SPECIAL COMMITTEE ON REAL PROPERTY TAX REFORM

Council of the County of Maui

MINUTES

March 3, 2026

Online Only via Teams

CONVENE: 1:38 p.m.

PRESENT: VOTING MEMBERS:
Councilmember Alice L. Lee, Chair
Councilmember Keani N.W. Rawlins-Fernandez, Vice-Chair
Councilmember Kauanoe Batangan, Member
Councilmember Gabe Johnson, Member
Councilmember Yuki Lei K. Sugimura, Member

NON-VOTING MEMBERS:
Councilmember Tamara Paltin, Member (In 2:09 p.m.)

STAFF: Kirsten Szabo, Legislative Analyst
James Krueger, Senior Legislative Analyst
Peter Hanano, Legislative Attorney
Maria Leon, Committee Secretary
Jean Pokipala, Council Services Assistant Clerk
Ryan Martins, Council Ambassador

Residency Area Offices
Roxanne Morita, Council Aide, Lānaʻi Residency Area Office
Christian Balagso, Council Aide, West Maui Residency Area Office

ADMIN.: Marcy Martin, Director, Department of Finance (All)
Kari Stockwell, Real Property Tax Administrator, Department of Finance (All)
Kristie M. Wrigglesworth, Deputy Corporation Counsel, Department of the Corporation Counsel (All)

OTHERS: Michael Williams, President, Maui Tomorrow Foundation (RPTR-1(2))
Sadie Green, Environmental Planner, Maui Tomorrow Foundation (RPTR-1(2))
Tom Croly (All)

Testifiers
Jasee Law (RPTR-1(2))
Tom Croly (All)
Testifier 1 – The Royal House of Hawaiʻi (RPTR-7, and -18)

(10+) additional attendees

PRESS: *Akakū: Maui Community Television, Inc.*

CHAIR LEE: . . .*(gavel)*. . . Will the Special Committee on Real Property Tax Reform of...meeting of March 3rd, 2026, please come to order. It is 1:38 p.m. Aloha, everyone. I'm your Chair of this Committee, Alice Lee. This online meeting is being conducted in accordance with the Sunshine Law. As a reminder, when your name is called, if you are not in the Council Chamber, please state your location and identify by name who, if anyone, is in your room, vehicle, or workspace with you today. Minors do not need to be identified. Committee Voting Members include Committee Vice-Chair Keani Rawlins-Fernandez, Councilmember Kauanoe Batangan, Councilmember Gabe Johnson, and Councilmember Yuki Lei Sugimura. Assisting with today's meeting are the RPTR Committee Staff; our resource persons from the Administration, who are Director of Finance Marcy Martin, County Real Property Tax Administrator Kari Stockwell, Deputy Corporation Counsel Wrigglesworth. To assist today, I've also invited Michael Williams, President of Maui Tomorrow and Chair of the Real Property Tax Review Board; Tom Croly, former Chair of the Real Property Tax Review Board. And Members, if there are no objections, the Chair designates Mr. Williams and Mr. Croly as resource persons under Rule 18(A) of the Rules of the Council based on their role and experience. Are there any objections?

COUNCILMEMBERS: No objections.

CHAIR LEE: And I think one more person...

VICE-CHAIR RAWLINS-FERNANDEZ: Chair?

CHAIR LEE: Thank you.

VICE-CHAIR RAWLINS-FERNANDEZ: Chair?

CHAIR LEE: Yes, Member Rawlins-Fernandez?

VICE-CHAIR RAWLINS-FERNANDEZ: Aloha ʻauinalā. I am at home at my private residence alone. There may be a couple minors running around at around 2:30 if you see me speaking with anyone. Mahalo, Chair.

CHAIR LEE: Thank you. Okay. And then we have Member Johnson.

COUNCILMEMBER JOHNSON: Aloha, Chair, Councilmembers, community members, and guest speakers today. I'm alone in my office, on my side of the office. No testifiers here at the Lānaʻi District Office. I do have a snoring doggy in the background, so beg your pardon, and I'm here and ready to work. Thank you.

CHAIR LEE: Thank you. And we have one more resource person. Any objections to designating Ms. Sadie Green; is that correct --

COUNCILMEMBERS: No objections.

CHAIR LEE: -- Sadie Green? Sadie Green is with Mr. Williams. No objections. Thank you. And you will be speaking on his behalf today? Speak into the mic, please.

MS. GREEN: Thank you, Chair. He's going to be presenting orally, and I'm...I'm helping to facilitate the PowerPoint presentation.

CHAIR LEE: Okay. And for the record, what is your expertise in this area?

MS. GREEN: I'm an environmental planner.

CHAIR LEE: Okay. Very good. Thank you.

MS. GREEN: Thank you.

CHAIR LEE: Please see the last page of the agenda for information on meeting connectivity. Thank you, Members, for attending today's meeting. We have four items on the agenda this afternoon. RPT-1(2) [*sic*], Real Property Tax Proposal Calculation Software; RPTR-7, Bill 142, On Home Exemption and Long-Term Rental Exemption; RPTR-18, Bill 37, to Establish a New Real Property Tax Exemption for Residential Workforce Housing Unit Developments. Finally, we discuss...will discuss the disposition of other items be...pending before the Committee. So, let's begin with public testimony. Testifiers wanting to provide...

VICE-CHAIR RAWLINS-FERNANDEZ: Chair?

CHAIR LEE: Yes, Member Rawlins-Fernandez?

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. My apologies for interrupting. I just...for the record, Ms. Green works with Mr. Williams and will be presenting on the item of RPT software. And having an environmental planning background is wonderful, but it doesn't apply to the expertise for this Committee today. But that's her expertise for the Committee today is the software that she'll be presenting on behalf of Mr. Williams. Mahalo, Chair.

CHAIR LEE: Thank you. As I was saying, testifiers wanting to provide testimony should sign up with the Staff, join the online meeting via Teams link, or call in to the phone number noted in today's agenda. Written testimony is encouraged and can be submitted via the eComment link at mauicounty.us/agendas as well. Under the Sunshine Law, the Chair will receive oral testimony for agenda items at the beginning of the meeting and as the item is called up. For individuals wishing to testify via Teams, please raise your hand by clicking on the raise-your-hand button. If you...calling in, please call...follow the prompts via phone, star-5 to raise your...rai...to raise and lower your hand, star-6 to mute and unmute. Staff will add names to the testifier list in the order testifiers sign up or raise their hands. For those on Teams, Staff will lower your hand once your name is added. Staff will then call the name you're logged in under or the last four digits of your phone number when it is your turn to testify. At that time, Staff will also enable your microphone and video. Please ensure that your name appears in Microsoft Teams as the name you prefer to be referred to as, or as anonymous if you wish to testify anonymously. If you're in person, please notify Staff that you would like to testify anonymously. Otherwise, please state your name for the record at the beginning of your testimony. Oral testimony is limited to three minutes per item. If you are still testifying beyond that time, I will kindly ask you to complete your testimony. Once you are done testifying, or if you do not wish to testify, you can also view the meeting on *Akakū* Channel 53, Facebook Live, or mauicounty.us/agendas. We will do our best to take each person up in the orderly fashion. We'll now call on testifiers wishing to testify at the beginning of the meeting. Staff, please call the first testifier.

MR. KRUEGER: Chair, there's currently no individual signed up to testify at the beginning of the meeting, but there is one individual in the gallery indicating they'd like to testify.

CHAIR LEE: Thank you.

. . . OPEN PUBLIC TESTIMONY AT BEGINNING OF MEETING . . .

MR. LAW: Jasee Law from Kula Uka, Waiakoa Ahupuaʻa. Thank you all you...all the Staff people for working here for the...the County of Maui government. Chair Lee, Luna Hoʻomalu Lee, I looked up property in Elbert, Kukui...Pukui, sorry, dictionary, and there's that word again, waiwai. That was also the word for the Budget Committee. And also for property, it says pono, which is interesting, and kuleana, and loaʻa. So, thank you. I know you got...you're doing a good job of keeping on track of our...our kālā, our money. And to make a long story short *. . .(laughing). . .* thank you for giving me the opportunity to grumble about some of the...the users of the...the property of the kingdom for nonprofit religious purposes, and especially the ones that claim to be following the...the Jesus guy. And I can't keep track of all the nonprofit religious organizations on Maui, but they're not all Judeo-Christian des…followers. And so, just the ones up in my neighborhood are not using the land to the maximum benefit of the people of that neighborhood. And actually, there...it...it seems to be at this point rather detrimental to my future here on the island. And I would just like you guys, whenever you get time, to look into that, especially what's going on with the United States. If the Administration doesn't really follow the...the Constitution of the America, then, you know, I think sim…that we could probably get around that too at some point. Thank you for your time. I save the rest of my time for the Hawaiian people.

CHAIR LEE: Thank you. Any questions? If not, thank you. Any more testifiers?

MR. KRUEGER: Chair, there's currently no one else signed up to testify at the beginning of the meeting, so we'll do a brief last call. If there is anyone else who'd like to testify at the beginning of the meeting, please identify yourself now. On Teams, you can do that by raising your hand. We'll do a brief countdown…three, two, one. Chair, there's no one else to testify at the beginning of the meeting.

