant to title 19 of this code, and

was classified as “commercialized residential” prior to May 23, 2012, shall retain such “commercialized residential” classification.

**3.48.310 Assessment of lots and parcels.** Whenever land has been divided into lots or parcels as provided by law, each such lot or parcel shall be separately assessed.

**3.48.320 Land classified as agriculture or commercialized residential and used for agriculture.** In determining the value of lands which are classified and used for agriculture, or classified as commercialized residential and used for agriculture, whether such lands are dedicated pursuant to section 3.48.350 or not, consideration shall be given to rent, productivity, nature of actual agricultural use, the advantage or disadvantage of factors such as location, accessibility, transportation facilities, size, shape, topography, quality of soil, water privileges, availability of water and its cost, easements and appurtenances, and to the opinions of person who may be considered to have special knowledge of land values.

**3.48.325 Deferred or roll back tax—Change in classification.** A deferred or roll back tax shall be imposed on the owner of agricultural lands assessed according to their agricultural use as provided in section 3.48.290 in the event of a change in land use classification by the authorized state agency to urban or rural districts or upon the subdivision of the land into parcels of five acres or less; provided, that the tax shall not apply if the owner dedicates [his] land as provided in section 3.48.350 within three years from the date of the change in land use classification and fulfills all of the requirements of the dedication. The deferred tax shall be due and payable at the end of the third year following the change in land use classification, provided that the land shall continue to be used for agriculture during this period.

A. The total amount of deferred taxes shall be computed commencing at the end of the third year following the change in classification where the land has continuously been used for agriculture; provided, however, that where the land has been put to a higher urban or rural use prior to the expiration of the three-year period, the amount of deferred taxes shall be computed commencing at the end of the year in which the land has been put to such higher urban or rural use, and shall be retroactive to the date the assessment was made pursuant to section 3.48.290, provided the retroactive period shall not exceed ten years. Where the owner has subdivided [his] land into parcels of five acres or less, the deferred tax shall commence from the date the conversion was made retroactive to the date the assessment

was made pursuant to section 3.48.290, but for not more than ten years.

B. Any other provisions to the contrary notwithstanding, the deferred or roll back tax shall apply only if a change in land use classification has been made as a result of a petition by any property owner or lessee and shall apply only upon lands owned by the owner or lessee who has petitioned for the change in classification. The deferred or roll back tax shall not apply to lands owned by any other or lessee who has not petitioned for the change in classification, provided the owner or lessee shall continue to use the land in its agricultural use for a period of three years after the change in land use classification is made, or where the change in classification is initiated by any governmental agency or instrumentality.

C. The deferred or roll back tax shall be based on the difference in assessed value between the highest and best use and the agricultural use of the land, at the tax rate applicable for the respective years.

1. Where the owner subdivides [his] land into parcels of five acres or less, the deferred tax shall be due and payable within sixty days of such conversion, subject to a ten percent per year penalty.

2. Where the owner changes the land use classification, the deferred tax shall be due and payable within three years of such conversion, except that where the land has been put to its higher urban or rural use, the tax shall be due and payable at the end of the year in which the land has been put to such higher use, subject to a ten percent per year penalty.

D. Any other provisions to the contrary notwithstanding, the land shall continue to be assessed in its agricultural use as provided in section 3.48.290 until the land is put to its higher urban or rural use for a period of three years following the change in classification, whichever is shorter; provided, that for purposes of determining the amount of deferred taxes to be assessed to the owner or lessee, the retroactive period shall include the period during which the land is continued to be assessed in its agricultural use following the change in classification. Any tax due and owing shall attach to the land as a paramount lien in favor of the county as provided for by this chapter.

**3.48.330 Unusable or unsuitable land for agricultural use.** Where lands located within agricultural districts are put to agricultural uses, that portion of such lands not usable or suitable for any agricultural use, whether dedicated pursuant to section 3.48.350 or not, the tax upon such unusable or unsuitable land

shall be deferred and shall be payable upon conversion as provided under sections 3.48.290 through 3.48.340.

**3.48.340 Valuation of buildings—Additions, modifications or new work.** A. In determining the value of buildings, consideration shall be given to any additions, alterations, remodeling, modifications or other new construction, improvement, or repair work undertaken upon or made to existing buildings as the same may result in a higher assessable valuation of the buildings; provided, however, that any increase in value resulting from any additions, alterations, modifications or other new construction, improvement or repair work to buildings undertaken or made by the owner-occupant thereof pursuant to the requirements of any urban redevelopment, rehabilitation, or conservation project under the provisions or Part II of Chapter 53 of the Hawaii Revised Statutes shall not increase the assessable valuation of any building for a period of seven years from the date of certification as provided in this section.

