

RPTR Committee

From: Tcroly <tcroly@maui.net>
Sent: Tuesday, September 30, 2025 1:43 PM
To: Alice L. Lee; Keani N. Rawlins; Tasha A. Kama; Yukilei Sugimura; Gabe Johnson; RPTR Committee
Cc: Tamara A. Paltin; Thomas M. Cook; Shane M. Sinenci
Subject: Addressing Inconsistencies in Taxation of Vacant Apartment-Zoned Lands

Aloha Members of the RPTR Special Committee,
Maui County's current real property tax structure contains a significant inconsistency that I believe warrants the RPTR committee's attention.

At present, vacant lands are classified and taxed based on zoning. For parcels zoned **Apartment**, the applicable tax rate has been set at **\$3.50 per \$1,000** of assessed value. This rate was established with the assumption that apartment-zoned parcels are being used to house Maui residents. In practice, however, much of the vacant apartment-zoned land is intended for future sale or development for off-island second-home owners — yet it still receives this highly favorable rate.

To illustrate:

- Vacant apartment land: **\$3.50** per \$1,000
- Vacant residential land: **\$5.87**
- Agricultural land: **\$5.74**
- Commercial land: **\$6.05**
- Industrial land: **\$7.05**
- Hotel land: **\$11.80**
- Conservation land: **\$6.43**

As this comparison shows, the apartment rate is disproportionately low for vacant land. If the Council wishes to maintain a favorable rate for apartment complexes that provide housing for residents, the County Code should be amended to make a clear distinction between:

1. **Rental apartment properties actively housing residents** (which could continue to receive the favorable rate); and
2. **Vacant apartment-zoned land**, which should be placed in a new "Apartment Vacant" classification with a higher, more appropriate tax rate.

Alternatively, a separate classification could be created specifically for **Rental Apartments**, leaving the current "Apartment" classification to capture vacant land and market-rate projects at a fairer tax level.

It is also important to note that the **31 apartment complexes restricted to moderate- and low-income housing** already receive a full exemption from property tax and pay only the minimum tax. The County should evaluate how many market-rate apartment complexes currently benefit from the reduced \$3.50 rate, and how much subsidy this provides. My concern is that the greatest subsidy is not reaching resident housing at all, but rather benefiting vacant parcels in Wailea, Makena, and West Maui intended for off-island buyers.

By correcting this classification issue, the Council can ensure that property tax incentives align with Maui's housing goals, without unintentionally subsidizing speculative development.

Mahalo for your consideration,

Tom Croly

Sent from my iPad that has a mind of its own