CHAIR LEE: Any objection...exemption...the cheeseburger I had for lunch is...is still hanging in there. . . .*(laughing)*. . . Any objections to closing public testimony and accepting written testimony at the beginning of the meeting?

COUNCILMEMBERS: No objections.

CHAIR LEE: So ordered.

. . . CLOSE PUBLIC TESTIMONY AT BEGINNING OF MEETING . . .

CHAIR LEE: Okay. Now, we shall take up...Staff, I'll let you call that up.

ITEM 1(2): REAL PROPERTY TAX PROPOSAL CALCULATION SOFTWARE (Rule 7(B))

MR. KRUEGER: Chair, the first item on today's agenda . . .*(timer sounds)*. . . Oh, apologies. The first item on today's agenda is Real Property Tax Proposal Calculation Software, RPTR-1(2).

CHAIR LEE: Members, the first item on the agenda, as mentioned, is RPTR-1(2) relating to software that may help the Council calculate the results and impacts of proposed real property tax rate and tier changes during budget session. We will hear first a presentation from Michael Williams, president of Maui Tomorrow, so Members can see the...the software and how it works. After the presentation, I would like to hear from Director Martin and Ms. Stockwell on whether this is a usable stuck...starting point for Members, and what limitations they should keep in mind. Mr. Williams, please proceed with your presentation. Aloha and welcome.

MR. WILLIAMS: Aloha, Chair Lee and Councilmembers. Thank you for inviting us to present this...what we call the tax revenue estimator tool to you all. And we prepared a set of slides. We're going to also use some...a couple of live demonstrations to show you how the website works. We've provided a copy of all of these slides to everybody yesterday. And the...the point of this is...is...we've tried to set this up so you can change, hypothetically, the tier thresholds and/or the tax rates in every property class, and quickly see what the change in...in projected revenue would be, whether it's up or down. I just learned this morning that the Council has been using a...a spreadsheet to calculate, in a similar fashion, differences in test...when you test rate changes. But as far as I know, that software does not allow you to test tier threshold changes. And I also think our system may be a little bit more transparent than that one, easier to work with. But I haven't tried to work with that one yet because I just found out about this morning. Okay. Let me give the acknow...acknowledgments to the people that helped put all this together. Marcy Martin and Kari Stockwell are there in the audience, and their chief...one of their assistants that works with these property tax statistics is Helen Ho, and she was a big help to us in designing this thing. The...the IT database developer that we're using is Jasper Taylor from Pura Viba LLC, and he's available to try to improve this or help us modify it in any way that would help you use it better. Then at Maui Tomorrow, our Executive Director, Albert Perez, and Sadie Green, who there's before you, were...also worked a lot with me and Jasper on getting this done. All right. Let's go on to get to the substance here. Most of you probably know this already, but Maui's real property tax system is unusually progressive and flexible because it can...you can create as many classes of real property as needed based on use of the property. You can create progressivity by using the tier thresholds within the classes or graduated brackets so you can, you know, tax higher value properties at a higher rate than lower values. You can set different rates by all 12 of the classes and all the tiers you have. And you can adjust those thresholds and rates to meet your policy goals and revenue needs. So, let's go on. Sadie, next slide. This is the...what I consider sort of the master page that Real Property Assessment Division produces every year. This is...contain all...they...they produce a report called Selected Real Property Statistics for Budget Consideration. That comes out every year. You'll get your first copy of it in April. The one I'm showing you is the one that has your...your final rates approved by the Council last year. The one you're going to get in...around the first week in April will...will show the Mayor's proposed tiers and rates, but it's structured exactly the same. And one of the valuable things this does show you is, you can compare this year's taxable value and...and the rates to last year's. So, this is two years' worth of data on it, makes it very useful...you can see how this class count changes, for example. The class count is the number of parcels in each of these tiers, and you can see that they go up and down each year for various policy reasons. But anyway, this is sort of the starting point for all of us in getting the...the big picture view of what the property tax system is in terms of rates and...and tier thresholds and total values. All right. Next slide. These...you have 12 classes of property, classifications of property, real property, and they...they sort of conveniently fall into three categories. The first four I've selected here are what I call the visitor accommodation property classes, which is the...the timeshares, the hotels, Non-Owner-Occupied, and your TVR/STRH classes. The...let's go to the next set. Sadie, next...next group. This is the second group of four. These are the property classes that are occupied by residents, the Owner-Occupied or homeowner...homeowners, homes, the Long-Term Rental classification, the Apartment classification, and the Commercialized Residential classification, which is the bed and breakfast homes, which require a local person must be residing there in addition to their...the unit that they rent out. And then the last set of four categ...classes I...I just labeled miscellaneous, and it's the Commercial, Industrial, Agricultural, and Conservation. All right. Next slide. So, this took me a while to learn. You may already all know this already, but a...a parcel can be many things in the...in the property tax system. It's a...it's...it's a distinct tax map key, the TMK number, connected to the property record where the assessed value and the tax rates and the past taxes are paid, and so forth. It's all there. But what...it...what's tricky about it is that a parcel within the NOO class or the OO class or the Long-Term Rental class can have two or more dwellings. A...a lot of them have two dwellings, and some of them have three or more, but they're still just one parcel for tax purposes. The...all the TVR/STRH parcels have just one dwelling. You see question marks at the end of this because I wanted to make sure yesterday that the single-family transient vacation rental homes were limited to just one dwelling, and I confirmed that so we could rem...remove these question marks...the...so in this class, every parcel has just one dwelling, either it's a condo or a single-family home. Now, the hotel parcels are really strange because we only have about 30 genuine hotels in the County. But if you look at the class count, there's over 500 parcels listed, and I wondered how could that be? Well, it turns out that there's CPRs that the hotel owners have used to sort of spread out their financial risk among various owners, but...but these aren't tied to any particular piece of land. They're...they're just shares within the hotel itself, and that's why there's 500 hotel parcels, but only really 30 hotels. And then finally, the apartment parcels are a little tricky because they can have anywhere from 5 to 100 or more dwellings within them because an apartment parcel, for tax purposes, has to have at least five dwellings, and there's no maximum. But all the units must be rented long-term. So, that just gives you an example of what the parcels are in the...in the spreadsheet I showed you from the real property people. This is called the class count. Let's go to the next. All right. Now, we're ready to show you our...our first demonstration. We're going to show you how you can change the tier thresholds in the Non-Owner-Occupied class--and let's just scroll down through this website page, Sadie, so they can see. This is all 12 of the classes here, set up so you can edit the tier rates or...or...the tiers, thresholds, or the rates, and then calculate the revenue based on what you changed. You can keep on going down. Scroll down some more. This is an...an interesting way we decided to display this. This...this lists all the...all 12 of the property classes and tells you what percentage of total revenue they currently represent. And if you'll notice, the first four here are the visitor accommodation classes, and when you add up their percentages--36 percent, 25 percent, 14 percent, 8 percent, and all the decimal points--it turns out that more than 85 percent of all the property tax revenue the County receives this year come from these four classes, and the other eight classes only contribute 15 percent of the revenue. All right. Let's go back up and do...run a...run a change here. Let's go to Non-Owner-Occupied and click on the edit tiers and rates button. Now, this is...you can see where...I want to change Tier 1. Instead of having a $1 million cap, I want to make it a $750,000 cap, and there's a couple ways to do it on this system. Sadie's going to show you how you can slide that bar over to where you get to 750, thereabouts, and you can see, it changes the numbers down here in the tier...tier box, and then I also wanted to change the threshold for Tier 2 from 3 million down to 1-1/2 million. You can do the same thing. Well, actually, Sadie, let's type this one in. Go...go out to the end of that and type in...yeah, 1,500,000...and you can see that the blue bar moved over just to match that. All right. So, now we hit the done button, and you can see that...that over...over here in the Non-Owner-Occupied section, you can see the...the tier thresholds have changed. But now we go down to the calculate...recalculate revenue button, and now we scroll down, and you can see that it shows for Non-Owner-Occupied, just by shifting those tier thresholds, we didn't raise any property tax rates at all, we still generated a projected 32 million more in...in revenue. It also...this system adjusts all the percentage rates. You can see that the TVR share of total revenue fell from 36.4 to 34.9 and so forth for all the other classes. Now, Sadie, back that up a minute, because I don't think they saw what you clicked on to get there. Can you get out of that for a second? Yeah. So, if you click on the difference line in Non-Owner-Occupied, a little pop-up window comes up, and it shows you the current rates and parcel counts and the valuation and the revenue versus what you've just created in your test scenario of changing the tier thresholds down to 750 and then down to 1-1/2. So, this makes it real easy to see how you're changing the parcel counts.

