


July 2, 2020

MEMO TO: EDB-81 File

F R O M: Keani N.W. Rawlins-Fernandez, Chair 
Economic Development and Budget Committee

SUBJECT: **TRANSMITTAL OF LEGISLATIVE PROPOSAL RELATED TO THE
CIRCUIT BREAKER TAX CREDIT** (EDB-81)

The attached proposal pertains to Item 81 on the Committee's agenda.

edb:ltr:081afil01:ljcm

Attachment

ORDINANCE NO. _____

BILL NO. _____ (2020)

A BILL FOR AN ORDINANCE RELATING TO THE CIRCUIT BREAKER TAX
CREDIT, HOMEOWNER EXEMPTION, AND HOUSEHOLD INCOME

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

SECTION 1. The purpose of this ordinance is to amend the circuit breaker tax credit by increasing the maximum amount of the credit, increasing the income limit to qualify for the credit, increasing the amounts of the homeowner's gross building assessed values at which the credit is phased out, clarifying that the credit does not supersede the minimum tax due, allowing a home exemption if the taxes on the property are not delinquent for more than one year, and changing the household income from adjusted gross income to gross income.

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

"G. No home exemption [shall be] is allowed if taxes on the property are delinquent for a period of more than one year."

SECTION 3. Section 3.48.805, Maui County Code, is amended to read as follows:

"3.48.805 Definitions.

Wherever used in this article, the following definitions [shall] apply:

"Circuit breaker tax credit" means the tax credit established [pursuant to] in accordance with section 3.48.810.

"Homeowner" means a person who has been granted a home exemption claim under section 3.48.450.

“Homeowner property” means the property [with regard to] on which a homeowner filed and was granted a home exemption claim under section 3.48.450, and:

- (1) the entire tax map key parcel the property is located on;
- (2) the principal home of the homeowner located on such parcel; and
- (3) all other buildings, structures, fences, and improvements located on such parcel.

“Household” means a homeowner, spouse of the homeowner, and any titleholders living on the homeowner property.

“Household income” means the [adjusted] gross income, as defined by the Internal Revenue Service, of a household for the year preceding the tax year in which an application for circuit breaker tax credit is filed.

“Titleholder” means any person or entity listed on the deed or other legal instrument of record establishing an ownership interest in the property. The term includes corporations and other business entities, but does not include mortgage lenders.”

SECTION 4. Section 3.48.810, Maui County Code, is amended to read as follows:

“3.48.810 Circuit breaker tax credit established. Upon proper application, a homeowner [shall be] is entitled to a credit, not to exceed ~~[\$5,000,] \$6,500,~~ equal to the amount by which the real property taxes calculated for the homeowner property for the prior tax year exceeds two percent of household income, or the minimum tax as established in the annual budget ordinance, whichever is greater, provided:

A. The homeowner has been granted a home exemption for at least five out of the prior six tax years.

B. Household income does not exceed ~~[\$100,000.] \$130,000.~~

C. The homeowner is in compliance with section 3.48.820[;].

D. The credit [shall] only [apply] applies for the succeeding tax year, with no carryover credit allowed.

E. The amount of the circuit breaker tax credit is based on the homeowner’s gross building assessed value and [shall] must be phased out using the following schedule:

Homeowner’s gross building assessed value	Eligible percentage of circuit breaker tax credit
Up to [\$500,000] <u>\$750,000</u>	100%
[\$500,001 to \$512,500] <u>\$750,001 to 762,500</u>	80%
[\$512,501 to \$525,000] <u>\$762,501 to \$775,000</u>	60%

[\$525,001 to \$537,500] \$775,001 to \$787,500	40%
[\$537,501 to \$550,000] \$787,501 to \$800,000	20%
[\$550,001] \$800,001 or more	0%

F. Taxes on the property are not delinquent for more than one year from the date the application is filed and throughout the tax year for which the credit applies.”

SECTION 5. 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 6. This ordinance shall take effect beginning July 31, 2020.

APPROVED AS TO FORM AND LEGALITY:

Department of the Corporation Counsel
County of Maui

edb:misc:081abill01