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**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.MauiCounty.us](http://www.MauiCounty.us)

October 24, 2023

Mr. Scott Teruya, Director  
Department of Finance  
County of Maui  
Wailuku, Hawaii 96793

Dear Mr. Teruya:

SUBJECT: **REAL PROPERTY TAX EXEMPTION FOR PROPERTIES  
IMPACTED BY NATURAL DISASTERS OR WILDFIRES**  
(BFED-35)

The Budget, Finance, and Economic Development Committee is in receipt of Bill 91 (2023), Bill 95 (2023), and Bill 102 (2023), which are separate proposals to provide a real property tax exemption for properties impacted by natural disasters or wildfires. A copy of each bill is attached for your reference.

May I please request you review each bill and provide any comments or suggested revisions.

May I further request you transmit your response to [bfed.committee@mauicounty.us](mailto:bfed.committee@mauicounty.us) by **October 27, 2023, by 4:30 p.m.** To ensure efficient processing, please include the relevant Committee item number in the subject line of your response.

Should you have any questions, please contact me or the Committee staff (James Krueger at ext. 7761, or Yvette Bouthillier at ext. 7758).

Sincerely,

A handwritten signature in cursive script that reads "Yuki Lei Sugimura".

YUKI LEI K. SUGIMURA, Chair  
Budget, Finance, and Economic  
Development Committee

bfed:ltr:035afn01:jgk

Attachments

cc: Mayor Richard T. Bissen, Jr.

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

BILL NO. 91 (2023)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY  
CODE, ON A REAL PROPERTY TAX EXEMPTION FOR PROPERTIES  
DESTROYED OR DAMAGED BY NATURAL DISASTERS

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

SECTION 1. This Ordinance's purpose is to exempt properties destroyed or damaged by a natural disaster on or after August 8, 2023, from real property taxation.

On August 16, 2023, Mayor Richard T. Bissen, Jr. announced that fiscal year 2024 real property taxes will be waived for improved properties "completely destroyed" during the August 2023 wildfires.

A number of properties are still standing but are uninhabitable because of major exterior or interior damage caused by the fires.

The Council finds that both damaged and destroyed properties should be temporarily exempt from real property tax.

SECTION 2. Chapter 3.48, Maui County Code, is amended by adding a new section to read as follows:

**"3.48.452 Exemption for properties damaged or destroyed by natural disasters.** A. Property that was destroyed or made uninhabitable by damage from a wildfire or other natural disaster on or after August 8, 2023, is exempt from real property taxes, delinquent taxes, and penalties for one year beginning July 1, 2024, subject to this section's standards.

B. For a property to be exempt, the following criteria must be met:

1. The property is recorded as uninhabitable in the County tax records in the tax year requested for exemption.

2. The applicant is the property owner as shown on County tax records as of the date of the natural disaster.

3. An application must be submitted on forms provided or approved by the department and made available to the taxpayer by the director. The application must include documents verifying ownership of the real property and must be filed with, and approved by the director by June 30, 2024.

C. The exemption may be extended for an additional tax year if a qualified property is determined to remain uninhabitable by the director.”

SECTION 3. This Ordinance takes effect on approval.

paf:jpp:23-260a

INTRODUCED BY:

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

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ALICE L. LEE

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

BILL NO. 95 (2023)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE, RELATING TO THE AUGUST 2023 FIRES DISASTER EXEMPTION

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

SECTION 1. Section 3.48.450, Maui County Code, is amended to read as follows:

**“3.48.450 Homes—standards for valuation.** A. Real property owned and occupied only as a principal home, as of the date of assessment, by an individual or individuals, will be exempt only to the following extent from property taxes:

1. For tax year ending June 30, 2023:
  - 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. For tax years beginning on or after July 1, 2023:
  - a. Totally exempt where the value of the property is not in excess of \$300,000; or
  - b. Where the value of the property is in excess of \$300,000, the exemption will be in the amount of \$300,000.

B. The provisions of subsection A will apply[, provided, as follows:] subject to the following conditions:

1. That no such exemption will be allowed to any corporation, copartnership, or company.
2. That the exemption will not be allowed on more than one home for any one taxpayer.
3. That where the taxpayer has acquired a home by a deed made on or after July 1, 1951, the deed must have been recorded on or before December 31 immediately preceding the year for which the exemption is claimed.
4. That married persons will not be permitted an exemption of separate homes, unless they are living separate and apart, and provide a copy of a decree of separation from

the appropriate court having jurisdiction that is in effect prior to the effective date of the exemption; and each file a separate income tax return as a resident of the State of Hawaii with a reported address in the County the year prior to the effective date of the exemption; in which case they will be entitled to one exemption, to be apportioned equally between each of their respective homes.

5. That a person living on premises, a portion of which is used for commercial purposes, will not be entitled to an exemption [with respect to such] for that portion, but will be entitled to an exemption [with respect to] for the portion [thereof] used exclusively as a home.

6. That no such exemption will be allowed for any real property that is classified as "commercialized residential" or "short-term rental."