I've always wondered why you have so few parcels in the top tiers, and I'm hoping that I may encourage you to experiment more around with that now that you see how easy it is to do. All right. Let's go on...on down. Show them how we can label the scenario and save it with a name. *(pause)* Let's just call this, you know, the March 3rd Scenario 1. Okay. Now, you can...now you've...we've saved that scenario, but you can also...you can...can load it or you can export it to a PDF. It makes it easy for you to save your various hypotheses as you're changing them around. Show the export to PDF button too, if you would, please? Okay. And there you go. All right. Let's go on to the next set of slides. I think we've showed you everything you...you need to know in order to test the tiers. Now, I'm going to show you how we can change...change rates in the same way and see the effects very quickly. Once again, we go back to the database. By the way, this...this website will let as many of you work on it at once as you want. There's no...it's not like only one of you can be on there at a time, and it can handle a whole...I don't know if there's a limit, but it can handle several people all working on it at once. Now we need to restore this year's rates. Now we're back to what we call the original scenario. And now we're going to go down to the TVR/STRH section and hit the edit tiers and rates button again. And this time, we're just going to experiment with some rates. I left the...the...in the changes I wanted to make, I left the $12.50 rate still applied to the Tier 1, but I wanted to change the...the...the rates in Tier 2 and 3. Sadie, do you remember what we changed them to? I forget. Yeah, 16 and I think what, 22 or something there...or 18. 18 is fine. So, now we've changed the rates in Tier 2 and Tier 3 hypothetically. We hit the done button and we hit recalculate revenue button. And if you look at...yeah, now we go down to the differences, you can see, again, we've increased property taxes by a difference of $20 million. And again, if you click on that difference line, you...you can see the current tiers and rates for the...for this class compared to the scenario we've just tried, which shows you where the...the extra revenue comes from. It...you...you see the total revenue for Tier 1 didn't change because we didn't change the rates, but it changed for Tier 2 and Tier 3. And again, you use the same way, you can save this, name it, load it, your...export to PDF, whatever. All right. Next slide. One concept that I think it's important for everybody to understand is the effective tax rate for Tiers 2 and 3. A lot of times people say, well, we ought to tie...we ought to tax our...our most valuable properties at, say, 1-1/2 percent a year, which would be a $15 per 1,000 rate. Well, because the...the top tier has...gets to pay the lower tier value rates for Tiers 1 and 2 values, the effective rate is a lot less. And what this shows you is that the...the...the Tier 1 tax rate is still...is $5,870 in revenue. Tier 2 tax would generate 17,200 in revenue. If you add those two together, that's $23,070...$23,070 in revenue. But if you'll note, when you...when you divide the 23,000 by the $3 million Tier 2 threshold, you can see that the effective tax rate is only 0.77, not the 0.86 that the tax rate is set for. And let's go and show what the effective rate happens with Tier 3 as well. So, in Tier 3, we raised it to $22 here, which is a 2.2 percent rate. But if you go down and calculate the effective rate in the same way I did before, you'll find that the effective tax rate under this scenario for Tier 3 of the TVRs is only 1.68 percent, not the 2.2 percent that you set as...as...as the...as the top rate. Okay. Next slide. We're basically done with the presentation. We'll load the new assessed value data as soon as we get it. The Real Property Assessment Division typically releases that around April 9th. They have to wait until April 9th because that's the appeals deadline, and then they have some idea of how many appeals there are, and they have to take that into account when they come up with the certified assessed values. This is definitely a work in progress. We've...we've improved a lot in the last few weeks just getting ready for this presentation. And I'm sure some of you will come up with other suggestions on how to improve it, and you can send any of your questions or comments to me at my email address there. And that is the entire presentation. Thank you very much.

CHAIR LEE: Thank you.

MR. WILLIAMS: Happy to...happy to answer questions.

CHAIR LEE: Let me take the first question. Is this free?

MR. WILLIAMS: Is it free?

CHAIR LEE: Yeah, is it free, Mike?

MR. WILLIAMS: Yes, we're...we're...we're making this available to you and the public, making it available for everybody to use.

CHAIR LEE: Wonderful.

MR. WILLIAMS: All you got to do is click on the website and go to town.

CHAIR LEE: All right. Members, you want to raise your hand so I can...those of you who do have questions? Vice-Chair Sugimura?

MR. KRUEGER: Chair? Apologies to interject, but would you like to take testimony first before?

CHAIR LEE: Oh, yeah. That's right. Okay.

MR. KRUEGER: So, Chair, there...there is one individual signed up to testify. That would be Tom Croly on Teams.

CHAIR LEE: Okay.

. . . OPEN PUBLIC TESTIMONY ON RPTR-1(2) . . .

MR. CROLY: Aloha, Committee. Tom Croly. I want to...I want to compliment Mr. Williams. This software, from one property tax nerd to another, is really, really good. I mean, it's...it's...it's excellent what...what he put together here. And the fact that it...it's using real-time numbers from the tax department, and they...being able to tell you how many people would be affected by a particular change is...is great, great information for you. There were two inconsistencies that I wanted to correct in the tax classifications. The Apartment tax classification does include vacant properties. And so...so, when it includes vacant properties, it's not including residents necessarily there. And that's something that I brought to the attention of the Council before, that we really should have a separate class for vacant apartments so that we can set a higher rate than those are in occupied apartments because many…or most of the vacant apartment land is actually slated for high-end second homes, okay. That's...that's what that will eventually turn into. And then, of course, we have the issue with Non-Owner-Occupied, which has both second homes in it, and people who don't rent for a year and file a…a long-term rental exemption. So, we do have some of the…the folks who...who won't jump through that hoop falling into that category. But other than that, everything that...that Mr. Williams presented is...is right on. And I think this would be a great tool for everyone to play with. I just...I just would hope that this doesn't become the tool at 1:00 in the morning on the day that you're figuring out the rates, where we're just *. . .(laughing). . .* playing with it at that moment to hit a certain number. I think you…you need to work with this outside of...of the pressure of hitting the number on the budget to kind of figure out what policies are you setting and what's the effect of those policies on...on revenues that you're going to get. But again, great job, Mr. Williams. Thank you.

CHAIR LEE: Thank you. Staff, any more testifiers? Oh, questions for the testi…any clarifying questions? If not, thank you, Tom.

MR. KRUEGER: Chair, there's currently...

MR. WILLIAMS: Can I just respond to Mr. Croly?

CHAIR LEE: Well, since we don't have a big crowd in the audience, sure. Why don't you, Mike?

MR. WILLIAMS: Well, I wanted to...

VICE-CHAIR RAWLINS-FERNANDEZ: Chair, close public testimony first.

CHAIR LEE: Okay. Sorry, Mike. But the rule --

MR. WILLIAMS: Sure.

CHAIR LEE: -- the rule keeper is, you know, telling us we can't do that. James, do we have any more testifiers?

MR. KRUEGER: Chair, there's currently no one else signed up to testify, so we'll briefly do last call. If there is anyone else who'd like to testify on this item, please identify yourself now. On Teams, you can do that by raising your...your hand. Here's the countdown…three, two, one. Chair, there's no one else to testify on this item.

CHAIR LEE: Thank you. Members, any objections to closing public testimony on this matter and accepting written testimony?

COUNCILMEMBERS: No objections.

CHAIR LEE: So ordered.

. . . CLOSE PUBLIC TESTIMONY ON RPTR-1(2) . . .

CHAIR LEE: All right. So, now we'll entertain questions. Can you raise your hand? It'll be easier if...than calling on everybody.

VICE-CHAIR RAWLINS-FERNANDEZ: Chair?

CHAIR LEE: Okay. Let's go with Member Rawlins-Fernandez.

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. Back to what you were asking Mr. Williams to give him an opportunity to provide comments to the testifier.

MR. WILLIAMS: Thank you. Thank you, Councilmember. I want to return the compliment to Mr. Croly. His insights into the system is al....are always really good. His point about the apartment parcels is a good one. I...I just had forgotten about the vacant land issue and parcels in the Apartment class. As to the Non-Owner-Occupied class containing a lot of genuine long-term rentals that don't meet the current criteria, that's something that I discussed with you on this Committee already this year before, and it's something that I've talked to Marcy Martin and Kari Stockwell about. And I still think it's a problem we need to solve because we want to try to separate the genuine long-term rental people, owners, even if they don't have a contin...a signed lease for 12 months, or they don't have the same people in the...renting from them for 12 months. As long as they...I think as long as they give a declaration under oath that they're only renting long-term and here's who...who was there and why they changed, I think you can accommodate more long-term rentals into that and take them out of the Non-Owner-Occupied class so you...you don't have the problem of jacking up tax rates on properties that we really want to encourage, you know, to keep renting to locals.

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Williams. The Code already allows for that. It gives discretion to the Director that if a tenant does move within the 12-month lease period, that they...as long as they're making a good faith effort to fill that unit with a long-term renter, that, you know, that would be allowed. My concern with opening it up too widely is that there would be abuse that would happen. And after creating the Long-Term Rental classification and exemption, we immediately saw attempts at trying to circumvent the intent of the law. And so, I would prefer not to, you know, make it easier for folks to abuse that. So, I...but I appreciate that comment. Mahalo, Chair.

CHAIR LEE: Members, any questions? Did you have your hand up? Vice-Chair Sugimura?

COUNCILMEMBER SUGIMURA: Thank you. Thank you, Mr. Williams. I appreciate you spending the time and focusing on this. I have a question for the Department. So, are...are…you worked with them, Maui Tomorrow, on creating this? And how do you anticipate...or do you anticipate using...

CHAIR LEE: Who are you asking the question to?

COUNCILMEMBER SUGIMURA: Yeah. Oh.

CHAIR LEE: Oh, to the Department?

