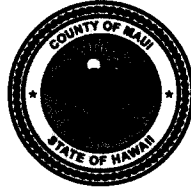


ALAN M. ARAKAWA
Mayor



COUNTY OF MAUI
DEPARTMENT OF FINANCE
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

September 14, 2015

RECEIVED
DANILO F. AGSALOG
Director
2015 SEP 14 PM 2:38
MARK R. WALKER
Deputy Director
OFFICE OF THE MAYOR

2015 SEP 16 PM 2:35
OFFICE OF THE
COUNTY COUNCIL


RECEIVED

Honorable Alan Arakawa
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

For Transmittal to:

Honorable Riki Hokama
Chair, Budget and Finance Committee
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

 9/16/15

Mayor Date

Dear Mr. Hokama:

SUBJECT: PENALTIES FOR VIOLATIONS OF HOME EXEMPTION REQUIREMENTS (BF-40)

This is in response to your letter dated September 3, 2015, requesting responses from the Department of Finance, Real Property Assessment Division (RPA) in regards to penalties for violations of home exemption requirements.

The RPA offers the following responses for consideration:

1. *What is the average annual percentage of home exemption recipients you estimate are in violation of the home exemption requirements?*

Ordinance 3842 effective as of August 1, 2011, made it a requirement for the homeowner to file an income tax return as a resident of the State of Hawaii and taxes on the parcel cannot be delinquent.

Since assessment year 2012, RPA has on average removed 545 home exemptions on parcels in violation of the home exemption requirements. RPA currently has 2,986 home exemption recipient parcels listed by the State of Hawaii, Department of Taxation as non-filers of State of Hawaii income tax returns. The fiscal year 2016 certified homeowner parcel count is 26,289.

RPA estimate of home exemption violations: 2% to 11%

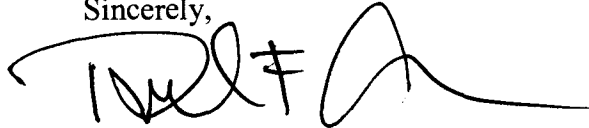
Honorable Riki Hokama
Chair, Budget and Finance Committee
Page 2 of 2, September 14, 2015

2. *Of the penalties owed to the County by home exemption violators over the past five years, what is the average annual percentage of penalties collected? What has been the dollar value of the penalties collected per year?*

<u>Tax Year</u>	<u>Penalties Assessed</u>	<u>Penalties Collected</u>	<u>% Collected</u>
2010	\$200	\$200	100%
2011	\$200	\$200	100%
2012	\$200	\$200	100%
2013	\$1,000	\$1,000	100%
2014	\$5,200	\$5,000	96%

Thank you for the opportunity to provide information regarding this matter and should you have any questions, please feel free to contact me at Ext. 7475.

Sincerely,



DANILO F. AGSALOG
Director of Finance

xc: Scott K. Teruya, Real Property Tax Administrator