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DEPARTMENT OF FINANCE
COUNTY OF MAUI
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September 10, 2025

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

APPROVED FOR TRANSMITTAL


Acting Mayor 9-11-25
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 114 (2025), ON REAL PROPERTY TAX ASSESSMENTS OF NONTAXABLE PROPERTY (RPTR-6)

This transmission is in response to your letter dated September 4, 2025, requesting responses to the following questions relating to Bill 114 (2025), on Real Property Tax Assessments of Nontaxable Property.

1. Related to the scope and financial impact:

a) How many parcels under Section 207 of the Hawaiian Homes Commission Act would be affected by this bill?

Response: As stated in the transmittal dated 8/7/25, the exemption would benefit about 496 parcels that pay more than the minimum tax.

b) What is the estimated financial impact of applying the minimum tax requirement?

Response: As stated in the transmittal dated 8/7/25, the annual revenue impact is estimated at about \$406,200.

September 10, 2025
Page 2

2. How will the Department apply the eighth-year standard for improvements under this measure?

Response: As stated in the transmittal dated 8/7/25, the proposed bill will clarify that improvements on real property subject to a lease under section 207 of the Hawaiian Homes Commission Act, 1920, as amended, will be exempt from real property taxation, except the minimum tax, beginning the eighth year of the original lease term. The Real Property Assessment Division (RPAD) tracks lease dates and improvement descriptions. The RPAD runs reports that alert staff when exemption changes are required. This is the division's current annual process.

3. How does this measure improve consistency in applying exemptions and reduce uncertainty? Please explain.

Response: Defining "Improved real property" will assist in distinguishing which properties are subject to taxation and which properties are nontaxable. The RPAD does not have issues with consistency in applying exemptions and reducing uncertainty. However, taxpayers have expressed the need for more clarity.

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