

COUNCIL OF THE COUNTY OF MAUI

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE

December 1, 2023

**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 November 16, 2023, and reconvened on November 17, 2023, and November 21, 2023, makes reference to Bill 103 (2023), entitled “A BILL FOR AN ORDINANCE ON THE REAL PROPERTY TAX AGRICULTURAL CLASSIFICATION AND DEDICATED LANDS FOR AGRICULTURAL USE.”

Bill 103’s purposes are to require: 1) tax rate tiers for the Agricultural real property tax classification, and 2) the Director of Finance to seek the Department of Agriculture’s assistance with verifying that lands dedicated to agricultural use comply with dedication requirements.

Your Committee noted that the bill is not intended to affect farmers and ranchers who actively use their property for agricultural use. Instead, the proposal may allow for higher rates on fallow agricultural land, which may incentivize property owners to either conduct an agricultural use on their property or lease their property for agricultural use.

Your Committee further noted that dry, fallow land poses a fire hazard while land actively used for agriculture contributes to a more resilient landscape.

Your Committee supported an amendment to allow tax rate tiers for all real property classifications. A representative from the Department of Finance explained that this would allow the Council to introduce tax rate tiers for real property classifications without amending the Maui County Code.

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Your Committee also recommended removing the requirement for the Director of Finance to inspect all lands dedicated to agricultural use every three years because the Department already conducts annual inspections for compliance with dedication requirements.

The Director of Agriculture said the Department is committed to working with the Department of Finance on monitoring compliance with agricultural dedication requirements under the bill's provisions.

Your Committee voted 6-0 to recommend passage of Bill 103, CD1 (2023) on first reading. Committee Chair Sugimura and members Cook, Johnson, Lee, Paltin, and Sinenci voted "aye." Committee Vice-Chair Kama and members Rawlins-Fernandez and U'u-Hodgins were excused.

Your Committee is in receipt of Bill 103, CD1 (2023), entitled A BILL FOR AN ORDINANCE RELATING TO LANDS DEDICATED FOR AGRICULTURAL USE AND REAL PROPERTY TAX RATE TIERS," approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee's recommended revisions and nonsubstantive revisions.

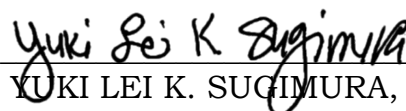
Your Budget, Finance, and Economic Development Committee RECOMMENDS that Bill 103, CD1 (2023), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE RELATING TO LANDS DEDICATED FOR AGRICULTURAL USE AND REAL PROPERTY TAX RATE TIERS," be PASSED ON FIRST READING and be ORDERED TO PRINT.

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



YUKI LEI K. SUGIMURA, Chair

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ORDINANCE NO. _____

BILL NO. 103, CD1 (2023)

A BILL FOR AN ORDINANCE RELATING TO LANDS DEDICATED FOR
AGRICULTURAL USE AND REAL PROPERTY TAX RATE TIERS

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

SECTION 1. This Ordinance's purposes are to:

- (1) Require the director of finance to seek the department of agriculture's assistance in verifying that lands dedicated to agricultural use comply with dedication requirements; and
- (2) Allow for tax rate tiers for any real property classification.

SECTION 2. Section 3.48.350, Maui County Code, is amended by amending subsection E to read as follows:

"E. The approval by the director of the petition to dedicate [constitutes a forfeiture on the part of the owner of any] forfeits the owner's right to change the use of the land to a use other than [agriculture] an agricultural use 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 31, to be effective as of July 1 of the following tax year.

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

3. In the case of a change in a major land use classification that is not [as a] the result of a petition by any property owner or lessee [such that] where 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 will continue to be subject to] the terms and conditions of the dedication will continue to apply to the land 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 does not alter the original dedication period. The director must annually provide to the department of agriculture a list of lands dedicated to agricultural use to assist the director with periodic verification of agricultural use.”

SECTION 3. Section 3.48.561, Maui County Code, is amended by amending subsection B to read as follows:

“B. To establish progressive property taxes and notwithstanding any provisions to the contrary, three equivalent or ascending tiers of tax rates for [properties classified as owner-occupied, non-owner-occupied, short-term rental, commercial, industrial, and long-term rental, must] any real property classification may be established. The tiered rates apply to three corresponding ascending or equal ranges of property values. The rates, tiers, and value ranges are set forth in the annual budget. Any reference to “tiers” in this chapter incorporates value ranges.”

SECTION 4. 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 5. This Ordinance takes effect on approval.

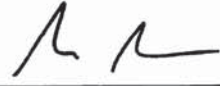
APPROVED AS TO FORM
AND LEGALITY:



KRISTINA C. TOSHIKIYO
Deputy Corporation Counsel

LF2023-0087
BFED-46 2023-11-22 Ord Amd Ch 3.48
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INTRODUCED BY:



GABE JOHNSON