

# SPECIAL COMMITTEE ON REAL PROPERTY TAX REFORM

Council of the County of Maui

## MINUTES

October 14, 2025

Online Only via Teams

**CONVENE:** 1:32 p.m.

**PRESENT:** VOTING MEMBERS:

Councilmember Alice L. Lee, Chair  
Councilmember Keani Rawlins-Fernandez, Vice-Chair  
Councilmember Gabe Johnson, Member  
Councilmember Yuki Lei K. Sugimura, Member

NON-VOTING MEMBERS:

Councilmember Tom Cook, Member (In 2:36 p.m.; Out 3:55 p.m.)  
Councilmember Tamara Paltin, Member

**EXCUSED:** Councilmember Tasha Kama, Member

**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

Keomailani Hirata, Council Aide, Molokai Residence Area Office  
Roxanne Morita, Council Aide, Lānaʻi Residency Area Office  
Mavis Oliveira, Council Aide, East Maui Residency Area Office  
Chaelin Ryu, Council Aide, South Maui Residency Area Office

**ADMIN.:** Marcy Martin, Director, Department of Finance (All)  
Kari Stockwell, Real Property Tax Administrator, Department of Finance (All)  
Kristina Toshikiyo, Deputy Corporation Counsel, Department of the Corporation  
Counsel (All)

**OTHERS:** Brandon Harris (RPTR-7)  
Richelle Thomson (RPTR-8)  
Evan Dust (RPTR-8)  
Jasee Law (RPTR-12)  
Testifier 1 - The Royal House of Hawaiʻi (RPTR-12, -8, -11, -9, and -10)  
Tom Croly (All)  
Michael Williams (RPTR-8 and -9)

(15+) additional attendees

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

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CHAIR LEE: . . .*(gavel)*. . . Will the Special Committee on Real Property Tax Reform please come to order. The date is October 14th, 2025, and it is about 1:32 in the afternoon. Good afternoon, Members. Right now we have bare quor...oh, we have Member Rawlins-Fernandez. Hi. Okay. So, Members, will the recessed [*sic*] Special Committee on Real Property Tax Reform come to order, I should have said. This...reconvening?

MS. SZABO: . . .*(inaudible)*. . .

VICE-CHAIR RAWLINS-FERNANDEZ: Chair?

CHAIR LEE: Oh, okay. Okay. Sorry. Sorry. Sorry. I'm just reading your notes.

MS. SZABO: . . .*(inaudible)*. . .

CHAIR LEE: That's okay. All right. This...we didn't get to roll call yet, if that's what you're going to say, Member Rawlins-Fernandez?

VICE-CHAIR RAWLINS-FERNANDEZ: Oh, I was...I was going to ask if I missed a meeting.

CHAIR LEE: No, you didn't miss a meeting.

VICE-CHAIR RAWLINS-FERNANDEZ: Oh, okay. So, this meeting is not a reconvened meeting then.

CHAIR LEE: No.

VICE-CHAIR RAWLINS-FERNANDEZ: A recessed meeting, right?

CHAIR LEE: I think our Staff put that in there --

VICE-CHAIR RAWLINS-FERNANDEZ: Old note.

CHAIR LEE: -- thinking that it's going to...we were going to continue tomorrow, but if we're all good chickadees today, we may not need that meeting tomorrow. Okay? So, let's see.

VICE-CHAIR RAWLINS-FERNANDEZ: Oh, got it. Mahalo, Chair.

CHAIR LEE: What?

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo for that clarification.

CHAIR LEE: Oh, okay. 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

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Council Chamber, please identify by name who, if anyone, is in the room, vehicle, or workspace with you today. Minors do not need to be identified. So, we'll do roll call now. Committee Voting Members are Vice-Chair Keani Rawlins-Fernandez.

VICE-CHAIR RAWLINS-FERNANDEZ: Aloha 'auinalā kākou, mai Molokai Nui a Hina. I'm at my private residence alone at the moment, but my children will be home after school. There are currently no testifiers at the Molokai District Office. Mahalo, Chair.

CHAIR LEE: Okay. Thank you. Councilmember Gabe Johnson.

COUNCILMEMBER JOHNSON: Aloha, Chair, Councilmembers, community members. There's no testifiers at the Lānaʻi District Office. I'm here and ready to work. Mahalo.

CHAIR LEE: Great. Councilmember Tasha Kama is excused. Councilmember Yuki Lei Sugimura.

