

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 a Miscellaneous Communication dated May 20, 2010, from Council Chair Danny A. Mateo, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 3.48.450, MAUI COUNTY CODE, PERTAINING TO REAL PROPERTY TAX HOME EXEMPTION", pursuant to Budget and Finance Committee Report No. 10-46, relating to the Fiscal Year 2011 Budget.

The purpose of the proposed bill is to lower the amount of the home exemption from \$300,000 to \$200,000.

Your Committee notes that the Council's Budget and Finance Committee (2009-2011 Council term) met on November 16, 2010 and November 30, 2010.

The Real Property Tax Administrator, Department of Finance, informed your Committee that at its current level of \$300,000, the home exemption offered in Maui County is the highest in the State. According to the Administrator, the home exemption in the City and County of Honolulu is \$80,000 for persons under the age of 65, and \$120,000 for persons 65 years and older; in the County of Hawaii, the home exemption is \$40,000 for persons under the age of 60, \$80,000 for persons between the ages of 60-69, and \$100,000 for persons 70 years and older; and in the County of Kauai, the home exemption is \$48,000 for persons under the age of 60, \$96,000 for persons between the ages of 60-69, and \$120,000 for persons 70 years and older.

The Administrator further noted that the current Homeowner real property tax classification rate in Maui County is also the lowest in the State.

Your Committee notes Maui County's home exemption amount has steadily increased to provide relief to taxpayers within the Homeowner classification following the significant increases in real property values that occurred from 2003 through 2007. Your Committee further notes that since the current \$300,000 home exemption was established in 2006, Homeowner valuations have declined to levels similar to 2005.

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Your Committee revised the proposed bill to change its effective date from “July 1, 2011” to “July 1, 2012”.

Your Committee voted 6-0 to recommend passage of the revised proposed bill on first reading and filing of the communication. Committee Chair Pontanilla, Vice-Chair Hokama, and members Baisa, Carroll, Cochran, and White voted “aye”. Committee members Couch, Mateo, and Victorino were excused.

Your Committee is in receipt of a revised proposed bill, approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee’s recommended revision as well as a nonsubstantive change to the date of the bill from “2010” to “2011”.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill No. \_\_\_\_\_ (2011), as revised herein and attached hereto, entitled “A BILL FOR AN ORDINANCE AMENDING SECTION 3.48.450, MAUI COUNTY CODE, PERTAINING TO REAL PROPERTY TAX HOME EXEMPTION” be PASSED ON FIRST READING and be ORDERED TO PRINT; and
2. That the Miscellaneous Communication 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,  
PERTAINING TO REAL PROPERTY TAX HOME EXEMPTION

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;~~] \$200,000;

2. Where the value of the property is in excess of [~~\$300,000,]~~ \$200,000, the exemption shall be in the amount of [~~\$300,000.]~~ \$200,000.

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; and

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."

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 for tax years beginning on or after July 1, 2012.

APPROVED AS TO FORM  
AND LEGALITY:

  
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ADRIANNE N. HEELY  
Deputy Corporation Counsel  
County of Maui

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