COUNCILMEMBER SUGIMURA: To the Department. Yeah, because they worked with Mr. Williams. So, I'm just wondering from the Department.

CHAIR LEE: Director?

MS. MARTIN: Yes, we did work with Mr. Williams, and we appreciate the work that he's done. And I think I'm going to let Kari elaborate since her Staff worked very closely on this project. But we do appreciate this tool.

MS. STOCKWELL: Yes, thank you, Mr. Williams. You know, we have vetted the tool. We've been working with him very closely, making sure that it is aligning and it's working well. It's a very easy-to-use tool, you know, easy to understand, easy to use for ev…anyone. I think the one thing that...the only little hiccup with that…that is that the appeals. So, the appeals is still on an estimated amount. So, we would need to rebalance after you looked at that tool, after you use the tool, then we could go in the system. It'll be close, but it's not going to be exactly right because his appeals are a percentage of the value rather than exactly in the tier that it needs to be in. So, it's really close, just after…if you do use it and you see…want to rebalance it, then have us rebalance just to double check those numbers.

COUNCILMEMBER SUGIMURA: Could I --

CHAIR LEE: Go ahead.

COUNCILMEMBER SUGIMURA: -- ask one? Okay. So, do you suggest that we use it during the budget process? Is it ready for game time or…or show time?

MS. STOCKWELL: Yeah.

CHAIR LEE: Kari?

MS. STOCKWELL: Yeah, after we...we've used it, we've tried it. He will be reloading our new values. Once he...we'll send out the new numbers. Once we're ready to send that out to him, he'll get that. He'll be able to reload the calculator. And everything that we can see, it's...it's a great tool to have.

CHAIR LEE: Director?

MS. MARTIN: Thank you. So, I would like for all of you to think of it just like you think of the spreadsheets that you're using now. So, we'll...we'll balance at some point, and then you'll do your deliberation, right? And then when you finish, you should rebalance with us just so that we make sure that we're all, you know, in alignment. And then the ultimate number that will go to budget would come from...from us. So, it'll be a...a tool for you guys to explore, but then ultimately, we would give the final number just so we make sure that it balances with our system.

CHAIR LEE: Do we have questions on the presentation itself? Member Batangan.

COUNCILMEMBER BATANGAN: Thank you, Chair. Yes, questions for...or I guess thank you, Mr. Williams. And it's good to see you again. Fellow member of the Charter Commission, I always appreciate seeing you. So, there was, you know, a comment about a new...potentially creating a new classification for vacant apartment units. Our...what if we had...so, if we wanted to create a new classification or if we wanted to create new tiers, how would we utilize the system to do that?

CHAIR LEE: Ms. Green or Mr. Williams? Who's going to take the question?

MR. WILLIAMS: Well, I...it's...it's easy to stick a new class in there if the...if the Council creates one. But that...you know, you have to do that by statute. And I don't think...and you have to do it by the end of this calendar year to have it effective next...for the tax year next year. But that can...that can easily be done. And then once we have a new class in the system, it...it'll work just like all the other classes.

CHAIR LEE: Mr. Batangan?

COUNCILMEMBER BATANGAN: Okay. Thank you. I guess I was just trying to figure out how to add it mechanically within the...the current system, not so much what we need to do legislatively to create the...a new classification or a new set of tiers. But I guess it's kind of a moot point if we have to take that many steps before utilizing it this session.

MR. WILLIAMS: Yeah, I'm not sure that Property...I mean, Marcy may...and Kari may be able to correct me here, but I'm not sure they've got an easy way to sort out which apartment parcels are vacant. Maybe they do. I don't know how to do that.

COUNCILMEMBER BATANGAN: Thank you.

CHAIR LEE: Members, other questions? Vice-Chair Keani Rawlins-Fernandez?

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. And mahalo again, Mr. Williams and the team, for creating this website and being able to calculate the software. I...it is ready, you know, to get like estimates to...to use for this year, especially after we get the certification, you know, toward, you know, mid, end April to calculate all of that out to determine the rates that we'll set for FY '27. It...it has all the existing classifications so, you know, it'll get us like as close as we kind of need to be. Just for some background, in the past two sessions, we've...we've had to submit our proposed thresholds, you know, like in ad...like well in advance to give the division time to calculate out, you know, where we would want to set the threshold. So, this would kind of give us an opportunity to do it on the spot, recognizing that it's not going to be 100 percent accurate because of the appeals, as Ms. Stockwell explained. So, we could still use it to determine where we would want to set the thresholds. Submit the thresholds to the division, to RPAD, and then they would calculate it out and give us the spreadsheet so that we would have the most accurate numbers, which would account for the appeals. So, we could use it in conjunction with the spreadsheet that we already have to get us to where we need to be, or at least closer to where we need to be so that we're not guessing by the end of April. So, I think that this software gets us closer to where we need to be at...at the time that we need to be there. So, mahalo, Mr. Williams.

CHAIR LEE: Any more questions? Let the record show that Member Paltin has joined us. Member Tamara Paltin, good afternoon. Are you home alone in your workspace? In your office?

COUNCILMEMBER PALTIN: I'm not. Aloha ʻauinalā. Streaming live and direct from the burn zone in Lahaina. I have with me my assistant, Christian Balagso, and we're here and ready to ask some questions.

CHAIR LEE: I saw your hand up. Could you ask the question?

COUNCILMEMBER PALTIN: I'll go after Gabe.

CHAIR LEE: Okay.

COUNCILMEMBER PALTIN: I just was --

CHAIR LEE: All right.

COUNCILMEMBER PALTIN: -- letting you know.

CHAIR LEE: Member Johnson?

COUNCILMEMBER JOHNSON: All right. Thank...thank you, Chair. Thanks for pointing that out, Councilmember Paltin. Just...you know, I don't have any questions. I...I was watching the presentation. I got...I got to give a shout-out to Mike and Helen. Thank you so much for this kind of work. It's really good. And it's techie, and it's complicated, and the fact that you guys can explain it to us in layman's terms, I really appreciate it. So, thank you. That's all I wanted to say was, thanks for your hard work. Thank you, Chair.

CHAIR LEE: Thank you. Yeah, I can't wait to use it. Member Paltin.

COUNCILMEMBER PALTIN: Thanks. Sorry, I just was meeting with the Boys and Girls Club in Lahaina, but...so I missed the presentation. But I was wondering if...I don't know if this Committee or the BFED Committee or whatever, because there's been so much changes...I mean, not so much, but changes from last budget to this budget where, you know, about the posting in like circulation newspapers, as well as like, I think we changed also the range. Like when we had to post, if we had to post a range, because that was tripping us up last year. And then I guess my question is, if...if we can go over the...the...the differences from last budget to this budget, like what law changes there were? And then with the software, if...it sounded like Member Rawlins-Fernandez answered it, but I wasn't super clear. Like could we enter in our own rates and find out what those are? And then they're just not like sup…like exactly on the dot accurate, but we can get a ballpark figure is what...what's going on?

CHAIR LEE: Mike, do you want to answer that question?

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . . and the ranges.

CHAIR LEE: Mike, do you want to answer that question?

MR. WILLIAMS: Can I say something about that?

CHAIR LEE: Yes, you did.

MR. WILLIAMS: The appeals this year, I believe, are only about 1 percent of the total value of the...of the...of the property, or 1 percent of the revenue. So, when we say this isn't quite right, it's still going to be 98 or 99 percent accurate. And we just...it's really hard to get more precise because the appeals, you know, it takes them a while to analyze them and figure out how...what they are and so forth. But this is...in my opinion, this is plenty close enough for you to...to do your policy decisions with.

COUNCILMEMBER PALTIN: Okay. So, then we're not going to…I mean, we…we could ask for the exact cate…tiers from the Finance Department, as we always do, but using this tool before or after or whatever will help us to find out what we want to ask them for is the exact, or also be able to adjust as we get to actually setting the rates; is that correct? I guess for Ms. Martin or --

CHAIR LEE: Yeah, I think --

COUNCILMEMBER PALTIN: -- I'm sorry, Ms. Stockwell?

CHAIR LEE: -- she did say that before you came to the meeting. And so, we can ask her to repeat what she said earlier. Director, or was it Kari?

MS. STOCKWELL: Yes, thank you. So, yeah, that would be an accurate description. So, you could use that to assist you during this budgeting season. And then when you want an exact number for us to balance for your budgeting purposes, then we could run the numbers that...so you can balance exactly.

COUNCILMEMBER PALTIN: And...and we're going to be told those, the...the . . .*(inaudible)*. . . date to ask for the exact numbers as part of the BFED process?

MS. STOCKWELL: Correct.

CHAIR LEE: Go ahead, Kari.

COUNCILMEMBER PALTIN: Okay. Okay. Thank you. Thank you so much.

CHAIR LEE: Any more questions? No more questions. Would any of our resource people like...would like to add anything that you thought of afterwards? This is...

MR. WILLIAMS: I have nothing new.

CHAIR LEE: Nothing...well . . .*(laughing)*. . . besides this?

MR. WILLIAMS: No.

CHAIR LEE: Okay. Members, I see no more questions. Thank you so much, Mike. This has been an incredible presentation, and Ms. Green. Really appreciate what you've done and want to continue working with you on this. Thank you.