COUNCILMEMBER SUGIMURA: Good afternoon. And looking forward to a productive meeting.

CHAIR LEE: Okay. And then we have Non-Voting Member Tamara...Councilmember Tamara Paltin.

COUNCILMEMBER PALTIN: Kia ora.

CHAIR LEE: Okay. *(pause)* You should go visit another country so we can get another greeting. . . *(laughing)*. . . Okay.

COUNCILMEMBER PALTIN: . . . *(inaudible)*. . .

CHAIR LEE: Okay. Okay. Please see the last page of the agenda for information on meeting connectivity. Thank you, Members, for attending today's RPTR Committee meeting. We have six items on the agenda, and I know all of you are so excited to be here. And the first item is number 12, RPTR-12, Bill 147 (2025), to Simplify the Process for Adopting Real Property Tax Rates and Tiers. And this is more of a housekeeping measure. And I'll call on our Legislative...wait, am I supposed to introduce all of you? I don't do this at the Council meetings, so you have to remind me.

UNIDENTIFIED SPEAKER: . . . *(inaudible)*. . .

CHAIR LEE: Oh, okay. I should have thought about that. Okay. Our Legislative Attorney is Peter Hanano. Peter, please give the Members an explanation about Bill 147.

VICE-CHAIR RAWLINS-FERNANDEZ: Chair?

CHAIR LEE: Yes?

COUNCILMEMBER SUGIMURA: Thank you.

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CHAIR LEE: Yes?

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. Are...are we not taking testimony at the beginning of the meeting, only after each item? Is that the plan?

CHAIR LEE: Well, I was going to go through...just mention all of the items first. And I thought I would give an explanation of 147. But yes, we can take testimony first at the beginning of the meeting. Do we have anyone signed...

VICE-CHAIR RAWLINS-FERNANDEZ: Oh, Chair, I was...I wasn't --

CHAIR LEE: Yes.

VICE-CHAIR RAWLINS-FERNANDEZ: -- just asking you to...I was just asking. I wasn't asking...that wasn't my preference. I was just asking --

CHAIR LEE: Oh, well --

VICE-CHAIR RAWLINS-FERNANDEZ: -- how the meeting was going to be...

CHAIR LEE: -- we...we do have two people here to testify. So, we do have people here. The regulars. And then...so let's see, where is that? Testifiers wanting to provide testimony should sign up with Staff, join the online meeting via Teams link, or call in to the phone number noted on today's agenda. Written testimony is encouraged and can be submitted via eComment link at [mauicounty.us/agendas](http://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 calling in, please follow the prompts via phone, star-5 to raise and lower your hand, and star-6 to mute and unmute. Staff will add names to the testifier list in order testifiers sign up and 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 the last four digits of your phone number when it is your time to testify. At that time, Staff will also enable your microphone and video. Please ensure 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 the 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 *Akaku* Channel 53, Facebook Live, or [mauicounty.us/agendas](http://mauicounty.us/agendas). We will do our best to take each person up in an orderly fashion. We will now call on testifiers wishing to testify at the beginning of the meeting. Staff, please call the first testifier.

MR. KRUEGER: Chair, the first person signed up to testify is Brandon Harris on Teams, to be followed by Richelle Thomson. *(pause)*

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CHAIR LEE: Brandon Harris...

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

MR. HARRIS: Good afternoon. Can you hear me?

CHAIR LEE: Yes. You can start.

MR. HARRIS: You hear me? Okay. *(pause)* Good afternoon, Chair and Committee Members. Thank you for allowing this opportunity for public comment and for taking up this topic. For the record, I am Brandon Harris, a full-time resident of Maui County. I support Bill 142 because Maui residents trying to purchase Maui properties in a tax class that is not Owner-Occupied are negatively impacted when they must pay the seller's property tax rate for up to a year. That tax burden can be significant. The chances of finding another property that is currently classified as Owner-Occupied is low, given the high number of homes classified as either Non-Owner-Occupied, TVR-STRH, or Long-Term Rental. As an example, here are the three tax bills for three homes in the same development with the same floor plan and similar market value as listed on the Maui County property tax site. Property one is currently classified as Owner-Occupied with a home exemption. A Maui resident would be responsible for some portion of the \$3,500 per year tax bill. Property two--remember, same property type, same floor plan, same market value--currently classified as a Non-Owner-Occupied tax class, the Maui resident would be responsible for some portion of a \$17,100 per year tax bill. Property three, currently classified as a TVR-STRH, that same Maui resident would be responsible for some portion of a \$29,000 per year tax bill. This tax burden can be significant for affordability, and it can hinder qualification for mortgage loans. At least one local credit union said they could only consider the current tax bill amount shown on the County website when calculating debt-to-income ratios. That current tax bill is clearly not the taxes an Owner-Occupied homeowner would eventually be paying, that is not...but that is not what those mortgage companies can consider. Please end this practice so Maui residents with a current homestead exemption in the Owner-Occupied tax class can take their exemption with them, and be granted the lower tax rate immediately upon closing on the new home. I also have a recommendation that language be added to this bill to apply to any properties closing during the current tax year, even if this bill isn't passed until April, May, or June. That way, Maui residents that are currently in this situation can receive refunds or credits for the higher taxes already paid. Thank you for your time.

