


September 10, 2025

RECEIVED OCS  
'25 SEP 10 AM 11:52

MEMO TO: RPTR-6 File

F R O M: Alice L. Lee, Chair   
Special Committee on Real Property Tax Reform

SUBJECT: **TRANSMITTAL OF INFORMATIONAL DOCUMENT RELATING TO  
BILL 114 (2025), ON REAL PROPERTY TAX ASSESSMENTS OF  
NONTAXABLE PROPERTY** (RPTR-6)

The attached informational document pertains to Item 6 on the Special Committee's agenda.

rptr:ltr:006afile01:kes

Attachment

**RICHARD T. BISSEN, JR.**  
Mayor

**MARCY MARTIN**  
Director

**MARIA E. ZIELINSKI**  
Deputy Director




**DEPARTMENT OF FINANCE**  
**COUNTY OF MAUI**  
200 SOUTH HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.mauicounty.gov](http://www.mauicounty.gov)

August 4, 2025

Honorable Richard T. Bissen, Jr.  
Mayor, County of Maui  
200 South High Street  
Wailuku, Hawaii 96793

**APPROVED FOR TRANSMITTAL**

 8625  
Mayor Date

For Transmittal to:

Honorable Yuki Lei K. Sugimura, Chair  
Budget, Finance, and Economic Development Committee  
200 South High Street  
Wailuku, Hawaii 96793

Dear Chair Sugimura:

**SUBJECT: A BILL FOR AN ORDINANCE TO AMEND SECTION 3.48,  
MAUI COUNTY CODE, RELATING TO THE REAL  
PROPERTY TAX ASSESSMENT OF NONTAXABLE  
PROPERTY (BFED-21(28))**

In response to your November 18, 2024 request regarding real property tax exemptions, the Department of Finance is transmitting a proposed bill entitled, "A BILL FOR AN ORDINANCE TO AMEND CHAPTER 3.48, MAUI COUNTY CODE, RELATING TO REAL PROPERTY TAX ASSESSMENT OF NONTAXABLE PROPERTY."

The purpose of the proposed bill is to clarify that vacant land leased under section 207 of the Hawaiian Homes Commission Act, 1920, as amended, is not subject to real property taxation including the minimum tax. Further, improvements on real property subject to a lease under section 207 of the Hawaiian Homes Commission Act, 1920, as amended, will be exempt from real property taxation, except the minimum tax, beginning the eighth year of the original lease term.

There are about 292 vacant parcels being leased that are not subject to taxation including the minimum tax. There are about 1,503 parcels that are improved that are subject to taxation. Adding "of land" in Maui County Code (MCC) 3.48.175 and 3.48.590, will clarify that only vacant land is not subject to taxation including the minimum tax. Defining "Improved real property" will also assist in distinguishing between vacant land and real property that is improved. This clarification will not impact revenue.

The proposed amendment also creates MCC 3.48.541 which exempts real property improvements to land subject to a lease under section 207 of the Hawaiian Homes Commission Act, 1920, as amended. The exemption will not require an application as the parcels can be automatically identified. Item B provides that the exempt improvements will be subject to the minimum tax.

When considering this amendment, please note the following:

- There are about 1,503 parcels being assessed with improvements.
  - About 1,007 already pay minimum tax and therefore would not benefit from this amendment.
  - The exemption would benefit about 496 parcels that pay more than the minimum tax.
- The annual revenue impact is estimated at -\$406,200.
- Similar properties are non-taxable in Kauai County. Currently, the City and County of Honolulu, Maui County and Hawaii County all tax net-taxable improvement value.
- There are about 255 delinquent parcels that would be impacted by this amendment that owe about \$1,115,613.94 in prior year taxes with an additional \$109,393 in penalties and \$901,827 in interest for a total delinquent balance of \$2,126,889 as of July 31, 2025.

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me or Deputy Director Maria Zielinski at extension 7722.

