

MICHAEL P. VICTORINO
Mayor

SCOTT K. TERUYA
Director

MAY-ANNE A. ALIBIN
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COUNTY OF MAUI
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March 18, 2021

Honorable Michael P. Victorino
Mayor, County of Maui
200 S. High St., 9th Fl.
Wailuku, HI 96793

APPROVED FOR TRANSMITTAL

Michael P. Victorino 3/19/21
Mayor Date

For Transmittal to:

Honorable Alice L. Lee, Chair
Chair, Maui County Council
200 S. High St., 8th Fl.
Wailuku, HI 96793

RE: 2020/2021 Annual Report of the Real Property Assessment Division, Board of Review

Dear Chair Lee:

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, William Cambra, Russell Johnson, Georgina Kawamura, and Carolyn Franklin for their wisdom, dedication and service.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas Croly".

Thomas Croly
Chair

Enclosure: RPT Board of Review Annual Report

cc: Scott K. Teruya, Director of Finance

COUNTY COMMUNICATION NO. 21-160

RPT Board of Review Annual Report

1,157 appeals were filed for the 2020/2021 tax year

131 appeals were withdrawn

317 appeals were stipulated before being heard by the Board

693 appeals were heard by the Board

The Board held 20 meetings for the 2020/2021 tax year including 4 meetings where the subject was training or discussions of the appeal process.

Meeting Procedures and Format

COVID-19 concerns required a change in the Board's meeting procedures and format this year. The Board utilized the BlueJeans virtual meeting application to facilitate this year's meetings. The Department, and particularly Board Commission Support Clerk, Ryvette Figueroa, did an exceptionally good job of creating new procedures to facilitate this new online meeting process. There were some technical issues that caused some delays and impacted the efficiency of the Board's meetings during the first month of virtual BlueJeans meetings, especially when the Board attempted to hold hybrid in-person and online meetings, but eventually this new online meeting format proved to be as efficient as in-person meetings. It also allowed appellants, who would not have otherwise been able to participate in an in-person meeting, to be allowed to present their appeals to the Board without leaving their homes.

The Board recommends allowing some form of these virtual meetings to take place in the future, even after the emergency rules brought on by COVID-19 have been lifted. Some Board members felt handicapped by only having a single device to both, use BlueJeans to participate in the meeting, and also be able to view the agenda and relevant files supplied by the appellants and the Department. It might be a good idea for the County to have some inexpensive tablet devices to allow Board members to run the BlueJeans app and log on to the meeting allowing the Board member to use a second device to view files.

The Board recommends that information presented by the Department be shared with the appellants at least two weeks prior to the appellants' scheduled hearings. And that this information be presented to the Board of Review first and allow the appellants to state their objection to the Department's assessment, classification or denial of exemption only after the Board has a full understanding of the issue before them. The current procedure has the Department introduce the appeal and then the appellant states their case and then after that, the Department presents the facts that they relied on in making their assessment or determination of classification. This sequence is less efficient in facilitating the Board member's understanding of the issues in dispute.

Denied Homeowner Exemptions

The Board often felt handcuffed by procedures in code that prevented the Board from acting to correct, what can only be described as injustices, that were created as a result of property owners failing to properly or timely apply for their homeowner exemptions. Four property owners who had just purchased deed restricted affordable homes, failed to file for a homeowner exemption. As a result, they received tax bills that were substantially higher than had been estimated for them, when they closed escrow. As a result, these new homeowners will have their mortgage payments increased by as much as \$200/month. The Board requests that code changes be initiated to allow the Board the power to grant homeowner exemptions to property owners who file a timely appeal and can demonstrate to the Board that they met all the relevant requirements to be fully qualified as a homeowner, but may have failed to file on time or correctly. The Board would like the authority to reinstate a homeowner exemption to a property owner if the property owner filed a State tax return or was not required to file a State tax return and the State reported that no return was filed.

Appellant Preparation

The Board often heard appeals from property owners who were not well prepared to support their appeal with relevant evidence. Sometimes the data presented by the Department seemed to justify the taxpayer's appeal. It would be helpful to present the appellants with examples of evidence that they should prepare to present to the Board, such as sales of similar properties and photographic evidence of how their property might differ from the comparable properties used by the Department for establishing this years' market values.