CHAIR LEE: Members, do you have any questions? Member Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Mr. Harris. I just wanted to clarify, I introduced this, and there is an Amendment Summary Form attached. That will be when it gets discussed. But I'm not a Voting Member of the Committee, so if you want action today, you got to appeal to the Voting Members.

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MR. HARRIS: Thank you. I summarily make that appeal.

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

CHAIR LEE: Any more questions?

COUNCILMEMBER PALTIN: Thank you. Thank you, Chair.

CHAIR LEE: Any more questions? If not, next testifier.

MR. KRUEGER: Chair, the next person signed up to testify is Richelle Thomson, to be followed by Evan Dust.

MS. THOMSON: Is it working now? Yes. Thank you, Chair and Committee Members...RPTR Committee Members. My name is Richelle Thomson. I'm here testifying on my own time, and I'd like to speak briefly about the proposed Bill 143, and this relates to property tax issues affecting vacant land located in the Residential and Rural zoning districts. To back up a bit, as you're all aware, under Section 3.48.305A, property is classified and then taxed based on its highest and best use. Currently, there are 12 tax classifications. When you get to Subsection B, it instructs that zoning plays a major part in determining highest and best use. This factor is very important, obviously...it makes sense that a piece of...for example, a piece of vacant land in the Hotel and Resort zone is classified for property tax purposes as Hotel/Resort. However, when you have vacant land in the Residential or Rural zones, the default is Non-Owner-Occupied. And the way I kind of have always thought about this tax classification, it's like a big closet where you kind of shove everything that doesn't fit into the back of it, and, you know, it...but I believe that there's some unintended consequences in doing that. The reason that I believe Non-Owner-Occupied doesn't make sense for vacant land is based on the current definition of Non-Owner-Occupied, which states that the property is improved with a dwelling. Vacant land, obviously, is not improved with a dwelling. I own a parcel of vacant land in Makawao. I'm currently paying more than 4,200 a year in taxes. There's no dwelling, as I said...no power, no water, no sewer. So, the...the remedy, though, I think, is that this section of the Code needs to be addressed. Either remove the phrase "improved with a dwelling" from the definition of Owner-Occupied, and that would indicate that Council clearly intends to classify vacant Residential and Rural property, along with second homes, under Non-Owner-Occupied. The other potential option, which is addressed in Bill 143, is to create a new tax classification that would address vacant land in the Residential and Rural zones. Another option may be to, for tax purposes, classify land zoned Rural in with Ag since they're...you know, ag use is allowed on Rural-zoned property. At any rate, either of these options would allow Council to determine the tax rate that should be applied to vacant land in either the Residential or Rural zone. Thank you for your time.

CHAIR LEE: Members have a question? Member Sugimura.

COUNCILMEMBER SUGIMURA: Yeah, thank you. Nice to see you here.

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MS. THOMSON: Thank you.

COUNCILMEMBER SUGIMURA: Thank you very much. So, you're basically saying you're okay with the bill?

MS. THOMSON: Yes.

COUNCILMEMBER SUGIMURA: Okay. And you're giving some other suggestions.

MS. THOMSON: Yes.

COUNCILMEMBER SUGIMURA: Okay. Thank you.

CHAIR LEE: What is your first suggestion?

MS. THOMSON: My...I think my first suggestion would be to...that I think Bill 143 is a good step. The only thing that you may want to consider is whether you want to group Residential and Rural together, or if you wanted to treat Rural the same as Ag, which would just be modifying...making another modification to that Section 3.48.305.

CHAIR LEE: Okay. Any more questions, Members? I don't see any. Thank you.

MS. THOMSON: Thank you very much.

CHAIR LEE: Next testifier?

