

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

July 1, 2011

Committee
Report No. _____

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on June 14, 2011, makes reference to County Communication No. 11-159, from Councilmember Mike White, transmitting a draft bill entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 3.48.450, MAUI COUNTY CODE, RELATING TO HOME EXEMPTION QUALIFICATION".

The purposes of the draft bill are to amend the criteria that qualify a real property taxpayer for a home exemption, and facilitate the administration of the home exemption by the Department of Finance.

Your Committee notes that the relatively large home exemption is intended to provide tax relief to full-time County residents within the Homeowner real property tax classification. Receiving the home exemption is a benefit that results in significant savings in a homeowner's property tax bill. Therefore, your Committee noted that more stringent qualification and verification guidelines are needed to ensure that only true full-time residents receive this exemption.

The draft bill clarifies the requirements that need to be met in order for a homeowner to be eligible for a home exemption, authorizes the Director of Finance to require additional documentary evidence of residency, and disallows a home exemption if taxes on the property are delinquent.

Representatives from the Department of Finance supported the draft bill. They noted that the bill would ease the administrative burden associated with having to determine whether or not an applicant actually resides in the home. Under the current law, an individual qualifies for a home exemption if the individual occupies the home with the "intent to reside" in the County.

Your Committee voted 6-0 to recommend passage of the draft bill on first reading and filing of the communication. Committee Chair Pontanilla, Vice-Chair Hokama, and

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members Baisa, Carroll, Cochran, and White voted “aye”. Committee members Couch, Mateo, and Victorino were excused.

Your Committee is in receipt of a proposed bill, approved as to form and legality, by the Department of the Corporation Counsel.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill No. _____ (2011), attached hereto, entitled “A BILL FOR AN ORDINANCE AMENDING SECTION 3.48.450, MAUI COUNTY CODE, RELATING TO HOME EXEMPTION QUALIFICATION” be PASSED ON FIRST READING and be ORDERED TO PRINT; and
2. That County Communication No. 11-159 be FILED.

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



JOSEPH PONTANILLA, Chair

ORDINANCE NO. _____

BILL NO. _____ (2011)

A BILL FOR AN ORDINANCE AMENDING SECTION 3.48.450,
MAUI COUNTY CODE, RELATING TO HOME EXEMPTION QUALIFICATION

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

SECTION 1. Section 3.48.450, Maui County Code, is amended
to read as follows:

"3.48.450 Homes - Standards for valuation. A. Real property owned and occupied only as a principal home, as of the date of assessment, by an individual or individuals, shall be exempt only to the following extent from property taxes:

1. Totally exempt where the value of the property is not in excess of \$300,000; or

2. Where the value of the property is in excess of \$300,000, the exemption shall be in the amount of \$300,000.

B. The provisions of subsection A of this section shall apply, provided, as follows:

1. That no such exemption shall be allowed to any corporation, copartnership, or company;

2. That the exemption shall not be allowed on more than one home for any one taxpayer;

3. That where the taxpayer has acquired a home by a deed made on or after July 1, 1951, the deed shall have been recorded on or before December 31 immediately preceding the year for which the exemption is claimed;

4. That a husband and wife shall not be permitted exemption of separate homes owned by each of them, unless they are living separate and apart; in which case they shall be entitled to one exemption, to be apportioned between each of their respective homes in proportion to the value thereof;

5. That a person living on premises, a portion of which is used for commercial purposes, shall not be entitled to an exemption with respect to such portion, but shall be entitled to an exemption with respect to the portion thereof used exclusively as a home; and

6. That no such exemption shall be allowed for any real property that is classified as "commercialized residential."

C. [For purposes of this section, "real property owned and occupied only as a principal home" means occupancy of a home in the County with the intent to reside in the County. Intent to reside in the County may be evidenced by, but not limited to, the following:] Upon proper application, a taxpayer shall be entitled to a home exemption, provided the taxpayer:

1. [Occupancy of a] Occupies the home in the County for which the exemption is being filed for more than two hundred seventy calendar days of a calendar year [;], does not rent the entire premises for any portion of the year, and files an income tax return as a resident of the State of Hawaii with a reported address in the County the year prior to the effective date of the exemption. Non-resident and part-year resident State of Hawaii income tax returns do not qualify for the home exemption; or

[2. Registering to vote in the County;

3.]2. [Being] Is stationed in the County under military orders of the United States[;].

[4. Filing of an income tax return as a resident of the State of Hawaii with a reported address in the County; or

5. A mailing address consistent with the subject property.]

D. The director may demand documentary evidence [of intent to reside in the County] such as a tax clearance from the State of Hawaii indicating that the taxpayer filed an income tax return as a full-time resident for the year prior to the effective date of the exemption, from a property owner applying for an exemption or from an owner as evidence of continued qualification for an exemption. Failure to respond to the director's [request in a timely manner] demand in thirty days shall be grounds for denial of a claim for an exemption.

E. In the event the director obtains evidence that an individual resides in a home outside the County, such evidence shall serve as prima facie proof that the individual does not own and occupy real property in the County as a principal home, and the director shall provide written notice to the individual by [certified] mail that the individual shall not be qualified for an exemption or continued exemption under this section.

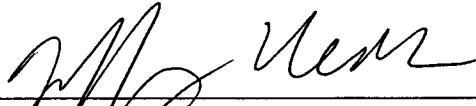
F. If during the course of any tax year, the home exemption of a property is revoked pursuant to section 3.48.450(E), the taxes for the entire year shall be recalculated without the exemption.

G. No home exemption shall be allowed if taxes on the property are delinquent."

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 shall take effect upon its approval.

APPROVED AS TO FORM
AND LEGALITY:

for 
ADRIANNE N. HEELY
Deputy Corporation Counsel
County of Maui

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