Sequencing of Appeals

The Board did its best to maintain consistency in its decisions when owners of similar properties within a condominium complex or residential neighborhood filed similar appeals. The Department can assist the Board in this effort by sequencing these similar of appeals together, to allow the Board to hear each similar property type one after another.

View and its Effect on Value

In many appeals, the primary driver of market value is the view provided by the subject property. This year, COVID-19 precautions prevented assessors from visiting properties to collect photographs of the properties and views from the properties, to be included in their presentations. The Board would recommend that when assessors are again allowed to visit appellant properties, that particular effort be made to capture the views from the properties and from similar subject properties.

Agricultural Use Assessment

The Board heard some cases where Agricultural Use assessment was being removed because the property owner did not meet the Department's requirements for being granted this assessment. The Board looked to the code for clear

guidance on what the requirements are to qualify for such an assessment, but did not find enough clear direction to be able to make a differentiation between hobby farming and a commercial effort. The Board notes that the value of the agricultural products produced should at least exceed tax benefit resulting from any agricultural assessment.

Changes to Real Property Tax Code

The Board notes that Council has made multiple changes to Chapter 3.48 in the past two years affecting Real Property tax classifications and exemptions. The Board would have had comments to provide to Council on such changes that might have kept those changes from resulting in future appeals. The Board advises that Council seek input from the Board before making future changes to tax code.

Attachment: Summary of Tax Appeals

SUMMARY OF TAX APPEALS FILED

Tax Years 2015 - 2020

AREA	2015	2016	2017	2018	2019	2020
Hana	11	6	7	11	10	6
Makawao-Pukalani-Kula	20	30	21	61	17	18
Paia-Haiku	63	40	47	102	13	11
Kihei-Makena	177	240	131	152	168	243
Wailuku-Kahului	95	169	50	118	121	80
West Maui	882	251	362	314	991	759
Lanai	35	10	15	9	24	16
Molokai	9	12	19	18	31	24
TOTAL	1,292	758	652	785	1,375	1,157

Total Taxable Parcel Count	71,992	72,421	73,418	74,000	74,467	74,456
Number of Board Hearings	10	12	12	11	13	15
Hours in Session	34	37	17	28	40	80
Appeals Filed with Tax Appeal Court	5	4	102	26	18	27

SUMMARY OF BOARD OF REVIEW DECISIONS

By Tax Year Under Appeal

	2015	2016	2017	2018	2019	2020
Sustained	52	54	150	91	848	572
Revised	80	48	37	42	57	121
Stipulations	499	589	424	493	384	309
Withdrawals	651	43	31	148	70	131
Pending Stipulations	7	1	0	2	2	8
Active	3	23	10	9	14	16
TOTAL	1,292	758	652	785	1,375	1,157

BOR TAXES IN DISPUTE & NUMBER OF APPEALS BY LAND CLASSIFICATION

Tax Years 2018 - 2020

Land Classification	2018		2019		2020	
	Number of Appeals	Taxes in Dispute	Number of Appeals	Taxes in Dispute	Number of Appeals	Taxes in Dispute
Timeshare	65	\$ 900,335	826	\$ 2,551,921	559	\$ 1,146,920
Non-owner-occupied	36	106,364	68	262,707	171	905,436
Apartment	83	271,110	84	569,784	8	426,628
Commercial	66	1,236,090	89	556,286	27	1,663,405
Industrial	48	1,267,469	23	1,224,584	52	1,477,623
Agriculture	207	955,596	43	720,480	28	151,096
Conservation	6	983,385	12	993,106	21	130,490
Hotel/Resort	42	556,352	14	1,202,950	16	914,752
Owner-occupied	82	28,366	33	96,713	35	39,608
Commercialized Residenital	1	9,693	0	0	2	7,154
Short Term Rental	149	394,688	183	603,485	238	848,492
TOTAL	785	\$ 6,709,450	1375	\$ 8,782,016	1,157	\$ 7,711,603