

ORDINANCE NO. _____

BILL NO. 155 (2024)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48,
MAUI COUNTY CODE, RELATING TO AUGUST 2023
MAUI WILDFIRES REAL PROPERTY TAX RELIEF

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

SECTION 1. This Ordinance's purpose is to extend August 2023 Maui wildfires real property tax relief through the tax year ending June 30, 2026.

SECTION 2. Section 3.48.230, Maui County Code, is amended as follows:

1. By amending subsection B to read as follows:

"B. Real property that was completely destroyed by the August 2023 Maui wildfires, as determined by the director, is exempt from real property taxes, including the minimum real property tax, through June 30, ~~[2025.]~~2026."

2. By amending subsection D to read as follows:

"D. Real property that ~~[is]~~was located in a red or yellow reentry zone in Lahaina, as established by the County following the August 2023 Maui wildfires in its reentry map of impacted areas, or for which access was restricted to certain hours by the government, as determined by the director as of January 1, 2024, is exempt from real property taxes, including the minimum real property tax, for the period July 1, 2024~~[,]~~ through June 30, ~~[2025.]~~2026."

SECTION 3. Section 3.48.305, Maui County Code, is amended by amending subsection B to read as follows:

"B. In assigning land to one of the general classes, the director must give major consideration to: the districting established by the land use commission in accordance with chapter 205, Hawai'i Revised Statutes; the districting established by the County in its

general plan and comprehensive zoning ordinance; use classifications established in the Hawai'i state plan; and other factors that influence highest and best use; except that:

1. Real property that is used as the owner's principal residence and has been granted either a home exemption in accordance with sections 3.48.410 and 3.48.450 or an exemption in accordance with sections 3.48.410 and 3.48.475 must be classified as "owner occupied" without regard to its highest and best use.

2. Real property improved with a dwelling that would not be classified as "owner-occupied", "hotel and resort", "time share", "TVR-STRH", "commercial", "industrial", "commercialized residential", or "long-term rental", must be classified as non-owner occupied".

3. Multi-dwelling-unit improvements containing five or more dwellings that would not be classified "TVR-STRH" must be classified "apartment".

4. Real property that serves as owner's principal residence and has been granted a bed and breakfast home permit, a short-term rental home permit, or operates as a transient vacation rental, must be classified as "commercialized residential" without regard to its highest and best use, and cannot qualify for a home exemption.

5. Real property that is subject to a time share plan as defined in section 514E-1, Hawai'i Revised Statutes, as amended, must be classified as "time share".

6. Unless classified as "time share", "hotel and resort", or "commercialized residential", lodging or dwelling units occupied by transient tenants for periods of less than six consecutive months, including real property that does not serve as the owner's principal residence and has been granted a short-term rental home permit or a conditional permit allowing transient vacation rental use must be classified as "TVR-STRH" without regard to its highest and best use, and cannot qualify for a home exemption.

7. 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, and employ more than twenty full-time persons, must be classified as "hotel and resort".

8. Dwelling units occupied by long-term tenants for periods of ~~[twelve]~~12 consecutive months or more to the same tenant and have been granted a long-term rental exemption in accordance with sections 3.48.410, 3.48.425, and, 3.48.466 must be classified as "long-term rental", unless the

property also qualifies for a homeowner exemption in accordance with section 3.48.450, in which case the property must be classified "owner-occupied". Dwelling units granted an August 2023 Maui wildfires long-term rental exemption under 3.48.551 for tax years 2025 and 2026 must be classified as "long-term rental", unless the property also qualifies for a homeowner exemption in accordance with section 3.48.450, in which case the property must be classified "owner-occupied". Dwelling units where a portion is used for transient vacation rental, hotel, commercial, or industrial purposes must not be classified as "long-term rental". Portions of dwelling units not used for residential use must not be classified as "long-term rental".”

SECTION 4. Section 3.48.466, Maui County Code, is amended by amending subsection B to read as follows:

“B. Real property occupied as a long-term rental and under a signed contract to lease for six or more but less than ~~[twelve]~~12 consecutive months to the same tenant, as of January 31, 2024 or January 1, 2025, by an individual who was directly displaced by the August 2023 Maui wildfires, will be exempt to the following extent from property taxes~~[:]~~ in the subsequent tax year:

1. For tax years beginning on July 1, 2024, and July 1, 2025:
 - a. Totally exempt if the value of the property is not in excess of \$300,000; or
 - b. If the value of the property is in excess of \$300,000, the exemption will be in the amount of \$300,000.”

SECTION 5. Section 3.48.551, Maui County Code, is amended to read as follows:

“3.48.551 **August 2023 Maui wildfires long-term rental exemption.** A. A dwelling unit or a portion of a dwelling unit that was not occupied as a long-term rental at the time of the August 2023 Maui wildfires and that has since the wildfires been occupied as a long-term rental under a signed contract to lease for a term of at least one year to an individual who was directly displaced by the August 2023 Maui wildfires, without evicting a prior long-term tenant or a tenant with a physical or intellectual and developmental disability as defined by the American Psychiatric Association, is exempt from taxation, as follows:

1. The exemption from taxation in this section must be allowed from the next tax payment date, February 20, 2024, through June 30, 2025, if the applicant filed a claim with the department of finance on or before January 31, 2024, on a form prescribed by the department and the term of the lease is in effect by February 1, 2024.

2. The exemption from taxation in this section must be allowed from July 1, 2024 through June 30, 2025, if the applicant filed a claim with the department of finance on or before March 15, 2024, on a form prescribed by the department and the term of the lease is in effect by March 16, 2024.