MR. WILLIAMS: Yeah, thank you.

CHAIR LEE: Thank you very much. Okay. Members, if we...if you don't have any objections, why don't we just refer this to the Budget Committee because our Committee is going to end in...in a few weeks. Any objections to that?

MR. KRUEGER: Chair?

CHAIR LEE: Yes.

MR. KRUEGER: Apologies. So...so, just for this item, since it's a Rule 7(B), there...there's no action to...for refer or anything for this and it'll just be a deferral. But the Budget Committee could...could take it up as a 7(B) of its own later on --

CHAIR LEE: Right.

MR. KRUEGER: -- if it wanted to.

CHAIR LEE: Okay. Yeah, we wouldn't defer this because there's...we're going to end. So, I just thought that the better thing to do is to refer. If we can't refer it, then you can start a new item, Vice-Chair Sugimura, okay? It's just that we want to continue conversations on this because this is...could...will be a tool that we will be using during the budget session.

COUNCILMEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER pending further discussion.

CHAIR LEE: All right. The next item. Staff?

ITEM 7: BILL 142 (2025), ON THE HOME EXEMPTION AND LONG-TERM RENTAL EXEMPTION FROM REAL PROPERTY TAX

MR. KRUEGER: Chair, the next item on today's agenda is Bill 142 (2025), on the Home Exemption and Long-Term Rental Exemption from Real Property Tax. That's RPTR-7.

CHAIR LEE: All right. Members are...I mean not Members, but are there any...anybody here to testify on this item?

MR. KRUEGER: Chair, we currently don't have any individuals signed up to testify on this item, but Tom...I believe Tom Croly want…wanted to testify.

CHAIR LEE: You...as a resource person, is that what you're saying?

MR. KRUEGER: Oh, yes, he's raising his hand. So, yes, he'd like to testify on this item.

CHAIR LEE: Okay. Hello, Tom.

. . . OPEN PUBLIC TESTIMONY ON RPTR-7 . . .

MR. CROLY: Yeah, thank you. I...I never know where to chime in as...as a resource here, but I...I did review Councilmember Paltin's proposal, and I think that...that it works as well as we can solve this problem right now. I'd...I'd like to be able to solve it the way that Mr. Johnson had proposed, that on the day of transfer of a property, we…we…we change the taxation and so forth, but I understand from the…from the Department's perspective how difficult that is. So, I...I...I think that what's been proposed is good. I'm not clear at this moment as to the long-term rental thing. Did we put something in where people could get that mid-year, or are we still stuck with only being able to change that once a year? Because again, I think that if somebody makes the choice to put someone in long-term, we shouldn't make them wait as much as 18 months before they get the benefit of the...of the lower tax rate. So, again, I see that that's been removed from…from this proposal, but I...I kind of remember that we changed something before that…that might've allowed that. So, I'm...I'm...I'm not clear on that, but I do support what's being proposed. And...and I hope that it's something that we can continue to work on even once this Committee is disbanded because there...it isn't just homeowner exemption that causes this problem. I know someone right now who is ready to not renew his short-term rental permit and move into the house, okay? So, it's going to go from a short-term rental to a home, but because he had a short-term rental permit as of the first of the new year, he's going to pay short-term rental for the next 18 months. So, it's...that's the way it is right now, despite the fact that he will become a resident. Oh, there is one more thing that I'd like you to ask the Department on this, and that is in order to get a...a homeowner exemption, you have to show that you filed your income tax in the previous year. So, if someone is filing mid-year, then they should be able to prove that they filed by April and then get the advantage of this getting in mid-year. But I...I'm...I'm not sure if that's how the Department will administrate it. So...so, I'd like you to bring that up when the time comes. Thank you, Chair.

CHAIR LEE: Any clarifying questions, Members? If not, thank you very much, Tom. Any more testifiers?

MR. KRUEGER: Chair, the next person signed up to testify is...

COUNCILMEMBER PALTIN: Oh, I had a clarifying question, I'm sorry, for Mr. Croly. You said if people file their tax return in April, so you're talking about the half year that occurs in June?

MR. CROLY: Right.

COUNCILMEMBER PALTIN: Or December? June.

MR. CROLY: In June. So...so, let's say...the Code says you have to have filed your tax return as a...as a resident of Hawaiʻi for the previous year, okay? Now, as of December 31st, someone can't file for the previous year because they can't file until July 1st. So, they're basically held to the whole...whole other year behind. But if you can file mid-year, then you can have filed your tax returns for the previous year in advance of this. But I just want to be sure that that is how the Department intends to...to administrate this...or at least you have the discussion in open session here so that people's expectations are properly set.

COUNCILMEMBER PALTIN: So, if they file in April, you think they should...you're asking if they could get the homeowner exemption as of June?

MR. CROLY: Correct, correct. Well, as of...as of July 1st is when it would kick in.

COUNCILMEMBER PALTIN: July...

MR. CROLY: Yeah.

COUNCILMEMBER PALTIN: Yeah, sorry, that's what I meant. June...June 30th, July 1st. Okay. Got it. Thank you.

MR. CROLY: Yeah.

CHAIR LEE: Any more questions...clarifying questions for the testifier? Do we have any more people to testify?

MR. KRUEGER: Yes, Chair. The last person currently signed up to testify is the individual logged in on Teams as The Royal House of Hawaiʻi.

TESTIFIER 1: Aloha.

CHAIR LEE: Aloha.

TESTIFIER 1: So, I'm...I'm speaking as an allodial land, royal patent holder. And as you guys should know, real property tax is royal patent, yeah. And…but the people…how…how is anybody allowed to get any kind of exemption, period, any kind of person? Because not only any kind of person can be getting these exemptions. As you guys should know, there's a royal patent that we call Palapala Sila Nui from Kamehameha III stating that you guys cannot dispossess any Kānaka. And they are the ones…they are the ones that have rights to all allodial-titled lands, not just any kine people now. Like how you have random people getting exemptions illegally on royal-patented, allodial-titled lands without notifying any of the heirs. And...and I'm pretty sure it's a...I'm pretty sure it's a crime on an international level doing that, frauding allodial-titled, royal-patented land without letting the heirs know, period, point blank, because if the land is sold…it cannot even be sold, period. It's supposed to return back to the original title holder and their descendants. So, why are any...how is anybody getting these exemptions because I like know, okay? And everybody's got to know because that's fraud, straight up. And that's highly illegal on an international level. And as allodial...as an allodial land title holder, you need to call the descendants and let them know, and…because this is not just anybody's land to be getting all these exemptions. They…all of Hawaiʻi, every piece of land of Hawaiʻi is allodial titled, royal patented. And if it's being developed and everything like this, and like being decided on without the heirs, that's illegal. So...and I'm...I'm one of the heirs. I'm a Kānaka. We have all rights to all the allodial lands. And if you are not Kānaka, this literally is law in the Kingdom of Hawaiʻi law by Kamehameha III. And if you guys don't know any of this or like want to admit that's...that you guys do not...you guys shouldn't be in those chairs anyway. You guys don't have the qualifications, yeah? So, it's all in the TMK also. And why are the TMKs being…erasing the RP grant, the real property grant, royal patent grant? Because they supposed to show 'em, highly illegal again. . . .*(timer sounds)*. . . And…yeah, thank you.

CHAIR LEE: Any clarifying questions, Members? If not, thank you. Any more testifiers?

MR. KRUEGER: Chair, there's currently no one else signed up to testify on this item, so we'll do a last call. If there is anyone else who'd like to testify on this item, please identify yourself now. On Teams, you can do that by raising your hand. We'll do a countdown…three, two, one. Chair, there's no one else to testify on this item.

CHAIR LEE: Members, any objections to closing public testimony on this item and receiving written testimony? No objections?

COUNCILMEMBERS: No objections.

CHAIR LEE: So ordered.

. . . CLOSE PUBLIC TESTIMONY ON RPTR-7 . . .

CHAIR LEE: Okay. We are, as stated earlier, on Bill 142 (2025). And now we'd like to receive comments from our resources. Resources, Director Marcy Martin and/or Ms. Stockwell.

MS. MARTIN: Thank you, Chair. So, we have reviewed the bill, and we've all done a lot of work on it. So, we don't have any comments on the bill in its current form. And so, Maui County Code 3.48.450(C)(1) states that, "and files an income tax return as a resident of the State with a reported address in the County the year prior to the effective date of the exemption." So, the new effective dates, we have the old effective date. So, then people would have to file by December 30th…for this year, it would be December 30th, 2025. So, if they filed June 30th '26, they would have to file prior to...

CHAIR LEE: Go ahead, Ms. Stockwell.

MS. MARTIN: Yeah.

MS. STOCKWELL: So, we're just trying to do the calendar math in our head right now as we're speaking.

CHAIR LEE: Oh, I thought...I thought you're trying to do a duet.

MS. MARTIN: Yeah, so I think they would be filing their '25 taxes prior to June 30. I think…I think we had made a chart in one of our previous bills. So, it's not going to include that…the half-year exemption that was on Bill 113.

CHAIR LEE: Okay. So, maybe you could just...again, repeat your concerns, your objections, and then I think Member Paltin was going to offer an ASF. Were you?