MR. KRUEGER: Chair, the last person we have signed up to testify at the beginning of the meeting is Evan Dust.

MR. DUST: Good afternoon, Chair Lee and Members of the Maui County Real Property Tax Reform Special Committee. For the record, my name is Evan Dust. I am providing testimony regarding the proposed Bill 143 (2025) as a private resident of Maui County. Councilmember Kama is aware that I'm giving testimony on this matter, but I have not collaborated with her in any way on this testimony. The opinions expressed in my testimony are solely mine, and do not represent the position of the Cost of Government Commission for which I serve as Chair, nor do they represent any position on this matter that Councilmember Kama may choose to take. On its face, Bill 143 (2025), appears innocuous. You're just giving real property tax assessors another category with which they can classify lands with Residential or Rural zoning. The key issue is, what is the County's intent in doing so? If the intent is to permit the Administration and Council to better manage zoned land for the benefit of property owners in the community, I would have no issue with this new classification. I'm afraid that there is a more nefarious intent. If the goal is to apply economic pressure to force landowners to improve their property, or alternatively, conduct some agricultural activity, I would consider that an unnecessary intrusion into the landowner's property rights. I didn't know that it was a crime not to utilize every piece of property zoned Residential or Rural

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for development or Agriculture. If it's such a crime, then why is this Council seeking to force property owners on the Minatoya list to step back from the highest and best economic use of their property? If it is a crime to fully utilize...not to fully utilize the assets a person controls, why not increase the cost of registration on any vehicle not being actively used? We all know that it is best we maximize the number of vehicles on the road, right? We must love it when our roads are jammed with people driving with nowhere to go just to avoid the higher registration fee. Let's go further. That elderly couple has an extra bedroom now that their children have moved elsewhere. They're not making the highest and best use of that bedroom. Legislate them into taking in a boarder. Better yet, require them . . .*(timer sounds)*. . . to house someone who is currently unsheltered. Threatening private property...treating private property as a public asset, and then coercing private owners to toe the government line, is a distinctive characteristic of a nondemocratic totalitarian government. This level of intrusion can only come from a government that has forgotten that it serves the people. It now only seeks to make the people servants to it. Remember, you are elected by the people. Trampling on the property rights of the people should result in your removal from office at the next election.

CHAIR LEE: Okay. Any questions, Members? I see no questions. Thank you.

MR. KRUEGER: Chair, we currently have no other individuals signed up to testify at the beginning of the meeting. We'll do a last call. I do see an individual approaching the podium.

MR. LAW: All right. You got...he...he got him...fired up there getting up to the pulpit. Jasee Law from Kula Uka, Waiakoa ahupua'a. I've been here for...next week it'll be 12 years. I think it takes one full cycle to start to learn what's going on. Good afternoon, Chair Lee. I think you can put this under several categories here. I don't know if it's simplifying the process for real property tax, or...okay. So, churches are not residential, so that would cancel that vacant part out of there. So...or Bill 145. I was kind of a little bit nervous about talking about 145 because that's my...my friends and neighbors up there. So, I'll just...I'll just stick to the...the general to...to simplify the process. I don't know how long the...I call it churches, but it's...and Councilmember Sugimura, if you have any objections, then it would save time if you saved until the end. Thank you. I don't know when the last time you guys looked at this process, but there is a...there is a fee, some kind of a standard fee, maybe an application fee for churches. So, I suggest you guys look at that. Maybe you can squeeze a couple of dollars out of them. *(pause)* Okay. I found a good Hawaiian word here. I was just on a lunch break up there in Kula. I usually talk about two churches because I can't really get around to all of them, but there's a couple of similar factors with all the churches. But since we're talking about land use and highest and best use, they should probably try to use it as much as they can to help the community. So, a Hawaiian word is Lonopūhā. And the macron goes over the U and the A of puha, and that means god of healing. And that's what I think we need up here in Kula. So, that kind of gives me an idea of maybe I should just start my own church, and then I'll compare with them guys. So...so, and my personal testimony, the day after I was grumbling about the churches last week, on Friday, the Holy Ghost Church didn't even open the gate at all for the whole day. And that's a

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Federal and State historical property there, so I'm kind of wondering how they get away with that. And the other church, the King's Cathedral . . .*(timer sounds)*. . . Kula Church up there, was putting some sandwich board signs out there on the main highway, and I found out that's illegal too. So, along with using our landfills and our water supply and stuff, they're doing some nefarious things over there. Thank you for your time, and thank you for tackling this subject, Chair Lee.

