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DEPARTMENT OF FINANCE
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.gov

September 10, 2025

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

APPROVED FOR TRANSMITTAL


Acting Mayor Date

For Transmittal to:

Honorable Alice L. Lee, Chair
and Members of the Special Committee on Real Property Tax Reform
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Lee:

**SUBJECT: BILL 110 (2025), ON REAL PROPERTY DEDICATED AS
'ĀINA KŪPUNA (RPTR-2)**

This transmission is in response to your letter dated September 4, 2025, requesting responses to the following questions relating to Bill 110 (2025), On Real Property Dedicated as 'Āina Kūpuna.

1. Related to the financial impact and sustainability:

a) What is the total value of tax relief provided for real property dedicated under the 'Āina Kūpuna program for calendar year 2025?

Response: The estimated total value of tax relief for real property dedicated under the 'Āina Kūpuna program for calendar year 2025 is \$967,373. This data is also included on page 29 of the FY 2025-2026 Selected Real Property Statistics for Budget Consideration.

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- b) What is the average annual value of tax relief under the program over the past five years?

Response: The 'Āina Kūpuna program was initiated in assessment year 2022. The average annual tax relief is shown in the table below:

	2022	2023	2024	2025
Total	\$41,893	\$20,715	\$34,317	\$29,314

- c) How many properties are in the program as of 2025?

Response: As stated in the August 7, 2025, transmittal with the subject, "A BILL FOR AN ORDINANCE TO AMEND SECTION 3.48, MAUI COUNTY CODE, RELATING TO REAL PROPERTY DEDICATED AS 'ĀINA KUPUNA," there are 33 parcels receiving the 'Āina Kūpuna tax relief program. This data is also included on page 29 of the FY 2025-2026 Selected Real Property Statistics for Budget Consideration.

- d) How many properties are estimated to qualify for the program in the next five years?

Response: Currently, there are more than 7,200 properties which will at some point in time qualify for the program. It is not feasible for the Real Property Assessment Division (RPAD) to do a five-year calculation. These properties are in the SMA, many of them oceanfront.

- e) On average, how many new properties qualify each year? Please explain.

Response: The program started with 11 qualified applicants in 2022. In 2023, 20 more applicants qualified for tax relief under 'Āina Kūpuna due to the passage of ordinance 5492 which lowered the amount of aggregate taxes assessed on the property to \$10,000 from \$50,000. Since then, the program has averaged about one new qualified applicant per year. The bill will allow new applicants, that are qualified as of January 1, 2026, to qualify in future years.

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- f) What is the projected real property tax revenue impact over the next five years if new applicants are not limited? Please explain.

Response: It is not feasible for the RPAD to estimate the impact on real property tax revenue over the next five years if the current qualifying criteria is not limited. However, using the 7,200-parcel figure and the current average tax relief of \$29,314 we can project that the program could cost as much as \$200,000,000 a year as eventually, if parcels do not sell, they will qualify.

- g) What is the typical assessed value of parcels receiving the dedication, and what is the highest-value property now benefiting?

Response: The average assessed value of parcels receiving the dedication is \$3,979,669, with the highest-value property assessed at \$32,094,000.

- h) Are these properties concentrated in certain districts, and if so, which areas? Please explain.

Response: The district with the highest count of 'Āina Kūpuna tax relief program is HANA as shown in the table below:

DISTRICT	2022	2023	2024	2025
HAN	0	12	14	15
MPH	4	7	8	7
WM	3	7	6	6
KM	4	4	4	4
MOL	0	1	1	1
Grand Total	11	31	33	33

The district with the highest dollar amount of tax relief is KIHEI-MAKENA as shown in the table below:

DISTRICT	2025
HAN	7%
KM	68%
MOL	0%
MPH	13%
WM	12%
Grand Total	100%

- i) If the program is limited to participants as of January 1, 2026, which areas are projected to be most affected? Please explain.

Response: There will be no impact as the current qualifying criteria will continue.

2. Why was January 1, 2026, chosen as the cutoff date for new applicants?

Response: As stated in Section 1 of the bill, "The qualifying properties will have been owned in whole, or in part, in fee simple by one or more descendants of the owners who owned the property on, or before, December 31, 1945, which is the year World War II ended. Consumer, population, and economic growth occurred post-World War II, thus additional tax relief for ownership acquired after that date is not warranted." After the attack on Pearl Harbor in 1941 and the end of World War II in 1945, Hawaii's economy diversified to include mass tourism. Hawaii's tourism-based economy has continued to this day. For instance, the periods 1946 through 1959, and 1959 until today had a tourism-based economy so it is reasonable that all these property owners be offered standard tax relief as opposed to the specialized SMA, tax burden and duration of ownership criteria. Further, given the differences in the economy between 1848 and 1945 and 1946 and today, it is reasonable to give modified tax relief to those who acquired their real property interests prior to 1946 in the SMA with large tax burdens. Data at the RPAD supports the need for targeted tax relief for properties acquired before 1946.

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3. Related to Administrative considerations:

- a) How will the Department verify qualification as of January 1, 2026?

Response: The RPAD will use the same application and methods they are currently using. The RPAD maintains property ownership.

- b) Are there pending applications that could be affected by the cutoff?

Response: There are no pending applications that could be affected by the cutoff. The bill will allow new applicants, that are qualified as of January 1, 2026, to qualify in future years.

- c) What types of outreach will be conducted to inform property owners before the deadline?

Response: The RPAD conducts outreach for the various tax relief programs. These changes will not be impacting those that currently qualify.

- d) Does the Department anticipate any fairness, or equal protection concerns in administering this measure? Please explain.

Response: The department does not anticipate any fairness, or equal protection concerns. SMA property owners from the period between 1848 through 1945 acquired property under a dramatically different economy than today and therefore specialized tax relief is warranted. SMA properties, acquired after 1945, will be treated like all other property and will be eligible for the standard tax relief programs offered by the County of Maui.

Should you have any questions, please feel free to contact me or Deputy Director Maria Zielinski at extension 7722.

Sincerely,



MARCY MARTIN
Director of Finance