

ORDINANCE NO. _____

BILL NO. 147 (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. The purpose of this ordinance is to extend August 2023 Maui wildfires real property tax relief through the tax year ending June 30, 2026 by amending Maui County Code 3.48.

SECTION 2. Chapter 3.48.230 sections B and D, Maui County Code, are amended 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, 202[5]6.
- C. Real property that is 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 of November 15, 2023, is exempt from real property taxes, including the minimum real property tax, for the period July 1, 2023, through June 30, 2024.
- 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, 202[5]6.

SECTION 3. Chapter 3.48.305 section B number 8, Maui County Code, is amended to read as follows:

8. Dwelling units occupied by long-term tenants for periods of twelve 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 year 2025-2026 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. Chapter 3.48.466 section B, Maui County Code, is amended 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 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. Chapter 3.48.551 sections B through K, Maui County Code,

are amended to read as follows:

B. A dwelling unit or a portion of a dwelling unit 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, that received the exemption for tax year 2024-2025, that extends their current lease for a term of six (6) months or longer will be exempt only to the following extent from property taxes:

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.

[B]C. 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.

D. Subsection B'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 subsections A and B, 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 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 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:

Deputy Corporation Counsel
County of Maui

INTRODUCED BY:

A handwritten signature in cursive script, appearing to read "The Mayor", written over a horizontal line.

Upon the request of the Mayor.