COUNCILMEMBER PALTIN: Yeah, the ASF is...has been posted to Granicus. It was developed with Mr. Hanano, and it was basically to address the things that Ms. Martin and Ms. Stockwell wanted in the last iteration. It's...it…it was meant to meet their requests.

CHAIR LEE: Okay. So, I'm assuming, Ms. Stockwell and Ms. Martin, that you both have had an opportunity to look at the ASF which addresses your concerns?

MS. MARTIN: Chair, is that the...the CD1?

CHAIR LEE: Yeah…142, CD1, 2025.

MS. MARTIN: Yes, we looked at that.

CHAIR LEE: Okay. And so, you're satisfied with that?

MS. MARTIN: We're satisfied. Thank you.

CHAIR LEE: Okay. All right. Where were we? Any...oh, any questions for the resource folks? Member Johnson, and then Member Paltin.

COUNCILMEMBER JOHNSON: Thank you, Chair. Well, it just kind of continues up with my previous discussion. You know, I think that this system fails our refs…residents in some ways. This bill doesn't really go far enough, I'd say. I'm disappointed in the Administration that they won't pursue the idea...my idea of a fund that would help subsidize the difference so long-term residents buying a house are not saddled with the RPT bill from a Non-Owner-Occupied or STR rate, if that was the, you know, prior use of the unit. I think this disincentivizes our residents to be home buyers because they may not qualify for mortgage if they have to pay the higher rate for a year or so. And maybe it's something should…we should have thought about when Bill 9 was being introduced. And this…STR, non-owner rates have increased, this problem has unintended consequences. I…I just…you know, I'll ask the Administration again about a fund for maybe half of the year? But if you're not amenable to that, I…if…in my mind, it just seems like this would create like a season…on season…a season of buying and selling houses and a season where it wouldn't…because you…you would…you couldn't buy that house because you…you'd have to pay that property tax for that long. So, maybe they'd have…have to wait until they don't have…you know, until it's like a season where they could afford it. So, just doesn't seem like the best way forward, but I know that we're trying to help. It's just…I think that the system…it's just doesn't seem…it's like halfway there. So, that's my question and I'd like to hear a response from the Administration if they would still con...are still not amenable to the idea of having a fund for this. But --

CHAIR LEE: Director Martin?

COUNCILMEMBER JOHNSON: -- I just wanted to say that for the record. Thank you, Chair.

CHAIR LEE: Director Martin?

MS. MARTIN: I don't ever recall saying that I wasn't in favor of creating the fund. I don't think it would be through Real Property. I think it would be through another program, you know, a program that works with grants and affordable housing. But, you know, we're open to ways to get people into housing.

CHAIR LEE: Any more questions? Member Paltin?

COUNCILMEMBER PALTIN: I just wanted to clarify. I thought the conversation was that if they were filing a tax return that indicated that they were a resident the year before, that they could get the homeowner. Like if they are coming from California or someplace, that they're not a resident of Maui County, then obviously they wouldn't qualify. But if they were…their tax returns are a resident, they could get the owner-occupied; is that correct? Or was I misunderstanding what Member Johnson was saying?

CHAIR LEE: Ms. Stockwell?

MS. STOCKWELL: Thank you. So, yes. So, if you're a res…if you file your resident tax returns the year prior, then you are eligible for the exemption. So, a good example would be if you...we received the exemption on December 31st, 2025, then it would be valid on January 1st, 2026. That would your...be your effective date of the exemption. The tax year would run from July 1st, 2026 through June 30th, 2027. You would need to file your State of Hawaiʻi resident tax return by December 31st, 2025. And the return year would be 2024.

COUNCILMEMBER PALTIN: So, I mean, I'm...my priority is our residents, not people trying to move here and buy houses out from under our residents. My other question, I guess…I mean, I don't know if it's related to this. You can stop me if it's not part of the agenda, if…but some of our...some of our survivors have had to leave the state while their homes are being rebuilt. And then I've come across some that, you know, originally, I guess, didn't know about the homeowner exemption. So, they were living in their house and paying Non-Owner-Occupied. And then because of their kids and their school, they had to move out of state while their home is being rebuilt. Is there a way for them, when they come back to their rebuilt home, to show that they lived in there prior to the fire and then pick up the owner-occupied exemption? Because they lived in their house, it burnt down, they've had to leave the state and they would like to come back. I mean, especially our immersion school kids because they can't go to immersion in like Florida, you know?

CHAIR LEE: Director or Ms. Stockwell?

MS. STOCKWELL: Thank you. So, as of right now, all the exemptions in Lahaina have been frozen. So, if you had an exemption prior to your house burning down, the exemption is still on your property. So, as people move back into their homes, their exemption is following them. So, if their house unfortunately burnt down and they had to leave for a little bit and then came back to their property after being rebuilt, the exemption would still stand in place as it stands right now.

COUNCILMEMBER PALTIN: But if they were in the wrong classification prior to it burning down, they'll not be able to get into the right classification because they moved out of state? Because they couldn't find housing on Maui until they --

CHAIR LEE: Ms. Stockwell?

COUNCILMEMBER PALTIN: -- rebuilt their house.

MS. STOCKWELL: Well, it would depend on how they filed, I guess at that point, where if they were still filing as a resident of the…because you can still file as a resident of the state, even if you're not here. You know, I think you have to...if you get displaced for a little bit of time, you can still file as a state resident. So, I guess that would depend on how they filed. But I'd really hope that they did have the Owner-Occupied class exemption prior to the fire.

COUNCILMEMBER PALTIN: Okay. Thank you.

CHAIR LEE: Ms. Stockwell, I think we're all wanting to assist the fire victims in Lahaina, or from Lahaina. But sometimes I get the...I…the feeling that you're waiting for us to give...submit the right proposal. And we're waiting for you to tell us, is this the right proposal? If not, how do we make it the right proposal? See what I'm saying? Can you just tell us what we're missing or what we need to add or what?

MS. MARTIN: Thank you, Chair. So, for right now, we haven't been made aware of those situations. So, it is very important…as March 15th is coming upon us when people get their, you know, assessment notices, it's important that who's ever is contacting you contacts us because otherwise, we aren't, you know, aware of those situations…you know, the...the tax filing and where you file has multiple implications, right? Depending on, you know, where you live and what benefits you're taking from another state and this and that. So, you know, they just have to…someone would have to come to us for us to even recognize that there was a…a problem. So...but I agree. We want people to be able to come back and, you know, get...get their home exemption in their homes. And, you know --

COUNCILMEMBER PALTIN: Yeah. And...

MS. MARTIN: -- if there's a situation we're made aware of, we can, you know, address it. And I think we have.

COUNCILMEMBER PALTIN: And the trippy thing...the trippy thing for them is like they were living in there, and their mailing address is the address that they're paying Non-Owner-Occupied. So, I think they just were uneducated about like, you know, homeowner exemption and being able to qualify for the Owner-Occupied rate. I texted you the details. So, I don't know if we can talk about it offline or something.

CHAIR LEE: So, Member Paltin, what would you like us to do with this bill?

COUNCILMEMBER PALTIN: Oh, for the ASF, I'm...I'm just offering it up for the best solution in hand to try and help people, but I'm not a voter. And I just was trying to offer my services to do the things that the Finance Department had requested. Well, actually, I didn't do the work, Mr. Hanano did the work. I just signed a few papers, but that's...there you have it, is tweaking the original intent to get to the way that the Finance Department wanted it to. And I leave it in your hands because I got a 4:00, but just here to...

CHAIR LEE: Anyone else with comments or questions for the...our resource folks?

COUNCILMEMBER PALTIN: I mean, if it comes to the Council, I'll vote in favor of it. I don't know if that's how you do it. Like if it's recommended to file or something, then I'll make a move to amend that recommendation and pass it, and then I would vote for it and see how it goes. But I don't know.

CHAIR LEE: If there are no more questions, I would like to move this out of this Committee and move it forward. And if changes have to be made, it can be made at first reading.

COUNCILMEMBER SUGIMURA: Okay. I move to approve.

CHAIR LEE: All right. Is there a second?

COUNCILMEMBER BATANGAN: I'll second.

CHAIR LEE: Okay. Moved by Vice...Vice...Council Vice-Chair Sugimura, seconded by Member Batangan to pass Bill 142 (2025) on first reading. Discussion. Vice-Chair Sugimura?

COUNCILMEMBER SUGIMURA: I believe the Department said they have worked with this and approved it. So, I'm fine. They've thought about the hard stuff.

CHAIR LEE: I think the problem is it's like we haven't gone far enough. That's the part that's kind of frustrating. It's not that it's wrong or anything. But any more discussion? If…yes, Vice-Chair Keani Rawlins-Fernandez.

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. So, there's Bill 142, and then Granicus item number 7 is the most updated amendment summary form. So, it…Bill 142 doesn't include those amendments in the ASF posted. So, it would have to be amended for that.

CHAIR LEE: Well, we could amend it here or we could amend it at first reading, depending. I thought maybe Member Paltin would have wanted to do that because she understands it the most, but I'm sure that we could do it here as well.

VICE-CHAIR RAWLINS-FERNANDEZ: She can't make the motion. She's not a Voting Member.

CHAIR LEE: Yeah, that's why…at first reading. We're not...

