

COUNCIL OF THE COUNTY OF MAUI

# BUDGET AND FINANCE COMMITTEE

August 24, 2004

Committee  
Report No. 04-124

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 August 3, 2004, makes reference to the following:

1. Miscellaneous Communication dated May 19, 1999, from the County Clerk, referring the matter relating to reviewing, revising and establishing real property classifications for use with the new system;
2. County Communication No. 04-150, from the Chair of your Budget and Finance Committee, referring the matter relating to the Circuit Breaker Credit (Section 3.48.780, Maui County Code);
3. County Communication No. 04-151, from the Chair of your Budget and Finance Committee, referring the matter relating to real property valuation;
4. County Communication No. 04-152, from the Chair of your Budget and Finance Committee, referring the matter relating to enforcement of the real property tax ordinance; and
5. County Communication No. 04-153, from the Chair of your Budget and Finance Committee, referring the matter of real property classifications.

Your Committee notes that it previously reported on this matter through Committee Report No. 04-25, which recommended that a proposed bill entitled "A BILL FOR AN ORDINANCE RELATING TO THE REAL PROPERTY TAX HOME EXEMPTION" be passed on first reading and be ordered to print. The proposed bill increased the standard homeowner exemption by \$30,000, from \$50,000 to \$80,000. At its meeting of February 19, 2004, the Council adopted Committee Report No. 04-25 (Ordinance No. 3165).

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Your Committee further notes that it previously reported on the Real Property Tax Home Exemption during its review of the Fiscal Year 2005 Budget, through Committee Report No. 04-78, which recommended that a proposed bill entitled "A BILL FOR AN ORDINANCE RELATING TO THE REAL PROPERTY TAX HOME EXEMPTION" be passed on first reading and be ordered to print. The proposed bill (1) increased the standard homeowner exemption from \$80,000 to \$110,000, (2) increased the age-related home exemption for homeowners 60-69 years of age from \$80,000 to \$110,000; and (3) increased the age-related home exemption for homeowners 70 years of age or over from \$100,000 to \$130,000. At its meeting of May 18, 2004, the Council adopted Committee Report No. 04-78 (Ordinance No. 3186).

By correspondence dated February 28, 2004, Burt T. Bell provided comments regarding real property tax assessments.

By correspondence dated April 21, 2004, Councilmember Robert Carroll, transmitted a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 3.48.780, MAUI COUNTY CODE, PERTAINING TO THE CIRCUIT BREAKER CREDIT". The purpose of the proposed bill is to amend the definition of "Homeowner property" to include the entire tax map key parcel the property is located on, the principal home of the homeowner located on such parcel, and all other buildings, structures, fences, and improvements located on such parcel.

By correspondence dated May 17, 2004, your Committee's Chair transmitted to the Director of Finance a copy of an April 27, 2004 letter, from Tony Fisher, requesting data regarding real property sales and valuations.

By correspondence dated June 7, 2004, the Director of Finance transmitted a diskette containing data relating to real property sales and valuations for the assessment years 2000 through 2004 that was requested by Tony Fisher.

By correspondence dated July 19, 2004, your Committee's Chair requested that the Department of the Corporation Counsel review and approve as to form and legality a draft bill entitled "A BILL FOR AN ORDINANCE RELATING TO THE REAL PROPERTY TAX CIRCUIT BREAKER CREDIT". The purpose of the draft bill is to amend the time period for submitting an

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application for the Circuit Breaker Credit from August 1<sup>st</sup> and ending September 30<sup>th</sup> to “August 1<sup>st</sup> and ending October 30<sup>th</sup>” immediately preceding the tax year for which a credit is claimed.

By correspondence dated July 23, 2004, the Department of the Corporation Counsel transmitted a proposed bill entitled “A BILL FOR AN ORDINANCE RELATING TO THE REAL PROPERTY TAX CIRCUIT BREAKER CREDIT”, approved as to form and legality. The proposed bill extends the time period for submitting an application for the Circuit Breaker Credit from August 1<sup>st</sup> and ending September 30<sup>th</sup> to “August 1<sup>st</sup> and ending December 31<sup>st</sup>”, (emphasis added) as the result of consultation with your Committee’s Chair and the Real Property Tax Division.

At its meeting, your Committee met with the Acting Director of Finance, the Budget Director, the Real Property Tax Administrator from the Department of Finance, and the Corporation Counsel.

Your Committee notes that to facilitate discussion on various aspects of the real property tax system, subcategories were established. Your Committee’s discussion for its meeting focused on the subcategory relating to the Circuit Breaker Credit and the proposed bill.

Your Committee notes that the Circuit Breaker Credit is available to any homeowner, regardless of the homeowner’s age. The Maui County Code states: “Upon proper application, a homeowner shall be entitled to a credit in the amount that the real property tax assessed on the homeowner property exceeds three percent of household income.”

Your Committee received public testimony from nine members of the public providing various comments on the Real Property Tax System and in support of the proposed bill.

The Acting Director of Finance informed your Committee that 19 meetings are scheduled to inform the public about the Circuit Breaker Credit. He explained that these “educational blitzes” would be held at various senior centers and community centers in all districts. Administration personnel will explain how to complete the forms in group and individual discussions.

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The Acting Director of Finance indicated that the main reason for the extension of the application date to December 31<sup>st</sup> was to provide consistency with deadlines for real property tax exemptions and changes in classifications within the Real Property Tax Division.

The Real Property Tax Administrator stated that 600 real property homeowners received the Circuit Breaker Credit for Fiscal Year 2005 compared to approximately 1000 homeowners during the first year (1995) the Circuit Breaker Credit was available. He further noted that there are over 21,000 homeowners within the County.

Your Committee suggested additional ways to disseminate educational materials rather than the standard government-type notices. Examples included using marketing tactics, such as "You may have already won" or "Discount Available". Another suggestion was to send a mailing to all homeowners notifying them of the Circuit Breaker Credit.

Your Committee applauded the positive measures that the Administration and the Department were taking by holding informational community meetings and disseminating the message about the Circuit Breaker Credit.

Your Committee voted to recommend passage of the proposed bill on first reading and filing of the Miscellaneous Communication.

Your Committee deferred for further discussion the matter relating to the Circuit Breaker Credit (County Communication No. 04-150).

Your Budget and Finance Committee **RECOMMENDS** the following:

1. That Bill No. \_\_\_\_\_ (2004), attached hereto, entitled "A BILL FOR AN ORDINANCE RELATING TO THE REAL PROPERTY TAX CIRCUIT BREAKER CREDIT", be **PASSED ON FIRST READING** and be **ORDERED TO PRINT**; and
2. That the Miscellaneous Communication be **FILED**.

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Adoption of this report is respectfully requested.

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**G. RIKI HOKAMA** **Chair**

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**DANNY A. MATEO** **Member**

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**WAYNE K. NISHIKI** **Vice-Chair**

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**MICHAEL J. MOLINA** **Member**

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**ROBERT CARROLL** **Member**

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**JOSEPH PONTANILLA** **Member**

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**JO ANNE JOHNSON** **Member**

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**CHARMAINE TAVARES** **Member**

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**DAIN P. KANE** **Member**