

**COUNCIL OF THE COUNTY OF MAUI**  
**SPECIAL COMMITTEE ON REAL**  
**PROPERTY TAX REFORM**

September 26, 2025

**Committee**  
**Report No. \_\_\_\_\_**

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

Chair and Members:

Your Special Committee on Real Property Tax Reform, having met on September 16, 2025, and reconvened on September 17, 2025, makes reference to Bill 114 (2025), entitled "A BILL FOR AN ORDINANCE TO AMEND CHAPTER 3.48, MAUI COUNTY CODE, RELATING TO THE REAL PROPERTY TAX ASSESSMENT OF NONTAXABLE PROPERTY."

Bill 114's purpose is to clarify that vacant Hawaiian Home Lands are exempt from real property taxation, including the minimum tax, except that improvements on the leased property are subject to the minimum tax beginning in the lease's eighth year.

Your Committee noted that Bill 114 amends the Maui County Code to conform with State law and established practice. The measure improves transparency, provides certainty for beneficiaries of Hawaiian Home Lands, and is consistent with Sections 207 and 208 of the Hawaiian Homes Commission Act, 1920, as amended.

Your Committee voted 4-0 to recommend passage of Bill 114 (2025), on first reading. Committee Chair Lee, Vice-Chair Rawlins-Fernandez, and members Johnson and Kama voted "aye." Committee member Sugimura was excused.

Your Special Committee on Real Property Tax Reform RECOMMENDS that Bill 114 (2025), attached, entitled "A BILL FOR AN ORDINANCE TO AMEND CHAPTER 3.48, MAUI COUNTY CODE, RELATING TO THE REAL PROPERTY TAX ASSESSMENT OF NONTAXABLE PROPERTY," be PASSED ON FIRST READING and be ORDERED TO PRINT.

COUNCIL OF THE COUNTY OF MAUI  
**SPECIAL COMMITTEE ON REAL  
PROPERTY TAX REFORM**

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**Committee  
Report No.** \_\_\_\_\_

This report is submitted in accordance with Rule 3 of the Rules of the Council.



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ALICE L. LEE, Chair

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

BILL NO. 114 (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:

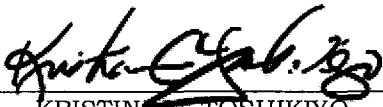
**“3.48.541 Improved real property leased under section 207 of Hawaiian Homes Commission Act, 1920, as amended. A. Improved real property subject to a lease under section 207 of the Hawaiian Homes Commission Act, 1920, as amended, must be exempt from real property taxes.**

**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.

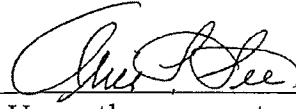
APPROVED AS TO FORM AND LEGALITY:



KRISTINA C. TOSHIKIYO

2025-08-14 Ord Amd Ch. 3.48 DHHL RPA  
Department of the Corporation Counsel  
County of Maui  
LF# 2024-1845

INTRODUCED BY:

A handwritten signature in cursive script, appearing to read "John R. Lee", is written over a horizontal line.

Upon the request of the Mayor.