COUNCILMEMBER PALTIN: You guys can do whatever you want. I don't . . .*(inaudible)*. . .

CHAIR LEE: Not in Committee, but at first reading, that's what I meant. But we could also amend this motion and add the...and amend it with the ASF.

COUNCILMEMBER SUGIMURA: Okay. I'll do that. I'll amend.

CHAIR LEE: Wait, wait. We had another hand. Member Johnson, did you have your hand up?

COUNCILMEMBER JOHNSON: Yeah. Thank you, Chair. You know, I...I think this bill is going in the right direction. And I think, Chair Lee, you mentioned it wasn't enough, and I hear you. So, maybe a solution can come out of this that I can work with the Department of Housing or someone where we can find a grant or a fund that we could help. It's just…maybe it could be something like a first-time homebuyers program because it's important for, you know, the mortgages, you know. I think the important...the funds are important to work with our mortgage brokers so the residents can actually qualify for the homes. So, maybe there's...if...if it's not in Director Marcy Martin's purview, and we could put it in Housing or somewhere, but something...I...there's more work to be done is all I'm saying. So, it's...it's...if you want to...if...I leave it to the body, but, you know, we're all...we're getting there is what I'd say. Thank you, Chair.

CHAIR LEE: Member Batangan?

COUNCILMEMBER BATANGAN: Thank you, Chair. Can I just be clear on what the motion on the floor was? I thought Member Sugimura had moved to approve CD1, or I guess Member Paltin's amended version, but is that not the case? It was the original version of the bill?

CHAIR LEE: The original version of the bill, right.

COUNCILMEMBER BATANGAN: I see.

CHAIR LEE: And then usually we have a vote on that, then we add the CD...I mean, the ASF.

COUNCILMEMBER BATANGAN: Okay. Sorry, I was just out of order. Thank you.

CHAIR LEE: No, no, you're asking for inf...clarification. Anybody else? Okay. So, the motion on the floor is to pass bill...recommend passage of Bill 142. And now you...I call on you again, Member Sugimura.

COUNCILMEMBER SUGIMURA: So, I move now to actually amend it to add in the ASF provided by Member Paltin. Need a second.

COUNCILMEMBER BATANGAN: Second.

CHAIR LEE: Okay. Moved by Member Sugimura, seconded by Member Batangan to approve the amendment as submitted in Member Paltin's ASF. Okay. Any discussion on that? Member...Vice-Chair Keani Rawlins-Fernandez?

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. And just to confirm with Real...Finance Department that the amendments in the most recent ASF associated with the motion before us satisfies all the concerns that you folks had.

CHAIR LEE: Director or Ms. Stockwell?

MS. STOCKWELL: Yes, it does. We have no concerns with it as written. Thank you.

CHAIR LEE: Okay. Any more comments or questions? If not, all those in favor of the amendment, raise your hand and say "aye."

COUNCILMEMBERS: Aye.

CHAIR LEE: So, what is that? One...two...three...four...five. Five "ayes," zero "noes," motion carries.

VOTE: AYES: Chair Lee, Vice-Chair Rawlins-Fernandez, and Councilmembers Batangan, Johnson, and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXCUSED: None.

MOTION CARRIED.

ACTION: APPROVE amendment.

CHAIR LEE: Okay. Then the main motion as amended. All those in favor...no questions or discussion. All those in favor, raise your hand and say "aye." One...two...three...four...five. Five "ayes," zero "noes," motion carries.

VOTE: AYES: Chair Lee, Vice-Chair Rawlins-Fernandez, and Councilmembers Batangan, Johnson, and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXCUSED: None.

MOTION CARRIED.

ACTION: Recommending FIRST READING of Bill 142, CD1 (2025).

CHAIR LEE: Thank you, Members. That takes care of Bill 142.

ITEM 18: BILL 37 (2026), TO ESTABLISH A REAL PROPERTY TAX EXEMPTION FOR RESIDENTIAL WORKFORCE HOUSING UNIT DEVELOPMENTS INTENDED FOR HOME OWNERSHIP

CHAIR LEE: As far as bill...the next item...oh, let's call up testimony.

MR. KRUEGER: Yes, Chair, so proceeding with testimony on Bill 37, RPTR-18. We currently don't have anyone signed up to testify, but we'll see if Tom Croly would like to testify. Oh, actually, first to raise their hand is The Royal House of Hawaiʻi, to be followed by Tom Croly.

. . . OPEN PUBLIC TESTIMONY ON RPTR-18 . . .

TESTIFIER 1: Aloha, this is The Royal House of Hawaiʻi and an allodial land, royal patent holder and a descendant. Any of the lands that are going to be used, have they...have...has the descendants of those certain lands...because all of Hawaiʻi is allodial titled, and it's a known fact that it is allodial titled, royal patented. So, have any of the descendants of the original title holders been notified or anything like that? Because I'm pretty sure you're supposed to be notifying the heirs. They...no Kānaka got any notification, yeah, or haven't been notified. So, yeah, that's a little weird. And then, how are anybody getting just any kine exemptions and any kine people getting exemptions not supposed to, that's highly illegal on an international level on allodial-titled, royal-patented land? And...and how is this even legal, period, point blank? They...none of these people are descendants of those specific lands and that specific area. You guys should know what allodial titles are, royal patent, real property, because it's being...it's highly being frauded, being highly frauded, yeah. And...and yeah, it's getting weirder, it's... . . .*(laughing)*. . . But like, yeah, notify the descendants, return those royal-patented lands to the specific descendants because they're still here. And...and if not, you're contributing to the genocide of the Kānaka people and the land because the people that are filing for these exemptions are not even taking care of the land, and...which they're supposed to. And yeah, stop letting all these...any kine exemptions happen because it's illegal. Mahalo.

CHAIR LEE: Thank you. Questions, Members? No clarifying questions. Thank you very much. Do we have a next testifier?

MR. KRUEGER: Chair, the last person signed up to testify is Tom Croly.

MR. CROLY: Aloha, Chair. This is your bill, and I'm not totally sure what...what it intends to do, but it...it appears that what it intends to do is to give a tax break to people who intend to develop affordable housing. And I certainly can support that. But given what we discussed this morning, this seems to be something that could be problematic. That is, a developer says, I'm going to use this piece of land to develop my affordable housing on, and we give them this tax break that...that's contained in here, but then things change, circumstances change, and then what do we do? Do we go back and...and tax the land later? The other...the other concern that I have with this is, it disincentivizes doing the affordable housing sooner rather than later. If the guy can sit on the land for a longer…for a longer period without actually building the affordable housing because it's not costing him any…any taxes, do we want to do that? I mean, I think we want to incentivize building the…the affordables just as…as soon as possible. But maybe I'm not seeing the whole…the big picture here, so I'll…I'll listen intently with…to the presentation on it. But again, in…in light of what we discussed this morning, I…I don't think that…that we want to be giving an incentive, a tax incentive to…on the promise of affordable housing. I think we want to give the tax incentive once we have the affordable housing, right? *. . .(laughing). . .* Thank you, Chair.

CHAIR LEE: Okay. Any questions, clarifying questions? If not…and I'll get to your answer in a moment. Any more testifiers?

MR. KRUEGER: Chair, there's no one else signed up to testify on this item, so we'll do a last call. If there is anyone who'd like to testify on Bill 37, please identify yourself now. On Teams, you can do that by raising your hand. We'll do a countdown…three, two, one. Chair, there's no one else to testify on this item.

CHAIR LEE: Any objections to closing public testimony and accepting written testimony on this item?

COUNCILMEMBERS: No objections.

CHAIR LEE: So ordered.

. . . CLOSE PUBLIC TESTIMONY ON RPTR-18 . . .

CHAIR LEE: All right. Members, this is an item that…Members and Tom, this is an item that I'm going to recommend that we refer to HLU, okay? It didn't start as a benefit to developers. It started…my intention was to help the buyer of an affordable unit, which was already approved by the Council many years ahead of time, and they have the un…misfortune of moving into their new home as a first-time homebuyer, owner-occupant, and having to pay for a different classification through no fault of their own…and that classification would be Non-Owner-Occupied. That's what they would be subject to paying, and this is very unfortunate. So, this is a bill that's still evolving. We tried to find a way to please the Finance, and we haven't yet. So, the better thing is to send this, if you don't mind, to HLU because it has a strong affordable housing component to it. And so, yeah, any objections to doing that?

COUNCILMEMBERS: No objections.

CHAIR LEE: Because this is incomplete. It has to be done one way or the other, and that's…maybe it's going to be for another Council term, but it has to be done. We can't have people who barely qualified for their affordable housing unit, only to find out that they owe all these taxes on this unit through no fault of their own. And I've…I've had too many phone calls on this where people…a young couple, putting everything they own into a affordable home, and they can't move in because the County is holding them up on some kind of permit. So, they finally get into their home in January, and they missed the deadline, December 31st, and they have to pay all these high taxes. So, that has to stop. So, that's the reason why I'm asking that it be referred to the HLU Committee, okay? No objections, so ordered.

COUNCILMEMBERS VOICED NO OBJECTIONS.

ACTION: REFER Bill 37 (2026) to the Housing and Land Use Committee.

CHAIR LEE: So, that takes care of that one. Next item, Staff.