B. It is further provided that the owner-occupant shall file with the director of finance, in the manner and place [which] that the director may designate, a statement of the details of the improvements certified in the following manner:

[1. In the case of additions, alterations, modifications or other new construction, improvement or repair work to a building that are undertaken pursuant to any urban redevelopment, rehabilitation or conservation project as mentioned in this section, the statement shall be certified by the mayor or any governmental official designated by him and approved by the council, that the additions, alterations, modifications or other new construction, improvement or repair work to the buildings were made and satisfactorily comply with the particular urban redevelopment rehabilitation, or conservation act provision, or

2.] In the case of maintenance or repairs to a residential building undertaken pursuant to any health, safety, sanitation or other governmental code provision, the statement shall be certified by [the mayor, or any governmental official designated by him and approved by the council,] a County inspector, that the building was inspected [by them] and found to be substandard when the owner-occupant made [his] the claim, and the maintenance of repairs to the buildings were made and satisfactorily comply with the particular code provision.

**3.48.345 Water tanks.** Any provision to the contrary notwithstanding, any tank or other storage receptacle required by any government agency to be constructed or installed on any taxable real property before water for home and farm use is supplied; and any other water tank, owned and used by a real property taxpayer for storing water solely for [his] the taxpayer's own domestic use, shall be exempted in determining and assessing the value of such taxable real property.

**3.48.350 Dedicated lands.** A. A special land reserve is established to enable the owner of any parcel of land within an agricultural district, a rural district, a conservation district, or any urban district to dedicate [his] land for a specific ranching or other agricultural use and to have [his] land assessed at its value in such use; provided, that if the land is located within an urban district:

1. A lessee of the land with a term of ten or more years remaining from the date of the petition shall also be deemed an owner of the land within these provisions;

2. The land dedicated must be used for the cultivation of crops such as sugar cane, pineapple, truck crops, orchard crops, ornamental crops, or the like;

3. The land dedicated must have been substantially and continuously used for the cultivation of crops such as sugar cane, pineapple, truck crops, orchard crops, ornamental crops, or the like for the five-year period immediately preceding the dedication request; provided further, that land situated within an agricultural district may be dedicated for a period of twenty years and shall be taxed at fifty percent of its assessed value in such use.

B. If any [other] owner desires to use [his] land for a specific ranching or other agricultural use and to have [his] the land taxed at its assessed value in this use or fifty percent of its assessed value as the case may be, [he] the owner shall also petition the director of finance and declare in [his] the petition that [his] the land can best be used for the purpose for which [he] the owner requests permission to dedicate [his] the land and that if [his] the petition is approved [he will use his] the land will be used for this purpose.

C. If the owner desires to change from one specific ranching or other agricultural use to another ranching or other agricultural use [he] the owner shall so petition the director of finance and declare in [his] the petition that:

1. [His] The land can best be used for a ranching or other agricultural purpose other than that for which [he] the owner originally requested permission; and

2. [He] The owner will use [his] the land for that new purpose if [his] the petition is approved.

D. Upon receipt of a petition as provided above in subsections B and C, the director shall make a finding of fact as to whether the land in the petition area is reasonably well suited for the intended use. The finding shall include and be based upon the productivity ratings of the land in those uses for which it is best suited, a study of the ownership, size of operating unit, the present use of surrounding similar lands and other criteria as may be appropriate. The director shall also make a finding of fact as to whether the intended use is in conflict with the overall development plan of the state. If both findings are favorable to the owner, the director shall approve the petition and declare that the owner's land is dedicated land; provided, that for lands in urban districts, the director shall make further findings respecting the economic feasibility of the intended use of the land. If all three findings are favorable, the director shall approve the petition and declare the land to be dedicated. In order to place prospective buyers on notice of the roll back liability, the petitioner shall within thirty days of notice of approval record the dedication in accordance with the procedures of the bureau of conveyances.

