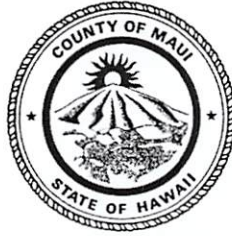




SCOTT K. TERUYA
Administrator

GERY MADRIAGA
Assistant Administrator

ALAN ARAKAWA
Mayor



COUNTY OF MAUI
DEPARTMENT OF FINANCE
REAL PROPERTY TAX DIVISION
BOARD OF REVIEW
70 E. KAAHUMANU AVENUE, SUITE A-16
KAHULUI, MAUI, HAWAII 96732
(808) 270-8054 Fax (808) 270-7884
www.mauipropertytax.com

May 29, 2018

Honorable Alan M. Arakawa
Mayor, County of Maui
200 S. High St., 9th Fl.
Wailuku, HI 96793

✓ Honorable Mike White
Chair, Maui County Council
200 S. High St., 7th Fl.
Wailuku, HI 96793

Mr. Mark Walker
Director, Department of Finance, County of Maui
200 S. High St., 2nd Fl.
Wailuku, HI 96793

RE: Transmittal of 2017/2018 Annual Report of the Real Property Assessment Division,
Board of Review

Dear Honorable Mayor, Council Chair White and Director Walker:

Pursuant to Maui County Code ("MCC") Section 3.48.635 the Maui County Real Property Tax Board of Review ("Board") hereby submits its annual report for your review and consideration. We hope that you will find this report useful in attaining the objectives set forth in Chapter 3.48 of the MCC relating to Real Property Tax.

I thank my fellow Board Members, Vice Chair, Bryan Esmeralda, Stephanie Stucky, Wayne Hedani, Scott Innes, and Jonathan Lubera for their wisdom, dedication and service.

Sincerely,

Daren Suzuki, Chair

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**REAL PROPERTY TAX BOARD OF REVIEW, MAUI COUNTY
YEAR END REPORT
2017/18**

INTRODUCTION

The Board respectfully submits its mandated year-end Report 2017/18 to the Mayor, Council and Administration for its review and consideration. This report contains a summary of 2017/2018 meetings and appeals, and recommendations of the Board.

SUMMARY OF 2017/18 MEETINGS AND APPEALS

The Board members attended the Annual Board Conference in Honolulu, Hawaii on May 23, 2017. At the Conference, a presentation on mass appraisal was given by the head of the International Association of Appraisers. The conference was also attended by Mayor Alan Arakawa and Mayor Kurt Caldwell. The Board held its organizational meeting on May 10, 2017 welcoming new member Jonathan Lubera, and electing Daren Suzuki as Chair and Bryan Esmeralda as Vice Chair. As of August 2017, member Stephanie Stucky resigned from the Board and was replaced by new member Wayne Hedani in November 2017 to fulfill the balance of her term.

For the tax year 2017/18, 652 tax appeals were filed and reviewed as summarized in the attached statistical synopsis, which includes comparisons with prior years. The number of appeals filed was 106 fewer than for 2016/17.

During the second half of calendar year 2017, and through March of 2018, the Board meets twice a month, conducted 12 hearings, with 187 appeals presented. Hence, most appeals are not adjudicated by the Board and are "stipulated" where the applicant and the Department agree to an outcome.

RECOMMENDATIONS

The voluntary members of the Board take their appointments very seriously. For the appeals presented to us for review, we act both as judge and jury in adjudicating said appeals. Through the process, we have become very aware of some of the inequities and problems in the County of Maui's property tax system. We hope that these recommendations would help rectify many of these situations

- **SHORT-TERM RENTALS (STR) TAX CLASSIFICATION** - - Assign a tax classification for short-term rentals for consistency. The Board supports the proposed 2018/2019 County budget assigning a tax classification for short-term rentals. Although not within the Board's purview, discussion often leads to the lack of enforcement of illegal short-term rentals which may have an impact on the long-term housing market. As such, the Board would support any funding to increase such enforcement of these illegal uses.

