

COUNCIL OF THE COUNTY OF MAUI
**BUDGET, FINANCE, AND ECONOMIC
DEVELOPMENT COMMITTEE**

June 7, 2024

**Committee
Report No. _____**

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget, Finance, and Economic Development Committee, having met on May 15, 2024, makes reference to Bill 85 (2024), entitled “A BILL FOR AN ORDINANCE AMENDING SECTION 3.48.810, MAUI COUNTY CODE, RELATING TO THE CIRCUIT BREAKER TAX CREDIT.”

Bill 85’s purposes are to amend Section 3.48.810, Maui County Code, effective August 1, 2024, to: 1) increase the circuit breaker tax credit maximum amount to \$8,200; 2) increase the maximum household qualifying income limit to \$126,000; and 3) adjust the schedule setting the amount of tax credit received based on the homeowner’s gross building assessed value, which includes increasing the maximum value eligible to receive 100 percent of the credit to \$1,000,000.

A representative of the Department of Finance explained the proposed changes to the tax credit were developed based on public input and through analyzing increases in property values annually. She stressed the importance of the changes to the gross building assessed value schedule, which will help keep homeowners qualified for the credit. She further said those most impacted are generational owners with property near the ocean.

Your Committee notes the tax credit was last amended by Ordinance 5108 (2020) in response to increased property valuations. Because property values have continued to increase since then, further adjustments to the tax credit are appropriate.

By correspondence dated April 26, 2024, the Acting Budget Director confirmed Bill 85 will not impact revenues until the Fiscal Year (“FY”) 2026

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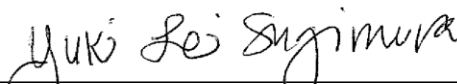
Budget because the effective date of the change is August 1, 2024, and applicants qualify for the tax credit from August 1 through December 31.

The Finance representative said other real property tax relief programs, such as the home exemption and the ‘āina kūpuna property dedication, may also have impacted the amount of the credit that has been provided the past few years. With the changes in Bill 85, she estimates the total amount of tax credit in FY 2026 may be approximately \$475,000, similar to the amounts in FYs 2021 and 2022.

Your Committee voted 8-0 to recommend passage of Bill 85 (2024), on first reading. Committee Chair Sugimura and members Cook, Johnson, Lee, Paltin, Rawlins-Fernandez, Sinenci, and U‘u-Hodgins voted “aye.” Committee Vice-Chair Kama was excused.

Your Budget, Finance, and Economic Development Committee RECOMMENDS that Bill 85 (2024), attached hereto, entitled “A BILL FOR AN ORDINANCE AMENDING SECTION 3.48.810, MAUI COUNTY CODE, RELATING TO THE CIRCUIT BREAKER TAX CREDIT,” be PASSED ON FIRST READING and be ORDERED TO PRINT.

This report is submitted in accordance with Rule 8 of the Rules of the Council.



YUKI LEI K. SUGIMURA, Chair

ORDINANCE NO. _____

BILL NO. 85 (2024)

A BILL FOR AN ORDINANCE AMENDING SECTION 3.48.810,
MAUI COUNTY CODE, RELATING TO THE CIRCUIT BREAKER TAX CREDIT

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

SECTION 1. 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 is entitled to a credit, not to exceed ~~[\$6,500,]~~ \$8,200, equal to the amount by which the real property taxes calculated for the homeowner property for the prior tax year exceeds ~~[two]~~ 2 percent of household income, or the minimum tax as established in the annual budget ordinance, whichever is greater, 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.]~~ \$126,000.

C. The homeowner is in compliance with section 3.48.820.

D. The credit only applies 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 must be phased out using the following schedule:

Homeowner’s gross building assessed value	Eligible percentage of circuit breaker tax credit
Up to [\$750,000] <u>\$1,000,000</u>	100%
[\$750,001] <u>\$1,000,001</u> to [762,500] <u>\$1,025,000</u>	80%
[\$762,501] <u>\$1,025,001</u> to [\$775,000] <u>\$1,050,000</u>	60%
[\$775,001] <u>\$1,050,001</u> to [\$787,500] <u>\$1,075,000</u>	40%
[\$787,501] <u>\$1,075,001</u> to [\$800,000] <u>\$1,100,000</u>	20%

[\$800,001] \$1,100,001 or more	0%
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F. Taxes on the property are not delinquent for more than one year from the date the application is filed and throughout the tax year for which the credit applies.”

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 takes effect on August 1, 2024.

APPROVED AS TO FORM AND LEGALITY:

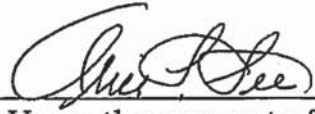


KRISTINA C. TOSHIKIYO

Deputy Corporation Counsel
Department of the Corporation Counsel
County of Maui

LF2024-0487
2024-04-13 Ord Amd Ch 3.48.docx

INTRODUCED BY:

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

Upon the request of the Mayor.