

September 12, 2017

MEMO TO: BF-50 File

F R O M: Mike White  
Council Chair



SUBJECT: **TRANSMITTAL OF LEGISLATIVE PROPOSAL RELATING TO CHAPTER 3.48, ARTICLE XIII, MAUI COUNTY CODE, CIRCUIT BREAKER TAX CREDIT** (BF-50)

The attached legislative proposal pertains to Item 50 on your committee's agenda.

paf:mmy:17-201c

Attachment

MAUI COUNTY  
COURT REPORTER  
11/12/17

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

BILL NO. \_\_\_\_\_ (2017)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY  
CODE, RELATING TO THE CIRCUIT BREAKER TAX CREDIT

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

SECTION 1. The purpose of this ordinance is to amend the phase-out schedule of the circuit breaker tax credit by increasing the homeowner's gross building assessed values by \$100,000 and to delete expired references to 2015 tax appeal deadlines.

SECTION 2. Section 3.48.595, Maui County Code, is amended to read as follows:

**“3.48.595 Generally.** In the case of a real property tax appeal, a taxpayer shall first appeal to the County board of review, pursuant to section 232-16, Hawaii Revised Statutes. Appeals to the County board of review shall be on grounds as provided in sections 3.48.605.A, 3.48.605.B, 3.48.605.C, 3.48.605.D, and 3.48.605.E. Appeals to the County board of review shall be filed on or before April 9 preceding the tax year[; provided that for the tax year ending June 30, 2015, appeals to the County board of review based on section 3.48.605.D shall be filed on or before November 30, 2014]. Where such an appeal is based upon grounds that the assessed value of the real property for tax purposes is excessive, the valuation claimed by the taxpayer in the appeal shall be admissible in evidence in any subsequent condemnation action involving the property, as an admission that the fair market value of the real property, as of the date of assessment, is no more than the value arrived at when the assessed value from which the taxpayer appealed is adjusted to one hundred percent fair market value; provided, that such evidence shall not in any way affect the right of the taxpayer to any severance damages to which the taxpayer may be entitled. Any taxpayer aggrieved by a County board of review final decision may file an appeal for judicial review to the tax appeal

court pursuant to sections 91-12 and 91-14, Hawaii Revised Statutes.”

SECTION 3. Section 3.48.810, Maui County Code, is amended to read as follows:

**“3.48.810 Circuit breaker tax credit established.** Upon proper application, a homeowner shall be entitled to a credit, not to exceed \$5,000, equal to the amount by which the real property taxes calculated for the homeowner property for the prior tax year exceeds two ~~[per cent]~~ percent of household income, provided:

- A. The homeowner has been granted a home exemption for at least five out of the prior six tax years~~;~~.
- B. Household income does not exceed \$100,000~~;~~.
- C. The homeowner is in compliance with section 3.48.820;
- D. The credit shall only apply for the succeeding tax year, with no carryover credit allowed~~;~~.
- E. The amount of the circuit breaker tax credit is based on the homeowner’s gross building assessed value and shall be phased out using the following schedule:

Homeowner’s gross building assessed value	Eligible percentage of circuit breaker tax credit
Up to <del>[\$400,000]</del> <u>\$500,000</u>	100%
<del>[\$400,001 to \$412,500]</del> <u>\$500,001 to \$512,500</u>	80%
<del>[\$412,501 to \$425,000]</del> <u>\$512,501 to \$525,000</u>	60%
<del>[\$425,001 to \$437,500]</del> <u>\$525,001 to \$537,500</u>	40%
<del>[\$437,501 to \$450,000]</del> <u>\$537,501 to \$550,000</u>	20%
<del>[\$450,001]</del> <u>\$550,001</u> or more	0%

~~;~~ and]

F. Taxes on the property are not delinquent from the date the application is filed and throughout the tax year for which the credit applies.”

SECTION 4. Section 3.48.815, Maui County Code, is amended to read as

follows:

**“3.48.815 Application for circuit breaker tax credit.** The application for circuit breaker tax credit shall be in a form prescribed by the director. The homeowner shall file the application during the application period beginning August 1 and ending December 31 immediately preceding the tax year for which the circuit breaker tax credit is claimed, for a credit upon taxes due in the immediately succeeding tax year. [For the tax year ending June 30, 2015, the homeowner shall file the application by September 15, 2014.] The homeowner shall certify that:

A. The requirements of section 3.48.810 have been read and understood[;].

B. The homeowner property shall continue to qualify for the home exemption throughout the succeeding tax year[; provided that for the tax year ending June 30, 2015, the homeowner property shall qualify for the home exemption for the entire tax year; and].

C. Any information provided in support of the application is true and correct.”

SECTION 5. Section 3.48.820, Maui County Code, is amended to read as

follows:

**“3.48.820 Administration.** A. The director shall determine whether the homeowner qualifies for the circuit breaker tax credit upon review and verification of each completed application. To verify information in the application, the director shall require proof of household income, as defined in section 3.48.805. The director may require that each member of the household provide copies of:

(1) A tax return transcript from the Internal Revenue Service[;].

(2) A tax account transcript, if applicable, from the Internal Revenue Service[; and].

(3) Any accompanying forms and schedules as the director may require to verify the transcripts.

The applicant may refuse to provide the information or authorization required by the director. Failure to provide such information or authorization shall result in the denial of the application. Notwithstanding any provision to the contrary, there shall be no appeal from the director’s decision to deny an application as a result of the applicant’s failure to provide the required information or authorization.

B. The director shall determine if the homeowner qualifies for the circuit breaker tax credit. If the homeowner does not qualify for the circuit breaker tax credit, the director shall notify the homeowner on or before March 1 preceding the tax year. [For the tax year ending June 30, 2015, the director shall notify the homeowner on or before October 31, 2014.]

C. If an application for the circuit breaker tax credit is granted, the director shall apply the credit to the real property tax bills issued pursuant to sections 3.48.190 and 3.48.195, apportioned in equal parts between the two installments.

D. A circuit breaker tax credit shall not be transferable to another person or property.

E. The director may adopt rules and prescribe forms to implement this article.”

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 shall take effect upon its approval and shall apply beginning with the tax year ending June 30, 2018.

APPROVED AS TO FORM AND  
LEGALITY:



JEFFREY UEOKA  
Department of the Corporation Counsel  
County of Maui  
2017-1088  
2017-09-11 Ordinance