

Budget, Finance, and Economic Development Committee (2023-2025) on

2024-05-15 1:30 PM

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Name	Comment	Position	Attachments	Submitted At
Malia Hill	Please see the attached comments from the Grassroot Institute of Hawaii.	Support	Attachment	05-13-2024 03:39 pm

May 15, 2024, 1:30 p.m.

Council Chamber, Kalana O Maui Building

To: Maui County Council, Budget, Finance, and Economic Development Committee

Yuki Lei Sugimura, Chair

Tasha Kama, Vice-Chair

From: Jonathan Helton, Policy Researcher

Grassroot Institute of Hawaii

RE: COMMENTS ON BILL 85 — A BILL FOR AN ORDINANCE AMENDING SECTION 3.48.810, MAUI COUNTY CODE, RELATING TO THE CIRCUIT BREAKER TAX CREDIT

Aloha Chair Sugimura, Vice-Chair Kama and other members of the Committee,

The Grassroot Institute of Hawaii would like to offer its **support**, along with one suggestion, for [Bill 85 \(2024\)](#), which would modify the County's "circuit breaker" tax credit by increasing the value of the credit and its income and home-value eligibility limits.

Maui's circuit breaker offers relief to people who own and live in their homes and have filed for property tax homeowner exemptions. Currently, the program applies to residents who have annual household incomes of \$100,000 or less and have received the homeowner exemption for at least five of the past six years.

In addition, the home must be valued at \$750,000 or less for the homeowner to receive the full value of the credit, but homeowners whose homes are valued at between \$750,000 and \$800,000 can receive between 80% and 20% of the credit's value.

The program works by capping the tax bill of the homeowners at no more than 2% of their household incomes, provided that the value of the credit does not exceed \$6,500. For fiscal 2025, 400 taxpayers — mostly aged 70 years or older — will receive \$293,838 from the credit.¹

This bill proposes three important changes: It would increase the maximum value of the credit from \$6,500 to \$8,200; the annual income limit from \$100,000 to \$126,000; and the eligible home value from \$800,000 to \$1.1 million

¹ ["Selected Real Property Statistics for Budget Consideration FY 2024-2025,"](#) Maui Real Property Assessment Division, pp. 25-26.

Increasing the maximum value of the credit is a good idea because it would offset some of the effects of increased assessments and higher tax bills.

The income limit was first imposed in 2013 and has not been adjusted.² Since 2013, area median income has increased from \$84,900 to \$101,100.³ The proposed \$26,000 increase would more than offset this, creating a buffer that would allow the Council to wait a few years before increasing it again.

The home value limit was last increased in 2020, from \$550,000 to \$800,000.⁴ But since 2020, home values on Maui have increased drastically. In February 2020, the median sales price of single-family homes on Maui was \$747,150; today it is \$1.25 million — an increase of more than 67%.⁵

Increasing the value limit from \$800,000 to \$1.1 million would represent an almost 37.5% increase, which would boost — but not completely offset — the value of the circuit breaker for families who have seen their home values skyrocket.

Our suggestion is that the Council replace the schedule in the bill with the following:

Homeowner’s gross building assessed value	Eligible percentage of circuit-breaker tax credit
Up to \$1,000,000	100%
\$1,000,001 to \$1,100,000	80%
\$1,100,001 to \$1,200,000	60%
\$1,200,001 to \$1,250,000	40%
\$1,250,001 to \$1,300,000	20%
\$1,300,001 or more	0%

Overall, this bill would still be a good step toward ensuring that the circuit-breaker tax credit keeps up with changes in home values and growing county incomes.

Thank you for the opportunity to testify.

Jonathan Helton, Policy Researcher
Grassroot Institute of Hawaii

² “[Local Option Circuit Breaker \(Honolulu, Kauai, and Maui Counties\)](#),” Significant Features of the Property Tax, Lincoln Institute of Land Policy and George Washington Institute of Public Policy, accessed May 1, 2024.

³ “[Maui County Income Schedule by Family Size 2023](#),” Hawaii Housing Finance and Development Corporation; and “[Maui County Income Schedule by Family Size 2013](#),” Hawaii Housing Finance and Development Corp.

⁴ Maui County [Ordinance 5108](#) became law on Aug. 13, 2020.

⁵ “[Statewide Housing Statistics](#),” Title Guarantee, Feb. 2020, accessed April 29, 2024; and “[Statewide Housing Statistics](#),” Title Guarantee, February 2024, accessed April 29, 2024.