CHAIR LEE: Any questions? If not, thank you very much. Next testifier?

MR. KRUEGER: Chair, the next person signed up to testify is the individual logged in under the name of The Royal House of Hawai'i. *(pause)* The Royal House of Hawai'i, it is your turn to testify.

TESTIFIER 1: Aloha. Sorry. Sorry, is it going? Sorry, is it going? You can hear? Okay. Aloha. Oh, you can hear?

CHAIR LEE: Yes.

TESTIFIER 1: Oh, okay. Aloha. I'm an allodial land tenant and royal heir under Hewahewa Nui and Helu 3237, which is Land Commission award. I'm wondering like...so this is for real property taxes, so can I ask how is it possible for the real property's royal patent, a/k/a royal patent, are being deleted, erased from the tax map key parcel paperwork, and...yeah, can I ask why? Because there's already real properties filed, adjudicated from the 1800s, and it's being illegally used. And because all...like many of the lands were condemned...they just condemned the land without no...without no discussion with any of the heirs in all the lands. And these royal patents, a/k/a real properties, royal patent, have to be recognized because if it's getting erased, that is...that's a crime on an international level because it has to deal with the Kingdom of Hawai'i. And the Kingdom of Hawai'i still exists, and...and each family has their family's burials on each of the lands. You can go back to the Mahele book from Kauikeaouli, the very original lands that was given to our people. And you will find the descendants doing a title search, and if there was any discussion with them on any of any plans at all...and because I...I'm an heir and a descendant, and I haven't even got contacted even, so I was just wondering if any others got contacted though. But please return the royal real properties and the royal patents to the royal patent descendants because it already has been adjudicated and everything since 1840s. Mahalo.

CHAIR LEE: Thank you. Members, any questions? If not, thank you very much. Member...

MR. KRUEGER: Chair --

CHAIR LEE: Yes.

MR. KRUEGER: -- proceeding...proceeding with last call for our testifiers at the beginning of the meeting.

CHAIR LEE: Okay.

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MR. KRUEGER: If there's anyone else who'd like to testify at the beginning of the meeting, please identify yourself now. On Teams, you can do that by using the raise-hand function. We'll do a brief countdown...three, two, one. Chair, there is no one else to testify.

CHAIR LEE: Thank you. Any objections to closing public testimony at the beginning of the meeting and accepting written testimony?

COUNCILMEMBERS: No objections.

**. . . END PUBLIC TESTIMONY AT BEGINNING OF MEETING . . .**

CHAIR LEE: Okay. Thank you. I think...I feel compelled to introduce our Staff. To my right, we have our special Analysts, James Krueger and Kirsten Szabo. And to my left, we have Legislative Attorney Peter Hanano, Corp. Counsel Kristie...what's your last name again?

MS. TOSHIKIYO: Kristina Toshikiyo.

CHAIR LEE: Okay. Toshikiyo. And to my right again...oh and then to my left, we have our Committee Secretary, Maria Leon. And then from the Department of Finance, we have the Director, Marcy Martin; and from Real Property Tax Division, the Administrator is Kari Stockwell. Thank you, everybody, for joining us. Now, Staff, go ahead.

**ITEM 12: BILL 147 (2025), TO SIMPLIFY THE PROCESS FOR ADOPTING REAL PROPERTY TAX RATES AND TIERS**

MR. KRUEGER: Chair, so the first item before the Committee is RPTR-12. That's for Bill 147 (2025), to Simplify the Process for Adopting Real Property Tax Rates and Tiers.

CHAIR LEE: Do we have anybody here to testify?

MR. KRUEGER: Chair, we currently don't have any individuals signed up to testify at this time, but the Committee could do opening remarks before it closes testimony.

COUNCILMEMBER JOHNSON: Chair, I see Mr. Croly's hand up.

MR. KRUEGER: Oh.

CHAIR LEE: Okay.

MR. KRUEGER: Perfect.

CHAIR LEE: Mr. Croly, feel free to start your testimony. Welcome.

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**. . . BEGIN PUBLIC TESTIMONY FOR RPTR-12 . . .**

MR. CROLY: Aloha, Chair.

CHAIR LEE: Hi.

