


June 4, 2014

MEMO TO: BF-74 File

F R O M: Mike White, Chair 
Budget & Finance Committee

SUBJECT: **CIRCUIT BREAKER TAX CREDIT** (BF-74)

The attached legislative proposal pertains to Item BF-74 on the committee's agenda.

paf:mmy:14-148c

Attachment

2014 JUN -4 AM 10:27
OFFICE OF THE
COUNTY COUNCIL

RECEIVED

ORDINANCE NO. _____

BILL NO. _____ (2014)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE,
RELATING TO ELIGIBILITY FOR THE CIRCUIT BREAKER TAX CREDIT

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

SECTION 1. The purpose of this ordinance is to establish that a homeowner shall be eligible for the circuit breaker tax credit if: (1) the homeowner and spouse, cumulatively, hold an ownership interest in no more than one other parcel of real property, excluding vacant, low-value property; and (2) each of the other titleholders holds an ownership interest in no more than one other parcel of real property, excluding vacant, low-value property.

SECTION 2. 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 entitled to a credit, not to exceed \$5,000, equal to the amount by which the real property taxes calculated for the homeowner property for the prior tax year exceeds two [per cent] percent of household income, provided:

A. The homeowner has been granted a home exemption on the homeowner property for at least five consecutive tax years, including the tax year immediately preceding the one for which the application for circuit breaker tax credit is filed;

B. Household income does not exceed \$100,000;

C. [No member of the household, as defined in section 3.48.805, has an ownership interest in any other real property, unless the other real property is vacant and has a market land value, as determined by the director, that does not exceed \$10,000, from the date the application for circuit breaker tax credit is filed and throughout the tax year for which the credit applies;] The homeowner and spouse, cumulatively, and each other member of the household, as defined in section 3.48.805, may only have an ownership interest in one other real property in addition to the homeowner property, excluding vacant property with a market land value of \$10,000 or less;

D. The homeowner is in compliance with section 3.48.820;

E. The credit shall only apply for the succeeding tax year, with no carryover credit allowed;

F. The homeowner's gross building assessed value is not greater than \$400,000; and

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

SECTION 3. Section 3.48.815, Maui County Code, is amended to read as follows:

“3.48.815 Application for circuit breaker tax credit. The application for circuit breaker tax credit shall be in a form prescribed by the director. The homeowner shall 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. For the tax year ending June 30, 2015, the homeowner shall file the application by [January 31, 2014.] September 15, 2014. The homeowner shall certify that:

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

B. The homeowner property shall continue to qualify for the home exemption throughout the succeeding tax year; provided, that, for the tax year ending June 30, 2015, the homeowner property shall qualify for the home exemption for the entire tax year; and

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

SECTION 4. Section 3.48.820, Maui County Code, is amended to read as follows:

“3.48.820 Administration. A. The director shall determine whether the homeowner qualifies for the circuit breaker tax credit upon review and verification of each completed application. To verify information in the application, the director shall require proof of household income, as defined in section 3.48.805. The director shall 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; and

[(3)](2)Any accompanying forms and schedules as the director may require to verify the transcripts.

The applicant may refuse to provide the information or authorization required by the director. Failure to provide such information or authorization shall result in the denial of the application. Notwithstanding any provision to the contrary, there shall be 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 determine if the homeowner qualifies for the circuit breaker tax credit. If the homeowner does not qualify for the circuit breaker tax credit, the director shall notify the homeowner on or before [March 1] April 30 preceding the tax year. For the tax year ending June 30, 2015, the director shall notify the homeowner on or before October 31, 2014.

C. If an application for the circuit breaker tax credit is granted, the director shall apply the credit to the real property tax bills issued pursuant to sections 3.48.190 and 3.48.195, apportioned in equal parts between the two installments.

D. A circuit breaker tax credit shall not be transferable to another person or property.

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

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 upon its approval and shall apply beginning with the tax year ending June 30, 2015.

APPROVED AS TO FORM AND
LEGALITY:



JEFFREY UEOKA
Deputy Corporation Counsel
County of Maui

paf:mmy:14-148a