E. The approval by the director of the petition to dedicate shall constitute a forfeiture on the part of the owner of any right to change the use of [his] the land to a use other than agriculture for a minimum period of ten years or twenty years, as the case may be, automatically renewable indefinitely, subject to cancellation as follows:

1. In the case of a ten-year dedication, the owner may after the ninth year and years thereafter, give notice of cancellation by filing with the director, a written notice of cancellation, on or before December 31st, to be effective as of July 1st of the following tax year;

2. In the case of a twenty-year dedication, the owner may during the nineteenth year and years thereafter give notice of cancellation as provided by this subsection;

3. In the case of a change in a major land use classification not as a result of a petition by any property owner or lessee such that the owner's land is placed within an urban district, the dedication may be canceled within sixty days of the change by the owner. Upon any conveyance or any change in ownership during the period of dedication, the land shall continue to be subject to the terms and conditions of the dedication unless a release has been issued by the director.

Any other provision to the contrary notwithstanding, an approved change in use as provided in subsections C and D shall not alter the original dedication period.

F. Failure of the owner to observe the restrictions on the use of [his] the land shall cancel the dedication and special tax assessment privilege retroactive to the date of the dedication, but in any event shall not exceed the term of the original dedication; and all differences in the amount of taxes that were paid and those that would have been due from assessment in the higher use shall be payable with a ten percent a year penalty from the respective dates that these payments would have been due. The additional taxes and penalties, due and owing as a result of a breach of the dedication, shall be a paramount lien upon the property as provided for by this chapter.

1. Failure to observe the restrictions on the use means failure for a period of twelve consecutive months to use the land in that manner requested in the petition or the overt act of changing the use for any period, provided that a change in land use classification upon petition by the owner of such dedicated lands, or the petition by the owner for a change in use as provided in subsection C, and the owner's subsequent change in use of such dedicated lands, shall not be deemed to constitute a failure of the owner to observe the restrictions on the use.

2. If an owner is permitted to change [his] use as provided in subsections C and D, [he] the owner shall be allowed thirty-six months from the date of the approval of [his] the petition to convert to the new ranching or agricultural use. If the owner fails to make the conversion within the specified time limit, [he] the owner will be subject to the taxes and penalties provided above. For purposes of assessment of taxes and penalties, the conversion period shall be considered in addition to the specified dedication period, except, however, in the case of the leased lands whose term expires prior to or in conjunction with the end of the dedication period, the conversion period shall be considered as a part of the dedication period. The petitioner shall submit progress reports of [his] efforts in converting from one agricultural use to another agricultural use to the director of finance by the anniversary date of the petition approval and yearly, thereafter, as long as such conversion period remains.

Any other provisions to the contrary notwithstanding, when a portion of the dedicated land is subsequently applied to a use other than the use set forth in the original petition, only such portion as is withdrawn from the dedicated use and applied to a



use other than ranching or other agricultural use shall be taxed as provided by this subsection.

G. The director shall prescribe the form of the petition. The petition shall be filed with the director of finance by September 1st of any calendar year and shall be approved or disapproved by December 15th. If approved, the assessment based upon the use requested in the dedication shall be effective on January 1st of the next calendar year.

H. The owner may appeal any disapproved petition as in the case of an appeal from an assessment.

I. "Owner," as used in this section, includes lessees of real property whose lease term extends at least ten years from the date of the petition, in the case of a ten-year dedication, or lessees of real property whose lease term extends at least twenty years from the date of the petition, in the case of a twenty-year dedication.

J. "Agricultural use," as used in this section, shall include aquaculture.

K. A special land reserve is established to enable the owner of any parcel of land within an urban district to dedicate [his] land for a specific livestock use such as feed lots, calf-raising and like operations in dairy, beef, swine, poultry and aquaculture, but excluding grazing or pasturing, and to have [his] the land assessed at its value in such use; provided, that:

1. A lessee of the land with a term of ten or more years remaining from the date of the petition shall also be deemed an owner of the land within these provisions;

2. The land dedicated must be used for livestock uses such as feed lots, calf-raising and like operations in dairy, beef, swine, poultry and aquaculture but excluding grazing or pasturing;

3. The land dedicated must have been substantially and continuously used in the livestock uses enumerated in subdivision 2 of this subsection; and

4. Such livestock use must be compatible with the surrounding uses.

**3.48.355 Golf course assessment-Basis.** A. Property operated and used as a golf course shall be assessed for property tax purposes on the following basis: The value to be assessed by the director shall be on the basis of its actual use as a golf course rather than on the valuation based on the highest and best use of the land.

B. In determining the value or actual use, factors to be considered shall include, among others, rental income, cost of

development, sales price and the effect of the value of the golf course on the value of the surrounding lands.