MR. CROLY: I'm Tom Croly. I've been asked to be a resource to this Committee. I have comments to share on each of the proposed bills agendized today. But first, I'd like to say I'm disappointed that the four issues I raised in prior testimony have not been considered or addressed by any of the proposed bills under consideration today. In my opinion, there are some systemic problems in how real property taxes are assessed, how appeals are handled, and some basic fairness issues currently in the Tax Code. Some of today's bills aim to address the process and procedures, and to assist the Council and Department at...at administrating the Code. Others are strictly policy issues that the Council has the sole authority to accept or reject as it sees fit. The first bill that we're talking about today, Bill 147, is intended to give the Council more flexibility about the noticing requirements when setting rates. I certainly understand this issue at hand because my property taxes were directly impacted by it in 2024 when the Council was ready to lower the rate that would apply to me, but the noticing that had taken place earlier didn't allow them to go to that rate, and then they would have to do re-noticing and so forth. So, from that perspective, I'm very supportive of...of this measure. But before you approve this change, I'd like for you to consider why the noticing requirements exist, and whether there may be a better way to address tax rate noticing, and the required public hearings to the rates. I have participated in the tax rate public hearings for more than 15 years. Sometimes I'm the only one who shows up. And I've come to realize that at the time of the second hearing, we know the rates are already set. So, you hear from folks who have comments on them, but then you don't act...you know, it doesn't look like you act on them. And that kind of just pisses off the public. They think, well, why am I...why am I doing this? Why am I talking to these guys? So, I would like for you to think about that whole process. And I would like for the Council to first hear comments from people before you start deliberations on the budget, and then hear a second time from the people before you have made the decision, as you almost always do at 11:00 at night, as to what the rates are going to be. So, that all that...you know, all the comments can be considered in your deliberations when you get to that matter, and then maybe this noticing thing would not be so much of an issue. But the way that it's structured right now, you know and I know, the decision is already made by the time you have the second hearing. And even if you hear something compelling, it's very difficult to change the rates. Now, what's being considered here might make that a little bit easier. And therefore, again, I am supportive of this bill. But I would like you to think about that whole package as to how do we notice people? How do they get their thoughts to us about what the tax rate should be? And how can we respond to those thoughts without, you know, having to jump through these noticing issues? . . .(timer sounds). . . Thank you, Chair.

CHAIR LEE: Okay. Thank you. And Tom, we'll go over everything one...one item at a time. Member Paltin, do you have questions?

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MR. CROLY: Yes.

COUNCILMEMBER PALTIN: Thank you, Chair. I had a clarifying question for Mr. Croly. When you were saying like at the beginning, have people testify on the rates, I feel like they...can't they do that at any time during the public testimony from when we get the proposed budget from the Mayor, it has his proposed rates on it? So, at any time leading up to this point, they can do that testimony that you were referring to in your testimony because the proposed rates are what is the starting point. And if they don't like those proposed rates, or they don't like the range of rates, at any time, they can testify. And that's when it matters up until we...we set them, like you said. Is that not what you were referring to --

MR. CROLY: Yeah. I...

COUNCILMEMBER PALTIN: -- in your testimony? Like, you said something about...

MR. CROLY: Well, I agree with you.

COUNCILMEMBER PALTIN: Go ahead. Sorry.

MR. CROLY: I agree with you 100 percent, that anyone can come in and comment at any one of your tax meetings about the rates. But we do agendize this range of rates. And we say, we're going to have a public hearing about the range of rates, and it's on this evening. It's usually a 6:00 p.m. meeting and so forth. And...and people have the opportunity at that time to say, hey, you know, this is what this rate should be or that rate should be. But again, I would like you guys to have the second one of those public hearing meetings before you have truly, you know, deliberated and come up with your...your solution. That's...that's basically the...the change that I'm...that I'm asking for. Because once you come up with...with the rates that you've decided, you've balanced everything, and then we have the public hearing where you're going to actually set the rates, it's already a done deal. You know, it's very --

COUNCILMEMBER PALTIN: So, to clarify --

MR. CROLY: -- difficult to change it at that point.

COUNCILMEMBER PALTIN: -- you're saying twice in Committee...have the public hearing twice in Committee before it goes to full Council first and second reading?

MR. CROLY: Well, you already kind of do have twice. The...the public hearing is held as a split thing. You know, you have the first public hearing, and then you recess it, and then you have the second public hearing where you actually adopt the rates, okay? And...and that second public hearing is where I think people get kind of frustrated with...with the whole...with the whole situation. And you guys have been kind of handcuffed sometimes by the time you get to that because you may want to make some change, and that's what this is hoping to address, and you can't make the change.

