

COUNCIL OF THE COUNTY OF MAUI
BUDGET, FINANCE, AND ECONOMIC
DEVELOPMENT COMMITTEE

September 2, 2022

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 August 17, 2022, makes reference to Bill 121 (2022), entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 3.48.455, MAUI COUNTY CODE, RELATING TO REAL PROPERTY TAX EXEMPTIONS."

The purpose of Bill 121 (2022) is to amend Sections 3.48.450 and 3.48.455, Maui County Code, to ensure certain taxpayers, such as those in a repayment plan with the County and those on Department of Hawaiian Home Lands homestead lots, are not disqualified from the home exemption based on delinquency status.

Your Committee notes having a large amount of delinquent taxes on the County's balance sheet is detrimental because it negatively affects the County's bond rating.

Your Committee further notes homeowners experiencing financial hardship are less likely to remain compliant with tax obligations or seek out a repayment plan. Compounding penalties and interest mean a homeowner's tax obligations will continue to rise but allowing qualifying homeowners the opportunity to qualify for the home exemption may result in a higher likelihood of tax obligation compliance.

The Real Property Tax Administrator said the bill's language is clear and implementable.

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The Real Property Tax Administrator also said any revenues not collected due to granting the home exemption would be offset by revenues collected from repayment plans.

Your Committee noted that under Bill 121 (2022), Department of Hawaiian Home Lands lessees would not need to be in a repayment plan with the County in order to be eligible for the home exemption. However, non-Department of Hawaiian Home Lands lessees would need to be in a repayment plan with the County in order to be eligible for the home exemption.

A Deputy Corporation Counsel said enough legal protections for Department of Hawaiian Home Lands land exist to justify this disparate treatment.

Your Committee amended the bill by deleting the portion of the proposed amendment to Section 3.48.450 about taxpayers who have entered into and are compliant with a repayment plan to the County, because the amendments to Section 3.48.455 cover the exemptions.

Your Committee also amended the bill by deleting the proposed repayment plan home exemption language of subsection C. of Section 3.48.455, since the language was not necessary.

Your Committee expressed support for the proposed bill as amended and was appreciative that the policy would help alleviate the financial burdens being experienced by so many homeowners.

Your Committee voted 9-0 to recommend passage of Bill 121, CD1 (2022) on first reading. Committee Chair Rawlins-Fernandez, Vice-Chair Paltin, and members Johnson, Kama, King, Lee, Molina, Sinenci, and Sugimura voted "aye."

Your Committee is in receipt of Bill 121, CD1 (2022), entitled "A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE,

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RELATING TO REAL PROPERTY TAX EXEMPTIONS,” 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 121, CD1 (2022), attached hereto, entitled “A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE, RELATING TO REAL PROPERTY TAX EXEMPTIONS,” be PASSED ON FIRST READING and be ORDERED TO PRINT.

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



KEANI N.W. RAWLINS-FERNANDEZ, Chair

ORDINANCE NO. _____

BILL NO. 121, CD1 (2022)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY
CODE, RELATING TO REAL PROPERTY TAX EXEMPTIONS

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

SECTION 1. This Ordinance's purpose is to ensure certain taxpayers, such as those in a repayment plan with the County and those on Department of Hawaiian Home Lands homestead lots, are not disqualified from the home exemption based on delinquency status.

SECTION 2. Section 3.48.450, Maui County Code, is amended by amending subsection G to read as follows:

"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."

SECTION 3. Section 3.48.455, Maui County Code, is amended to read as follows:

"3.48.455 Exceptions. The following circumstances are exceptions to the requirements of sections 3.48.450 [through 3.48.465.] and 3.48.460. Notwithstanding any law to the contrary:

A. A taxpayer who is sixty years of age [shall continue to be] is entitled to the exemptions contained in sections 3.48.450 [through 3.48.465 in the event] and 3.48.460 if the taxpayer moves from the home on which the exemption is granted to a long-term care facility or adult residential care home licensed to operate in the [state, provided:] State, subject to the following:

1. For a period of one year, beginning January 1, 1995, a taxpayer may apply for the

retroactive continuation of the home exemption if the taxpayer qualified under section 3.48.465 for any tax year from the tax year ended June 30, 1987, through the tax year ended June 30, 1995, but became disqualified because the taxpayer moved from the home to a long-term care facility or adult residential care home[;].

2. The director of finance may adopt rules and [shall] must provide forms as may be necessary to administer this subsection[;].

3. Continuation of the home exemption [shall entitle] entitles the taxpayer to the benefits of section 3.48.750 in effect during the applicable time period[; and].

4. The director of finance [shall] must refund any [moneys] money owing to the taxpayer due to the retroactive application of this section.

B. The use of a portion of any building or structure for the purpose of drying coffee and the use of a portion of real property, including structures, in connection with the planting and growing for commercial purposes, or the packing and processing for such purposes, of flowers, plants, or foliage, [shall] does not affect the exemptions provided for by sections 3.48.450 [through 3.48.465.] and 3.48.460.

C. If taxpayer has entered into and is compliant with a repayment plan to the County, the taxpayer's delinquency status does not affect the exemptions provided for by sections 3.48.450 and 3.48.460."

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
Department of the Corporation Counsel
County of Maui

bfed:misc:115abill01:gap
BFED-115 2022-08-24 Bill 121 CD1
Amd 3.48 RPT Exemptions

INTRODUCED BY:

Tamara A. M. Paltin

TAMARA PALTIN