**3.48.360 Golf course assessment—Conditions.** [In order to] To qualify in having land assessed in valuation as a golf course, the owner of any parcel of land desiring or presently using [his] land for a golf course shall as a condition precedent qualify as follows:

A. Dedication of Land.

1. The owner of any parcel of land for a golf course shall petition the director of finance and declare in [his] the petition that [he will dedicate his] the parcel of land will be dedicated for a golf course.

2. The approval by the director of finance of the petition to dedicate the land shall constitute a forfeiture on the part of the owner of any right to change the use of the land for a minimum period of ten years, automatically renewable indefinitely, subject to cancellation by either the owner or the director of finance upon five years' notice at any time.

3. The failure of the owner to observe the restrictions on the use of [his] the land to that of a golf course shall cancel the special tax assessment privilege retroactive to the date of the dedication, but not more than ten years prior to the tax year in which the exemption is disallowed. All differences in the amount of taxes that were paid and those that would have been due from assessment in the higher use shall be payable with a six-percent-a-year penalty from the respective dates that these payments would have been due. Failure to observe the restrictions on the use means failure for a period of over twelve consecutive months to use the land in that manner requested in the petition as a golf course by the overt act of changing the use for any period. Nothing in this subdivision shall preclude the county from pursuing any other remedy to enforce the covenant on the use of the land as a golf course.

4. The director of finance shall prescribe the form of the petition. The petition shall be filed by September 1st of any calendar year and shall be approved or disapproved by December 15th of such year. If approved, the assessment based upon the use requested in the dedication shall be effective on January 1st of the next calendar year.

5. The owner may appeal any disapproved petition as in the case of an appeal from an assessment.

6. "Owner," as used in this section includes lessees of real property whose lease term extends at least ten years effective from the date of the petition.

7. The amount of additional taxes due and owing where the owner has failed to observe the restriction on the use shall attach to the property as a paramount lien in favor of the county as provided for by ordinance.

B. Covenant Not to Engage in Discrimination. The owner shall covenant in [his] the petition with the director of finance that [he] the owner will not discriminate against any individual in the use of the golf course facilities because of the individual's race, sex, religion, color, or ancestry.

**3.48.365 Lands dedicated for residential use.** A. "Owner," as used in this section, means a person who is the fee simple owner of the real property, or who is the lessee of real property whose lease term extends at least ten years from the date of the petition.

B. A special land reserve is established to enable the owner of any parcel of land within a hotel, apartment, resort, commercial, or industrial district to dedicate [his] the land for residential use and to have [his] the land assessed at its value in residential use; provided, that:

1. The land dedicated shall be limited to a parcel used only for single-family dwelling residential use;

2. The owner of the land dedicated shall use it as [his] a home; and

3. Not more than one parcel of land shall be dedicated for residential use by any owner.

C. If any owner desires to use [his] land for residential use and to have [his] the land assessed at its value in this use, [he] the owner shall so petition the director of finance and declare in [his] the petition that if [his] the petition is approved, [he] the owner will use [his] the land for single-family dwelling residential use only and that [his] the land so dedicated will be used as [his] the owner's home.

D. Upon receipt of any such petition, the director of finance shall make a finding of fact as to whether the land described in the petition is being used by the owner for single-family dwelling residential use only and as [his] the owner's home. If the finding is favorable to the owner, the director of finance shall approve the petition and declare the land to be dedicated.

E. The approval of the petition by the director of finance to dedicate shall constitute a forfeiture on the part of the owner of any right to change the use of [his] the land for a minimum period of ten years, automatically renewable thereafter for additional

periods of ten years subject to cancellation by either the owner or the director of finance.

F. Failure of the owner to observe the restrictions on the use of land or the sale of the property shall cancel the special tax assessment privilege retroactive to the date of the dedication, or the latest renewal ten-year period; and all differences in the amount of taxes that were paid and those that would have been due from assessment in the higher use shall be payable with a ten percent penalty from the respective dates that these payments would have been due. Failure to observe the restrictions on the use means failure for a period of over twelve consecutive months to use the land in the manner requested in the petition or the overt act of changing the use for any period, or the sale of the real property. Nothing in this subsection shall preclude the county from pursuing any other remedy to enforce the covenant on the use of the land.

G. The additional taxes and penalties, due and owing as a result of failure to use or any other breach as a result of failure to use or any other breach of the dedication, shall be a paramount lien upon the property as provided for by ordinance.