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COUNCILMEMBER PALTIN: So, you're talking about adding one in between those two? Adding one meeting --

MR. CROLY: Yeah.

COUNCILMEMBER PALTIN: -- in between those two?

MR. CROLY: Well, right. Right, kind of.

COUNCILMEMBER PALTIN: Okay. Thank you.

MR. CROLY: Yeah.

COUNCILMEMBER PALTIN: Thank you, Chair.

MR. CROLY: Yeah. Yeah.

CHAIR LEE: Any more --

MR. CROLY: Thank you.

CHAIR LEE: -- questions?

MR. CROLY: Yeah.

CHAIR LEE: And Tom, I should have introduced you earlier. Yes, you are part of our group, and you are a resource person. And we were...if there are no more clarifying questions, we'll start the discussion now on the first item, which is Bill 147. Do we have any testifiers?

MR. KRUEGER: Chair, we did need some clarification. The Royal House of Hawai'i signed up to testify, but our understanding was the testimony they provided at the beginning of the meeting was for the item that's before the Committee now, Bill 147. So, I think we just need to clarify if The Royal House is...that their initial testimony was for a different item, or if...if not, then they would...they've already testified on this item.

CHAIR LEE: Is he still on the line?

MR. KRUEGER: Yes. The Royal...the individual logged in under the name of The Royal House of Hawai'i is still on, but they did lower their hand. So, perhaps...

TESTIFIER 1: Oh, sorry. I thought...I thought this was...I thought this was the next item. I sorry.

MR. KRUEGER: Okay. Thank you. So, The Royal House of Hawai'i has testified on this item, so we'll put them down for the next item for...for --

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CHAIR LEE: Okay.

MR. KRUEGER: -- testimony when the Committee takes up the next item.

CHAIR LEE: Check if there's anybody else signed up.

MR. KRUEGER: If there's anyone else who'd like to testify on RPTR-12, please identify yourself now. On Teams, you can do that by using the raise-hand function. We'll do a brief countdown...three, two, one. Chair, there's no one else to testify on this item.

CHAIR LEE: Okay. Any objections to closing public testimony on item Bill 147 and accepting written testimony?

COUNCILMEMBERS: No objections.

CHAIR LEE: Okay. So, ordered.

**. . . END PUBLIC TESTIMONY FOR RPTR-12 . . .**

CHAIR LEE: Now, on item...the first item, which is Bill 147, we...we did look up, you know, the history behind this, and it doesn't seem...it doesn't seem to be like a statute or anything, or a Charter provision requiring what we go...the process that we go through under 3.48.565. And our Legislative Attorney, Peter Hanano, will explain why we are making this change...or proposing this change.

MR. HANANO: Thank you, Chair. So, the purpose of this bill is to simplify the procedure for adopting real property tax rates and tiers during the annual budget session. Currently, the law requires that Council, one, provide ten days' notice prior to setting the range of rates and tiers for real property taxes. After the ten-day notice, the Council must reconvene within three weeks to adopt a resolution setting the rates and tiers. If Council cannot meet and adopt the rates and tiers within the three weeks, the process must be restarted. This bill...this proposed bill seeks to eliminate the three-week requirement, and allows Council to simply adopt a resolution setting the rates and tiers. Additionally, this bill amends all references to June 20 to make it consistent with the requirements of the Charter that the Council approve the annual budget by June 10. Finally, if the Council fails to adopt the rates and tiers by June 10, the Mayor's proposed rates and tiers will take effect. Thank you, Chair.

CHAIR LEE: Does everybody understand that? It's just a very inconvenient way of working. Director of Finance, do you have any comments about that?

MS. MARTIN: We are in favor of making the process easier administratively.

CHAIR LEE: Anybody else? Member Sugimura?

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COUNCILMEMBER SUGIMURA: Yeah, thanks for doing this. During this budget process, as we ran into challenges...like *Maui News* doesn't publish every day and, you know, different things, we made some adjustments. But just getting to this point, thanks for codifying it so that as we go through the budget process, we don't have to go through what we just did this last process. So, thanks.

CHAIR LEE: And my comment to Tom Croly is that if you watched us every day, and you probably do, but in...during the budget process, things change, you know, where we...we set off on one course, and thinking well, this is what the rate is going to be. And then we get some kind of amendment proposal from the Mayor. Or, you know, when the revenues are certified, if we are in a deficit position, then we have to make changes again. So, it...it's a fluid thing and, you know, it's based on how much...how much revenue we need to cover the expenses that we are going to approve. So, it's...it's not, by any stretch, an exact science. It just changes. Member Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. My copy is not signed off by Corporation Counsel. Maybe they could address that.