BILLS TO BE FILED OR REFERRED TO ANOTHER COMMITTEE (Bill 110 (2025), Bill 112 (2025), Bill 114 (2025), Bill 143 (2025), Bill 144 (2025), Bill 145 (2025), Bill 146 (2025), and Bill 181 (2025))

MR. KRUEGER: So, Chair, the last item on the agenda is...is actually for the Committee to consider the remaining bills pending before RPTR...the RPTR Special Committee whether to be...they should be filed or referred. Would you like for me to read out what those bills are, Chair?

CHAIR LEE: Yes.

MR. KRUEGER: So, then for...for the Committee to consider then is Bill 110 (2025), on Real Property Dedicated as ʻĀina Kūpuna. Bill 112 (2025), on Real Property Tax Assessments of Golf Courses. Bill 114 (2025), on Real Property Tax Assessments of Non-Taxable Property. Bill 143 (2025), to Establish the Vacant Residential Real Property Tax Classification. Bill 144 (2025), Extending Maui Wildfires Real Property Tax Relief. Bill 145 (2025), Establishing a Real Property Tax Exemption for Vacant Landowners on the Upcountry Water Service Priority List. Bill 146 (2025), on Principal Home Exemption Application Deadlines. And Bill 181 (2025), Increasing the Amount of the Home and Long-Term Rental Exemptions from Real Property Tax.

CHAIR LEE: So, Members, we've had a kind of a full day today. I thought perhaps you may want to take more time to go over these, and then make a decision on whether to file or not at the next Council...at the next special meeting. Is that okay? Defer this item?

MR. KRUEGER: Chair? Apologies. Before proceeding with deferral, did you want to open up for testimony?

CHAIR LEE: Yeah, we will. Sorry. Okay. Testimony.

MR. KRUEGER: Chair, the first person signed up to testify is Tom Croly.

CHAIR LEE: Hey, Tom.

. . . OPEN PUBLIC TESTIMONY ON BILLS TO BE FILED OR REFERRED TO ANOTHER COMMITTEE . . .

MR. CROLY: One more time. Well, first, I…I want to thank the Chair for forming this Committee. I thought this was probably going to be the last meeting of this Committee, but I'm glad to hear that there will be another meeting of this Committee. And I think you can see from this long list of…of referrals that there may…might be a need for this Committee in the future as…as perhaps a standing committee. I understand the time constraints that…that the Council is going to be under in the next several months, and…and you're not going to be able to deal with most of these things. But there were items that I was hoping would get dealt in…in this Committee with and haven't yet. There are items that…that we kind of feel like are half done. So, I…I just wanted to say, I really hope that…that we can have this Committee exist again in the future. And one other thing I just wanted to point out, at the State level, there is a State bill right now that addresses what the last bill was attempting to do. It was requiring the counties to give the homeowner exemption, or any exemptions that an owner-occupied property would be eligible for, for any and all affordable housing projects. So, that might…that might solve the…the problem, although we're…we still have to figure out how to administrate that. But that bill is…is currently alive at the State House, and…and I gave some testimony in support of it, and…and I hope it moves on. So, there you go.

CHAIR LEE: Thank you. Any clarifying questions? If not, next testifier.

MR. KRUEGER: Chair, the next person signed up to testify is the individual logged in as The Royal House of Hawaiʻi.

TESTIFIER 1: Aloha. This is The Royal House of Hawaiʻi, and I am an allodial land tenant, resident, and descendant and holder of what…yeah. And I fully object because not only…not just anybody can get these exemptions and make decisions on lands which are royal patented, allodial titled. Like yeah…yeah, I fully object because like, not just anybody can make these decisions on anybody's land, especially royal-patented land. Like, what a…would we go…like, you guys…all of Hawaiʻi is royal patented, and it's highly illegal for literally anybody to do that. Even the king himself, it would be illegal for do that. So, give back the…the lands to the original title holders of that…any specific land that is talked about or trying to be developed or anything like that because it's highly illegal on allodial-titled, royal-patented land, what we call Palapala Sila Nui. You guys all know this, it's all in the real conveyance, all the paper…all the paperwork…even all the paperwork with all the…the iwis and everything that you guys build on. Yeah. And like, it's…it's…it's embarrassing. It's…but it's so shame, like, try to return the lands that don't no even belong to just anybody. Because how…how would you guys feel if someone was doing that to your family's legacy land, that you guys were surviving over here for over 2,000 years, yeah, and that you have a specific connection to? How would you feel if people were trying to, like, literally develop on that, on your guys' family's legacy, that your family did and took care of for over 2,000 years? Brah. And yeah, I fully object again because not just anybody can get these exemptions again. And notif…please notify the royal patent descendants because they have not been contacted or notified at all. And any development or anything that is being decided on on royal-patented or allodial-titled lands is highly illegal without the original title holder's descendants' consent. And...and yeah, I don't even know how it'd be legal *. . .(timer sounds). . .* to even try and make a bill like that. If the...or whatever, Honolulu stay making 'em, yeah, and trying to bring 'em over here. No. Okay. But yeah, mahalo.

CHAIR LEE: Thank you. Are there any questions for the testifier? If not, thank you. Any more testifiers?

MR. KRUEGER: Chair, there's no one else signed up to testify on this item so we'll do a last call. If there's anyone else who'd like to testify on this item, please identify yourself now. On Teams, you can do that by raising your hand. We'll do a countdown…three, two, one. Chair, there's no one else signed up to testify.

. . . CLOSE PUBLIC TESTIMONY ON BILLS TO BE FILED OR REFERRED TO ANOTHER COMMITTEE . . .

CHAIR LEE: I just want to clarify that, or ask…all the bills that you mentioned are called up, right? You know, we're not going to do them one by one, right?

MR. KRUEGER: Oh, yes, Chair. So, we interpret it as one item that --

CHAIR LEE: One...one item.

MR. KRUEGER: -- just references all of these.

CHAIR LEE: Okay.

MR. KRUEGER: Yes.

CHAIR LEE: So, Members, without objections, I would like to re…defer these…this item, which includes one…two…three…four…five…six…seven…eight bills for our next meeting so we can make a clear decision on what…which ones you want to keep, which ones you want to refer, and which ones you want to file, okay? Any objections to doing that at the next meeting? No objections, so ordered.

COUNCILMEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER pending further discussion.

CHAIR LEE: So, that brings us to the end of the calendar, and we have no more business. I just want to remind you about this Friday. Don't forget, this Friday, the luncheon. Everybody, the luncheon. Everybody has a role to play. After…we're going to have a long Council meeting. I...I mean, I shouldn't say that. I hope not. We're going to have . . .*(laughing)*. . . a Council meeting. We're going to have a long lunch in between. And the reason for the long lunch from 12:00 to 2:00 is because this was the Staff celebration that we never had during the holidays. And this is a Staff appreciation lunch. So, believe me, everyone has a role. So, I'm looking forward to seeing you. Also, I have…all the calendars, yeah, have come in. So, either they're in their box, for mail, or it may have been dropped off to your office. And on Friday, I want...I have my calendar right here on my desk, and I want each of you to sign it, okay? Any further business? If not, this meeting...oh, yes. Committee Vice-Chair Keani Rawlins-Fernandez?

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. I hope the box isn't like a costume that we're supposed to wear on Friday.

CHAIR LEE: No, no, no, no, no. No, no.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay.

CHAIR LEE: No. . . .*(laughing)*. . . No, we…we passed Christmas, so we can't be doing that. . . .*(laughing)*. . .

VICE-CHAIR RAWLINS-FERNANDEZ: . . .*(laughing)*. . . Okay. My question is, you said that we're going to have one more RPTR meeting?

CHAIR LEE: Yes.

VICE-CHAIR RAWLINS-FERNANDEZ: What…which date did you say?

CHAIR LEE: We haven't decided.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. Because if I were to introduce like one more bill for RPTR to consider, it would have to be scheduled on the 20th. And then that's the six days before the 20...oh, yeah, 27, 30, or 31.

CHAIR LEE: Well, the 27th was supposed to be our last day, right? But does it have to be our last day?

VICE-CHAIR RAWLINS-FERNANDEZ: Oh, the 27th, yeah.

CHAIR LEE: Okay. We can figure it out.

COUNCILMEMBER PALTIN: Yeah, because budget…it has to be your last day because budget.

CHAIR LEE: I know, but I'm sure the Vice-Chair will let us squeeze one in... . . .*(laughing)*. . . squeeze one more Committee meeting.

COUNCILMEMBER PALTIN: Gluttons for punishment. Go ahead, you five. . . .*(laughing)*. . .

UNIDENTIFIED SPEAKERS: *. . .(laughing). . .*

CHAIR LEE: Okay.

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Mahalo, Chair.

CHAIR LEE: We'll...we'll try our best. Please...please talk to James and Kirsten, okay? They...they run the show, okay? All right. This meeting is adjourned. Thank you, everyone. *. . .(gavel). . .*

ADJOURN: 3:17 p.m.

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CERTIFICATION

I, Daniel Schoenbeck, hereby certify that pages 1 through 33 of the foregoing represents, to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 25th day of March 2026, in Wailuku, Hawaiʻi

Daniel Schoenbeck