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**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.MauiCounty.us](http://www.MauiCounty.us)

October 28, 2021

Director of Council Services  
Traci N. T. Fujita, Esq.  
  
Deputy Director of Council Services  
David M. Raatz, Jr., Esq.

RECEIVED  
2021 OCT 23 PM 12:45  
OFFICE OF THE  
COUNTY CLERK

The Honorable Alice L. Lee  
Council Chair  
County of Maui  
Wailuku, Hawaii 96793

Dear Chair Lee:

SUBJECT: **‘ĀINA ‘OHANA TAX CREDIT** (PAF 21-316)

May I request the attached proposed bill, entitled "A BILL FOR AN ORDINANCE RELATING TO THE ‘ĀINA ‘OHANA TAX CREDIT," be placed on the next Council meeting agenda.

Sincerely,

A handwritten signature in black ink, appearing to read "Keani N.W. Rawlins-Fernandez".

KEANI N.W. RAWLINS-FERNANDEZ  
Council Vice-Chair

paf:ljam:21-316b

Enclosure

COUNTY COMMUNICATION NO. 21-512

ORDINANCE NO. \_\_\_\_\_

BILL NO. \_\_\_\_\_ (2021)

A BILL FOR AN ORDINANCE RELATING TO THE 'ĀINA 'OHANA TAX CREDIT

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

SECTION 1. Chapter 3.48, Article XIII, Maui County Code, is amended to read as follows:

**“Article XIII**

**CIRCUIT BREAKER AND 'ĀINA 'OHANA TAX [CREDIT]  
CREDITS**

**3.48.800 Purpose.** The council finds that tax relief for the citizenry of Maui County is a compelling County interest. The purpose of the circuit breaker and 'āina 'ohana tax [credit] credits is to provide real property tax relief to Maui County residents who qualify for the home exemption. The credit will limit the real property tax of homeowners to a percentage of the total income of the household, providing relief to full-time Maui County residents whose properties have been affected by significant valuation increases over the past years.

**3.48.805 Definitions.** Wherever used in this article, the following definitions apply:

“'Āina 'ohana” means those portions of real property that are owned in whole or in part by one or more biological lineal descendants of the person who owned the property at least eighty years prior to the application.

“Circuit breaker tax credit” means the tax credit established 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 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] the parcel.

3. All other buildings, structures, fences, and improvements located on [such] the parcel.

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

“Household income” means the 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.

**3.48.810 Circuit breaker tax credit established.** Upon proper application, a homeowner is entitled to a credit, not to exceed \$6,500, equal to the amount by which the real property taxes calculated for the homeowner property for the prior tax year exceeds [two] 2 percent of household income, or the minimum tax as established in the annual budget ordinance, whichever is greater, [provided] if:

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.

C. The homeowner is in compliance with section 3.48.820.

D. The credit only 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 must be phased out using the following schedule:

Homeowner's gross building assessed value	Eligible percentage of circuit breaker tax credit
Up to \$750,000	100%
\$750,001 to 762,500	80%
\$762,501 to \$775,000	60%
\$775,001 to \$787,500	40%
\$787,501 to \$800,000	20%
\$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.

**3.48.812 'Āina 'ōhana circuit breaker tax credit established.** Upon proper application, a homeowner is entitled to a credit equal to the amount by which the real property taxes calculated for the homeowner property for the prior tax year exceeds 2 percent of household income or the minimum tax as established in the annual budget ordinance, whichever is greater, if:

A. The homeowner has been granted a home exemption.  
B. The homeowner is in compliance with section 3.48.820.  
C. The credit is only applied for the succeeding tax year, with no carryover credit allowed.

D. 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.

**3.48.815 Application for circuit breaker tax credit.** The application for circuit breaker or 'āina 'ōhana tax credit [shall] must be in a form prescribed by the director. The homeowner [shall] must file the application during the application period beginning August 1 and ending December 31 immediately preceding the tax year for which the circuit breaker tax credit is claimed, for a credit upon taxes due in the immediately succeeding tax year. The homeowner [shall] must certify that:

A. The requirements of section 3.48.810 have been read and understood.

B. The homeowner property [shall] will continue to qualify for the home exemption throughout the succeeding tax year.

C. Any information provided in support of the application is true and correct.

**3.48.820 Administration.** A. The director [shall] must determine whether the homeowner qualifies for the circuit breaker or 'āina 'ōhana tax credit upon review and verification of each completed application. To verify information in the application, the director [shall] must require proof of household income, as defined in section 3.48.805. The director may require that each member of the household provide copies of:

1. A tax return transcript from the Internal Revenue Service.

2. A tax account transcript, if applicable, from the Internal Revenue Service.

3. Any accompanying forms and schedules as the director may require to verify the transcripts.

4. Conveyance deeds, wills, trusts, birth certificates, death certificates, and other legally valid documentation demonstrating legal ownership and lineal descendency.

The applicant may refuse to provide the information or authorization required by the director. Failure to provide [such] the information or authorization [shall] will result in the denial of the application. Notwithstanding any provision to the contrary, there [shall be] is no appeal from the director's decision to deny an application as a result of the applicant's failure to provide the required information or authorization.

B. The director [shall] must determine if the homeowner qualifies for the circuit breaker or ‘āina ‘ōhana tax credit. If the homeowner does not qualify for the circuit breaker or ‘āina ‘ōhana tax [credit] credits, the director [shall] must notify the homeowner on or before March 1 preceding the tax year.

C. If an application for the circuit breaker or ‘āina ‘ōhana tax credit is granted, the director [shall] must apply the credit to the real property tax bills issued [pursuant to] in accordance with sections 3.48.190 and 3.48.195, apportioned in equal parts between the two installments.

D. A circuit breaker or ‘āina ‘ōhana tax credit [shall not be] is not transferable to another person or property.

E. The director may adopt rules and prescribe forms to implement this article.

**3.48.825 Penalties and revocation of credit.** A. A person [shall be] is subject to a fine of not more than \$2,000 and [be] is liable for any outstanding real property taxes, interest, and penalties[, pursuant to] under section 3.48.220[, ] if that person:

1. Files a fraudulent application for the circuit breaker or ‘āina ‘ōhana tax [credit] credits or attests to any false statement in connection with that application[, ] with the intent to defraud the County or evade the payment of real property taxes; or

2. In any manner intentionally deceives or attempts to deceive the County in obtaining the circuit breaker or ‘āina ‘ōhana tax [credit] credits .

B. The circuit breaker tax credit [shall] must be revoked if, during any tax year for which the homeowner has been granted the credit:

1. Title to the property is transferred to a new owner by gift, sale, devise, operation of law, or otherwise, except when title is transferred to a qualified surviving spouse; or

2. The requirements of section 3.48.810 are no longer satisfied.

C. The homeowner [shall be] is subject to a fine of \$200 when the credit is revoked [pursuant to] under subsection 3.48.825(B)(2) and the homeowner failed to notify the County within thirty days that the requirements of section 3.48.810 are no longer satisfied.”

SECTION 2. 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 3. This Ordinance takes effect upon approval.

APPROVED AS TO FORM AND LEGALITY:

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Department of the Corporation Counsel  
County of Maui

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