B. Subsection A's provisions are subject to the following conditions:

1. The exemption may be allowed for multiple dwelling units for any one taxpayer if the dwelling units are located on different parcels.

2. If a portion of the real property is not used as an August 2023 Maui wildfires long-term rental as described in subsection A, that portion of the real property is not entitled to the exemption.

3. If the parcel is exclusively occupied by an individual who was directly displaced by the August 2023 Maui wildfires, the parcel is exempt from any real property tax, including the minimum real property tax.

4. The exemption is not allowed if the long-term rental lease is granted to any of the following lessees:

a. A natural person who has an ownership interest in the property, including a natural person who is considered an owner under section 3.48.150.

b. An officer or member of a corporation that has an ownership interest in the property.

c. A partner in a partnership that has an ownership interest in the property.

d. A business, corporation, partnership, or any entity unless the occupant of the dwelling unit is an individual who was directly displaced by the August 2023 Maui wildfires.

5. If the occupant of the dwelling unit maintains a permanent place of abode in addition to the exempt dwelling unit, the exemption is not allowed.

C. A dwelling unit or a portion of a dwelling unit that has since the August 2023 Maui wildfires been occupied as a long-term rental under a signed contract to lease for a term of at least one year to an individual who was directly displaced by the August 2023 Maui wildfires, without evicting a prior long-term tenant or a tenant with

a physical or intellectual and developmental disability as defined by the American Psychiatric Association, that received the exemption for tax years 2024 and 2025, and extends their current lease for a term of six months or longer, will be exempt from property taxes as follows:

1. For the tax year beginning on July 1, 2025:
 - 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. The exemption from taxation in this section must be allowed from July 1, 2025 through June 30, 2026, if the applicant filed a claim with the department of finance on or before December 31, 2025, on a form prescribed by the department.

D. Subsection C's provisions are subject to the following conditions:

1. The exemption may be allowed for multiple dwelling units for any one taxpayer if the dwelling units are located on different parcels.

2. If a portion of the real property is not used as an August 2023 Maui wildfires long-term rental as described in subsection B, that portion of the real property is not entitled to the exemption.

3. If the property where a homeowner resides qualifies for a home exemption under section 3.48.450, and a wildfire long-term rental exemption, for the tax year beginning on July 1, 2025:

a. The property is totally exempt if the value of the property is not in excess of \$400,000; or

b. If the value of the property is in excess of \$400,000, the exemption will be in the amount of \$100,000.

4. The exemption is not allowed if the long-term rental lease is granted to any of the following lessees:

a. A natural person who has an ownership interest in the property, including a natural person who is considered an owner under section 3.48.150.

b. An officer or member of a corporation that has an ownership interest in the property.

c. A partner in a partnership that has an ownership interest in the property.

d. A business, corporation, partnership, or any entity unless the occupant of the dwelling unit is

an individual who was directly displaced by the August 2023 Maui wildfires.

5. If the occupant of the dwelling unit maintains a permanent place of abode in addition to the exempt dwelling unit, the exemption is not allowed.

[C]E. Upon the timely filing of a claim under [subsection]subsections A and C, the applicant must provide the director a copy of the signed lease and all required documentation requested by the director to confirm the long-term rental use, including contact information to be used to verify continued qualification for the exemption. Failure to respond to the director's demand within [thirty]30 days will be grounds for denial of a claim for the exemption.

[D]F. If the director obtains evidence that any use other than the August 2023 Maui wildfires long-term rental use is occurring, the evidence is prima facie proof that the real property does not qualify for the exemption, and the director must provide written notice to the owner by mail that the real property does not qualify for the exemption or continued exemption under this section. The evidence may include evidence that the dwelling unit is being advertised for occupancy by transient tenants for periods of less than six consecutive months for any period during the assessment year.

[E]G. If during any tax year, the August 2023 Maui wildfires long-term rental exemption for a property is revoked, the taxes for the entire tax year will be recalculated without the exemption.

[F]H. If, during the assessment year, any portion of the dwelling unit is used as a transient vacation rental or short-term rental home, the exemption must be revoked and the taxes for the entire year recalculated without the exemption.

[G]I. The real property owner must report any change in use or occupancy within [thirty]30 days of the change. The director may investigate any real property, and, if the director determines that the actual use differs from an August 2023 Maui wildfires long-term rental, may reassess the real property.

[H]J. The director may adopt rules and prescribe forms to carry out this section.

[I]K. As used in this section:

"Directly displaced by the August 2023 Maui wildfires" means:

1. The leased property's occupant:
 - a. Maintained a permanent place of abode within the red or yellow reentry zone in Lahaina, as established by the County in its reentry map of impacted areas, or a permanent place of abode for which access was restricted to

certain hours by the government as of November 15, 2023; and

b. Had no other permanent place of abode as of August 8, 2023; or

2. The leased property's occupant maintained a permanent place of abode that was destroyed, damaged, or impacted by the August 2023 Maui wildfires and had no other permanent place of abode as of August 8, 2023.

"Permanent place of abode" means a dwelling unit maintained by the occupant, whether they own it or not, suitable for year-round use."

SECTION 6. 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 7. This Ordinance takes effect on approval.

APPROVED AS TO FORM
AND LEGALITY:

KRISTINA C. TOSHIKIYO
Deputy Corporation Counsel
County of Maui

LF2024-1675
2024-10-25 Ord Amd Ch. 3.48 RPT Relief

INTRODUCED BY:

A handwritten signature in cursive script, appearing to read "Charles A. See". The signature is written in black ink and is positioned above a horizontal line.

Upon the request of the Mayor.