- **RELYING ON HAWAII RESIDENT INCOME TAX RETURN TO DETERMINE RESIDENCY FOR HOME EXEMPTION** - - The Board supports the intent on the filing of Hawaii Resident Income Tax Returns to determine whether or not a person qualifies

for a home exemption. However, should a person fail to file such Returns due to good cause, and there is sufficient evidence that the owner resides in the home, the Board has no authority to grant such home exemption appeals. This results in financial impacts to our local residential community and our *kupuna* who may be on a fixed income. The Board would support any legislation which would allow either the Board or the Department to allow home exemptions to non-filers based good cause and related home ownership criteria.

CONCLUSION

The Board would like to congratulate and commend the Real Property Assessment Division for earning the prestigious International Association of Assessing Officers (IAAO) Certificate of Excellence in Assessment Administration. The purpose of this Certificate is to recognize those governmental units utilizing best appraisal and assessment practices throughout their offices including a strong emphasis on teamwork, accomplishments, and a high level of satisfaction among peers, staff, and constituents. Mahalo to All the Departmental Staff for your hard work, professionalism and dedication to the people of Maui County.

I would like to also thank my fellow Board Members for their volunteerism, dedication and continued efforts in serving on the Real Property Tax Review Board.

Respectively submitted by Board Members:

Daren Suzuki, Chair

Bryan Esmeralda, Vice Chair

Wayne Hedani

Scott Innes

Jonathan Lubera

Attachment: Summary of Tax Appeals Filed

SUMMARY OF TAX APPEALS FILED

<u>Area</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Hana	10	13	15	11	6	7
Makawao-Pukalani-Kula	22	21	22	20	30	21
Paia-Haiku	7	24	45	63	40	47
Kihei-Makena	150	158	178	177	240	131
Wailuku-Kahului	53	141	25	95	169	50
West Maui	287	140	184	882	251	362
Lanai	14	4	69	35	10	15
Molokai	46	31	17	9	12	19
TOTAL	589	532	555	1,292	758	652
Total Taxable Parcel Count	71,234	71,515	71,907	71,992	72,421	73,418
Number of Board Hearings	7	8	10	10	12	12
Hours in Session	18	24	36	34	37	17
Appeals Filed with Tax Appeal Court	2	10	3	5	4	102

**SUMMARY OF BOARD OF REVIEW DECISIONS
By Tax Year Under Appeal**

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Sustained	59	134	38	52	54	150
Revised	25	42	93	80	48	37
Stipulations	288	290	301	499	589	424
Withdrawals	217	61	90	651	43	31
Pending Stipulations	0	1	23	7	1	0
Active	0	4	10	3	23	10
TOTAL	589	532	555	1,292	758	652

BOR Taxes in Dispute & Number of Appeals by Land Classification

Land Classification	2015 - 2016		2016 - 2017		2017 - 2018	
	# of Appeals	Taxes in Dispute	# of Appeals	Taxes in Dispute	# of Appeals	Taxes in Dispute
Residential	89	\$ 236,494	40	\$ 66,968	115	\$ 382,287
Commercialized Residential	0	0	0	0	0	0
Apartment	104	537,223	81	201,299	75	372,544
Commercial	61	2,376,245	139	3,012,075	34	1,049,779
Industrial	35	392,253	75	2,264,406	14	1,392,824
Agriculture	87	740,152	61	777,805	60	589,583
Conservation	5	903,326	8	1,073,489	6	1,050,849
Hotel/Resort	211	1,325,883	144	356,833	168	906,448
Homeowner	51	62,784	70	106,474	52	67,986
Timeshare	649	2,332,837	140	334,162	128	918,350
Total	1,292	\$ 8,907,195	758	\$ 8,193,512	652	\$ 6,730,650