Sincerely,



MARCY MARTIN  
Director of Finance

Attachments

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

BILL NO. \_\_\_\_\_ (2025)

A BILL FOR AN ORDINANCE TO AMEND CHAPTER 3.48,  
MAUI COUNTY CODE, RELATING TO THE REAL PROPERTY TAX  
ASSESSMENT OF NONTAXABLE PROPERTY

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

SECTION 1. This Ordinance's purpose is to clarify that vacant land leased under section 207 of the Hawaiian Homes Commission Act, 1920, as amended, is not subject to real property taxation including the minimum tax. Further, improvements on real property subject to a lease under section 207 of the Hawaiian Homes Commission Act, 1920, as amended, will be exempt from real property taxation, except for the minimum tax, beginning the eighth year of the original lease term.

SECTION 2. Section 3.48.005, Maui County Code, is amended to read as follows:

**"3.48.005 Definitions.** Wherever used in this chapter, the following definitions [shall] will apply:

"Director" means the director of finance of the County or an authorized subordinate.

"Dwelling unit" means the same as in section 19.04.040.

"Improved real property" means all real property exclusive of land.

"Property" or "real property" means and includes all land and appurtenances [thereof] and the buildings, structures, fences, and



improvements erected on or affixed to the same; and any fixture which is erected on or affixed to such land, buildings, structures, fences, and improvements, including all machinery and other mechanical or other allied equipment and the foundations [thereof]:

1. Whose use [thereof] increases the value to, or is necessary to, the utility of such land, buildings, structures, fences, and improvements; or
2. Whose removal [therefrom] cannot be accomplished without substantial damage to such land, buildings, structures, fences, and improvements, excluding[, however,] any growing crops; or
3. Any [and all] wind energy conversion property that is used to convert wind energy to a form of usable energy, including[, but not limited to,] a wind charger, windmill, wind turbine, tower and electrical equipment, pad mount transformers, power lines, and substation, and other such components.

"TVR-STRH" means the class, as described in section 3.48.305, primarily for real property that is used or can be used for transient vacation rentals or short-term rental homes."

SECTION 3. Section 3.48.175, Maui County Code, is amended to read as follows:

**"3.48.175 Assessment of nontaxable property.** For purposes of accountability, each parcel of real property which is completely exempt from taxation [shall] must be assessed an amount equal to the minimum real property tax as provided for in section 3.48.590, except: 1) Those tracts of land leased under section 207 of the Hawaiian Homes Commission Act, 1920, as amended; 2) Any parcel used for farming taro where the assessed value times the current agricultural class tax rate is less than the minimum real property tax; and 3) Portions of real property designated as kuleana land and granted an exemption as provided for in section 3.48.554."

SECTION 4. Section 3.48.590 Maui County Code, is amended to read as follows:

**"3.48.590 Minimum real property tax.** [Notwithstanding] Despite any provision to the contrary, each individual parcel of real property taxable under this chapter is subject to a minimum real

property tax as set [forth] in the annual budget ordinance, except for the following:

- A. Those tracts of land leased under section 207 of the Hawaiian Homes Commission Act, 1920, as amended.
- B. Any parcel used for farming taro where the assessed value times the current agricultural class tax rate is less than the minimum real property tax.
- C. Portions of real property designated as kuleana land and granted an exemption as provided for in section 3.48.554.
- D. Homes or portions of homes granted an exemption under section 3.48.475 to be levied a real property tax of \$150.
- E. Remnant parcels granted an exemption under section 3.48.552 to be levied a real property tax of \$150 per year."

SECTION 5. Chapter 3.48, Maui County Code is amended by adding a new section to be appropriately designated and to read as follows:

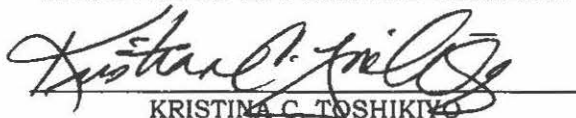
**"3.48.541 Improved real property leased under section 207 of Hawaiian Homes Commission Act, 1920, as amended. A. Improved real property subject to a lease under section 207 of the Hawaiian Homes Commission Act, 1920, as amended, must be exempt from real property taxes.**

**B. Despite any provision in this chapter to the contrary, improved real property exempt from property taxes under this section is subject to the minimum tax."**

SECTION 6. 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 7. This Ordinance takes effect on approval.

APPROVED AS TO FORM AND LEGALITY:



KRISTINA C. TOSHIYOSHI

2025-07-11 Ord Amd Ch. 3.48 DHHL RPA  
Department of the Corporation Counsel  
County of Maui  
LF# 2024-1845