H. The director of finance shall prescribe the form of the petition. The petition shall be filed with the director of finance by September 1st of any calendar year and shall be approved or disapproved by December 15th. If approved, the assessment based upon the use requested in the dedication shall be effective on January 1st of the next calendar year.

I. The owner may appeal any disapproved petition as in the case of an appeal from an assessment.

**3.48.366 Land dedicated for fast track housing.** A. A special land reserve is established to enable an owner of land on which a residential workforce housing project has been approved for fast track housing by the council pursuant to chapter 2.97 of this code to dedicate the project site for fast track housing and be exempt from real property taxes until the project is complete.

B. If the owner desires to dedicate the project site for fast track housing, the owner shall petition the director and affirm the owner shall complete the fast track housing pursuant to the application approved by the council in accordance with chapter 2.97 of this code.

C. Upon confirmation of council's application approval for fast track housing, the director shall approve the petition and declare the property to be dedicated to fast track housing.

D. The approval of the petition by the director of finance to dedicate a property for fast track housing shall constitute a forfeiture on the part of the owner of any right to change the use of the project site as set forth by chapter 2.97 of this code.

E. Failure of the owner to commence construction within the time period set forth by chapter 2.97 of this code shall forfeit the special tax assessment privilege retroactive to the date of the dedication and all real property taxes that would have been due from assessment shall be payable with a 10 percent penalty from the respective dates that these payments would have been due. Nothing in this subsection shall preclude the County from pursuing any other remedy to enforce the covenant on the use of the land.

F. The taxes and penalties, due and owing as a result of failure of the owner to commence construction within the time period set forth by chapter 2.97 of this code, shall be a paramount lien upon the property as provided for by ordinance.

G. The director of finance shall prescribe the form of the petition. The petition shall be filed with the director by September first of any calendar year and shall be approved or disapproved by December 15th. If approved, the assessment based upon the use requested in the dedication shall be effective on January 1st of the next calendar year.

**3.48.367 Land dedicated for use as residential workforce housing rental unit project.** A. As used in this section, unless the context otherwise requires:

“Owner” means:

- (1) the fee simple owner of property;
- (2) a lessee of property whose lease term extends at least thirty years from the date of an application for an exemption; or
- (3) a lessee of property, with the fee simple owner's written authorization.

“Residential workforce housing unit” has the same meaning as in section 2.96.020.

“Residential workforce housing rental unit project” means any project comprised of ten or more rental units where all of the units are residential workforce housing rental units subject to the restrictions in section 2.96.070.

B. An owner may apply to the director for a property tax exemption under this section. The director will prescribe the form of the application. The application must include a declaration that, if the exemption is granted, the property will be dedicated for use as a residential workforce housing rental unit project for thirty years.

C. The director of finance will forward an application submitted in accordance with subsection B to the director of housing and human concerns. If the director of housing and human concerns determines the property described in the

application will be utilized for a residential workforce housing rental unit project, the director of finance will grant the exemption by approving the application.

D. If the exemption is granted, the owner must record the approved application with the bureau of conveyances of the State of Hawaii or the land court of the State of Hawaii, as appropriate.

E. If an exemption is granted under this section, it will be automatically renewed for successive one-year terms until the dedication period has expired or the exemption is canceled under subsection F.

F. Failure to comply with this section or the declaration included in the application will result in cancellation of the exemption retroactive to the beginning of the most recent renewal period. Any additional taxes and penalties, due and owing as a result of failure to comply with this section or the declaration included in the application, constitute a paramount lien upon the property as provided for by ordinance. Nothing in this subsection precludes the County from pursuing any remedy to enforce the dedication included with the application.

G. The owner may request to be relieved from compliance with the requirements of this section or the declaration included in the application for one designated period not to exceed thirty-six months. The director will approve the request if the owner shows the relief will more likely than not increase the property's viability as a residential workforce housing rental unit project. The dedication period will be extended by the length of the designated period and the owner must record the approved request and extension of the dedication period with the bureau of conveyances of the State of Hawaii or the land court of the State of Hawaii, as appropriate.

H. An application for an exemption under this section must be filed with the director by September first of any calendar year, and the exemption will be granted or denied by December fifteenth. If granted, the exemption will be effective on January first of the next calendar year.

I. If an application for an exemption under this section or a request for relief under subsection G is denied, the owner may appeal by the same procedure that is used to appeal from an assessment under section 3.48.595.

J. The director must report to the council on the status of all dedications at least annually.”

SECTION 2. 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 3. This ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:

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Department of the Corporation Counsel  
County of Maui

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