C. Upon proper application, a taxpayer [shall be] is entitled to a home exemption[, provided] if the taxpayer:

1. Occupies the home in the County for which the exemption is being filed for more than two hundred seventy calendar days of a calendar year, does not rent the entire premises for any portion of the year, and files an income tax return as a resident of the State of Hawaii with a reported address in the County the year prior to the effective date of the exemption. Non-resident and part-year resident State of Hawaii income tax returns do not qualify for the home exemption; or

2. Is stationed in the County under military orders of the United States.

D. The director may demand documentary evidence such as a tax clearance from the State of Hawaii indicating that the taxpayer filed an income tax return as a full-time resident for the year prior to the effective date of the exemption, from a property owner applying for an exemption or from an owner as evidence of continued qualification for an exemption. Failure to respond to the director's demand in thirty days [shall be] is grounds for denial of a claim for an exemption.

E. [In the event] if the director obtains evidence that an individual resides in a home outside the County, [such] the evidence [shall serve as] is prima facie proof that the individual does not own and occupy real property in the County as a principal home, and the director [shall] must provide written notice to the individual by mail that the individual [shall] is not [be] qualified for an exemption or continued exemption under this section. [Such evidence shall] Evidence may include[, but not be limited to,] documentation that homes that are being advertised for occupancy by transient tenants

for periods of less than six consecutive months for any period during the course of any assessment year.

F. If during the course of any tax year, the home exemption of a property is revoked, the taxes for the entire tax year [shall] must be recalculated without the exemption.

G. No home exemption is allowed if taxes on the property are delinquent for a period of more than one year; except a home exemption is allowed for those tracts leased under section 207 of the Hawaiian Homes Commission Act, 1920, as amended, regardless of delinquency status.

H. A taxpayer with a home exemption on property damaged or destroyed by the August 2023 wildfires is entitled to maintain that exemption concurrently with exemptions allowed, as applicable, under subsections 3.48.551(A) or (B) through June 30, 2025.”

SECTION 2. Chapter 3.48, Maui County Code, is amended by adding a new section to read as follows:

**“3.48.551 August 2023 wildfire exemption.** A. All residential real property within the Lāhainā tax map zone, known as zone four, sections five and six, is exempt from real property taxation from July 1, 2023, through June 30, 2025.

B. All other residential real property classified as owner-occupied and partially damaged or completely destroyed by the August 2023 wildfires is exempt from real property taxation from July 1, 2023, through June 30, 2025, following the submission to the director of a copy of an insurance claim submitted by the property owner to the insured’s insurance carrier for damages sustained from the August 2023 fires rendering the property uninhabitable.

C. Real property classified as commercialized residential or TVR-STRH and used to temporarily house a person or family displaced by the August 2023 wildfires is exempt from real property taxation for each month a displaced person or family is housed in the property, whether the displaced person or family uses the property for a partial or completed month, from August 1, 2023, through July 1, 2025, following the submission to the director of sufficient proof that a displaced person or family was housed in the property.

D. Real property classified as hotel and resort and used to temporarily house a person or family displaced by the August 2023 wildfires is exempt from real property taxation, calculated by dividing the property’s monthly taxation amount by the number of rentable units, then multiplying the result by the number or partial

or complete months a displaced person or family is housed in the property, from August 1, 2023, through July 1, 2025, following the submission to the director of sufficient proof that a displaced person or family was housed in the property.”

SECTION 3. 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 4. This Ordinance takes effect on approval.

paf:rem:23-229a



INTRODUCED BY:

*Tamara M. Paltin*

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TAMARA PALTIN

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

BILL NO. 102 (2023)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE, TO ESTABLISH AN AUGUST 2023 MAUI WILDFIRES EXEMPTION FROM REAL PROPERTY TAXATION

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

SECTION 1. This Ordinance's purpose is to provide Real Property Tax relief for those whose property was destroyed or damaged in the August 2023 Maui wildfires.

SECTION 2. Chapter 3.48, Maui County Code, is amended by adding a new section to read as follows:

**"3.48.465 August 2023 Maui wildfires exemption.** A. Real property that was destroyed or damaged by the August 2023 Maui wildfires and is uninhabitable or unsafe to conduct business in are exempt from paying real property taxes, delinquent taxes, and penalties for a period of three years beginning January 1, 2024.

B. Real property that receives this exemption will lose the exemption if sold prior to January 1, 2027. The new landowner will be responsible for paying taxes on the property from the date of the recorded sale."

SECTION 3. This Ordinance takes effect on approval.

INTRODUCED BY:

*Yuki Lei Sugimura*  
YUKI LEI K. SUGIMURA

## BFED Committee

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**From:** BFED Committee  
**Sent:** Tuesday, October 24, 2023 4:03 PM  
**To:** Scott.Teruya@co.maui.hi.us  
**Cc:** BFED Committee; Steve Tesoro; Didi Hamai; Michelle Santos; Zeke Kalua  
**Subject:** please read attached letter re: REAL PROPERTY TAX EXEMPTION FOR PROPERTIES IMPACTED BY NATURAL DISASTERS OR WILDFIRES (BFED-35). . .  
**Attachments:** 035afn01 revised - YLS signed.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

**Mr. Teruya:** Please refer to the attached letter from the Budget, Finance, and Economic Development (BFED) Committee Chair, dated **October 24, 2023**.

**Mayor's Office (attention: Michelle Santos and Zeke Kalua):** Please forward the attached letter to Mayor Bissen for his information.

Thank you,  
BFED Committee Staff