

RPTR-16

December 9, 2025, Committee meeting

SPECIAL COMMITTEE ON REAL PROPERTY TAX REFORM
Amendment Summary Form

Legislation: Bill 168 (2025), to establish the Affordable Long-Term Rental Exemption from Real Property Taxes to increase and maintain access to affordable housing.

Proposer: Keani N.W. Rawlins-Fernandez, Councilmember 

Description: My proposal incorporates recommendations of the Department of Finance's Real Property Assessment Division to facilitate administration.

Motions: Move to amend Bill 168 (2025) by substituting the attached proposed CD1 version, after removing the yellow highlighting.

Effect: The changes are as follows:

1. Add a new SECTION 2, amending Code Subsection 3.48.466(A), to set the Long-Term Rental Exemption at \$300,000, matching the figure in proposed Code Subsection 3.48.466(C).
2. Renumber the original bill's SECTION 2 as SECTION 3.
3. In renumbered SECTION 3, delete the original bill's underscored content in Code Paragraph 3.48.466(C)(8), with the new Affordable Long-Term Rental Exemption to instead be established in the new Code Section 3.48.467.
4. Add a new SECTION 4, to establish Code Section 3.48.467, entitled "Affordable long-term rentals—standards for valuation."
5. Renumber the bill's remaining sections appropriately.

Attachment: Proposed CD1 version Bill 168 (2025), with content to be added by the amendments that are described in this ASF, shown in yellow highlighting.

paf:mkm:25-293e

ORDINANCE NO. _____

BILL NO. **168, CD1** (2025)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE, TO ESTABLISH A REAL PROPERTY EXEMPTION TO INCREASE AND MAINTAIN ACCESS TO AFFORDABLE HOUSING

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

SECTION 1. The Council seeks to further the following Countywide Policy Plan objective: “Explore taxation mechanisms to increase and maintain access to affordable housing.”

To that end, this Ordinance establishes a Real Property Tax exemption to encourage property owners to rent their residential properties at no more than 70 percent of Fair Market Rents, also known as FMRs, as established and updated each year by the United States Department of Housing and Urban Development.

SECTION 2. Section 3.48.466, Maui County Code, is amended by amending Subsection A to read as follows:

“A. Dwelling units occupied as a long-term rental and under a signed contract to lease for [twelve] 12 consecutive months or more to the same tenant, as of the date of assessment, by a natural person with no other place of residence, will be exempt only to the following extent from property taxes:

1. For tax years beginning on or after July 1, 2022:

a. Totally exempt where the value of the property is not in excess of [\$200,000] \$300,000;
or

b. Where the value of the property is in excess of [\$200,000] \$300,000, the exemption will be in the amount of [\$200,000] \$300,000.”

SECTION 3. Section 3.48.466, Maui County Code, is amended by amending Subsection C to read as follows:

“C. The provisions of subsection A are subject to the following conditions:

1. Long-term rental exemptions may be allowed on more than one home for any one taxpayer if the homes are located on different parcels.

2. If the property where a homeowner resides qualifies for a home exemption under section 3.48.450, and a long-term rental exemption, for tax years beginning on or after July 1, 2023:

a. The property is totally exempt if the value of the property is not in excess of ~~[\$400,000]~~ \$300,000; or

b. If the value of the property is in excess of ~~[\$400,000]~~ \$300,000, the exemption will be in the amount of \$100,000.

3. If a portion of the structure is used for commercial purposes, that portion of the structure will not be entitled to an exemption.

4. The exemption will not be allowed for any real property that is classified as "commercialized residential" or as a "TVR-STRH."

5. If the term of the lease is greater than one year, one year of exemption will be granted. After the initial year of the exemption, no exemption will be allowed unless the lease terminates after September 30 of any later assessment year.

6. If the long-term rental lease is granted to any of the following lessees, the exemption must not be allowed:

a. A natural person who has an ownership interest in the property including natural persons who are considered as owners under section 3.48.150.

b. An officer or member of a corporation that has an ownership interest in the property.

c. A partner in a partnership that has an ownership interest in the property.

d. A business, corporation, partnership, or any entity other than a natural person.

7. If the tenant of the long-term lease maintains a permanent place of abode in addition to the dwelling unit, the exemption must not be allowed.

SECTION 4. Chapter 3.48, Maui County Code is amended by adding
a new section to be appropriately designated and to read as follows:

“3.48.467 Affordable long-term rentals—standards for valuation. A. Dwelling units occupied as an affordable long-term rental—with rent no more than 70 percent of fair market rents as established and updated each year by the United States Department of Housing and Urban development and under a signed contract to lease for 12 consecutive months or more to the same tenant, as of the date of assessment, by a natural person with no other place of residence—will be exempt only to the following extent from property taxes:

1. For tax years beginning on or after July 1, 2027:

a. The property will be totally exempt where the value of the property is not in excess of \$400,000; or

b. If the value of the property is in excess of \$400,000, the exemption will be in the amount of \$400,000.

B. The provisions of subsection A are subject to the following conditions:

1. Long-term rental exemptions under section 3.48.466 and affordable long-term rental exemptions under this section may be allowed on more than one home for any one taxpayer if the homes are located on different parcels.

2. If the property where a homeowner resides qualifies for a home exemption under section 3.48.450 and an affordable long-term rental exemption, for tax years beginning on or after July 1, 2027;

a. The property is totally exempt if the value of the property is not in excess of \$500,000; or

b. If the value of the property is in excess of \$500,000, the exemption will be in the amount of \$100,000.

3. If a portion of the structure is used for commercial purposes, that portion of the structure will not be entitled to an exemption;

4. The exemption will not be allowed for any real property that is classified as “commercialized residential” or as a “TVR-STRH.”

5. If the term of the lease is greater than one year, one year of exemption will be granted. After the

initial year of the exemption, no exemption will be allowed unless the lease terminates after September 30 of any later assessment year.

6. If the lease is granted to any of the following lessees, the exemption must not be allowed:

a. A natural person who has an ownership interest in the property, including natural persons who are considered as owners under section 3.48.150.

b. An officer or member of a corporation that has an ownership interest in the property.

c. A partner in a partnership that has an ownership interest in the property.

d. A business, corporation, partnership, or any entity other than a natural person.

7. If the tenant maintains a permanent place of abode in addition to the dwelling unit, the exemption must not be allowed.”

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 takes effect on approval.

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INTRODUCED BY:



KEANI N. W. RAWLINS-FERNANDEZ