

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

January 7, 2026

**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 December 9, 2025, makes reference to Bill 168 (2025), entitled “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.”

Bill 168’s purposes are to: 1) increase the combined home and long-term rental exemption threshold; and 2) create a new exemption for dwellings rented at no more than 70 percent of fair market rents.

Your Committee notes that Bill 168 is intended to advance the Countywide Policy Plan objective to “reduce the affordable housing deficit for residents” by exploring “taxation mechanisms to increase and maintain access to affordable housing.” The bill proposes to use real property tax relief to support below-market long-term rentals for residents.

A representative from the Department of Finance said that there are 4,173 parcels in the long-term rental program. Your Committee estimated that if 100 percent of parcels took advantage of the proposed new exemption, the estimated decrease in RPT revenues would be \$1.2 million.

Your Committee considered whether the proposed percentage of fair market rents was adequate to encourage participation. Your Committee noted that the Council may adjust exemption amounts later based on participation and revenue data if experience shows changes are needed.

Your Committee amended Bill 168 to:

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- Remove the proposed amendments to Section 3.48.466, Maui County Code, that would increase the combined home and long-term rental exemption threshold. This keeps the existing long-term rental program unchanged;
- Add a new Code Section 3.48.467 to establish an affordable long-term rental exemption with clear valuation standards. It includes value thresholds, the tax-year start date, and conditions like the 70-percent rent limit and a minimum lease term; and
- Incorporate nonsubstantive revisions.

As amended, Bill 168's purpose is to create a new RPT exemption for homes rented at no more than 70 percent of fair market rents set by the United States Department of Housing and Urban Development, beginning with the tax year starting July 1, 2027.

Your Committee finds that Bill 168, CD1, would provide a focused and administrable tax incentive that supports attainable long-term rentals for residents while preserving the County's ability to manage its RPT revenues.

Your Committee voted 4-0 to recommend passage of Bill 168, CD1 (2025), on first reading. Committee Chair Lee, Vice-Chair Rawlins-Fernandez, and members Johnson and Sugimura voted "aye."

Your Committee is in receipt of Bill 168, CD1 (2025), entitled "A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE, TO ESTABLISH A REAL PROPERTY TAX EXEMPTION TO INCREASE AND MAINTAIN ACCESS TO AFFORDABLE HOUSING," approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee's recommended revisions and nonsubstantive revisions.

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# SPECIAL COMMITTEE ON REAL PROPERTY TAX REFORM

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Your Special Committee on Real Property Tax Reform RECOMMENDS that Bill 168, CD1 (2025), attached, entitled “A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE, TO ESTABLISH A REAL PROPERTY TAX EXEMPTION TO INCREASE AND MAINTAIN ACCESS TO AFFORDABLE HOUSING,” be PASSED ON FIRST READING and be ORDERED TO PRINT.

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. **168, CD1** (2025)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE, TO ESTABLISH A REAL PROPERTY TAX 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. 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 the home exemption amount provided under Section 3.48.450, plus an additional \$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 for:

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 3. New material is underscored. In printing this bill, the County Clerk need not include the underscoring.

SECTION 4. This Ordinance takes effect on approval.

APPROVED AS TO FORM AND  
LEGALITY:



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Kristie M. Wigglesworth  
Department of the Corporation  
Counsel

County of Maui  
2025-12-26 Bill 168 CD1  
LF2025-1351

INTRODUCED BY:

  

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KEANI N. W. RAWLINS-FERNANDEZ