CHAIR LEE: Ms. Toshikiyo?

MS. TOSHIKIYO: Yes, thank you, Chair. After the original bill was posted, I've been working with Office of Council Services, just because I did have the concern, the original bill has a June 20th date, which is after the Charter deadline of June 10th. So, my recommendation was to make that change. Now that the change has been made, I'm comfortable signing the bill.

COUNCILMEMBER JOHNSON: So, with the amendment --

MS. TOSHIKIYO: Yes.

COUNCILMEMBER JOHNSON: -- to June 10th, you'll be --

MS. TOSHIKIYO: Yes.

COUNCILMEMBER JOHNSON: -- comfortable signing it? Okay. Thank you so much. Thank you.

CHAIR LEE: It was very strange when we have a June 10th deadline for the Mayor's budget to take effect, and we have a June 20th deadline to approve the... ..*(laughing)*... the taxes...tax rates. All right. Members, any further discussion? Member Paltin?

COUNCILMEMBER PALTIN: Maybe a question for Ms. Toshikiyo. I'm on Bill 147, the original version, letter B under 3.48.565. Are you with me?

MS. TOSHIKIYO: With you.

COUNCILMEMBER PALTIN: Okay.

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MS. TOSHIKIYO: Yes.

COUNCILMEMBER PALTIN: To meet what was requested by the resource, would it be saying, should provide public notice and meet at least twice before adopting a resolution fixing the tax rates and tiers? Would that address the resource's concerns? *(pause)*

CHAIR LEE: Ms. Toshikiyo?

MS. TOSHIKIYO: Thank you, Chair. I'm...I'm thinking. Because even with the meeting twice, then you'll still have notice requirements under the Sunshine Law. So, then it would extend the...the time. I know that that's always been very difficult to be able to have that hearing before, or at least in conjunction with when you're finalizing the budget.

COUNCILMEMBER PALTIN: To do it before June 10th?

MS. TOSHIKIYO: Yes. Yes.

COUNCILMEMBER PALTIN: So, it would be difficult, depending --

MS. TOSHIKIYO: And...

COUNCILMEMBER PALTIN: -- on when you have the first meeting.

MS. TOSHIKIYO: Right. And it's...and I guess my question would be, is the intent to have the meeting just to receive public testimony and public feedback on what is going on? And as you guys are perhaps...I don't know if you're discussing at that point setting the rates and tiers in your regular BFED meetings. So, is it just for public testimony, or is it to have like a deliberations on, you know, potentially what are narrowing down, or where are you going to be pivoting --

COUNCILMEMBER PALTIN: Oh, so --

MS. TOSHIKIYO: -- on the tax rates and tiers.

COUNCILMEMBER PALTIN: -- it would be not a public hearing because there's no deliberation during a public hearing, is what you're saying?

MS. TOSHIKIYO: Correct. Correct. And right now the requirement under the change that happened this past, I guess, March, it's not a public hearing requirement anymore. It is a public meeting requirement, which is...which is different. So, we're following the requirements in the Sunshine Law. Previously, we were following the requirements under the HRS for public hearings, which required publication in the newspaper, which I know has also been very --

COUNCILMEMBER SUGIMURA: Challenging.

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MS. TOSHIKIYO: -- difficult in this process.

COUNCILMEMBER PALTIN: So, we...we had previously changed it already from a public hearing to a public meeting.

COUNCILMEMBER SUGIMURA: Public meetings.

MS. TOSHIKIYO: Correct.

COUNCILMEMBER PALTIN: And then we can have deliberations during a public meeting because it's no longer a public hearing?

MS. TOSHIKIYO: If...if that's...I think that would be allowable. It depends on how you agendize it. I think that this past budget season, you did just take public testimony.

COUNCILMEMBER PALTIN: Okay. So, you could do it either way, it just depends on how you agendize it.

MS. TOSHIKIYO: Yes.

COUNCILMEMBER PALTIN: Like there will be a discussion following, or just testimony will be taken?

MS. TOSHIKIYO: Yes. And I'll take a look at your suggestion again because I...I don't think this prohibits you from having another meeting.

COUNCILMEMBER PALTIN: More than one. Oh, okay.

MS. TOSHIKIYO: Yes.

COUNCILMEMBER PALTIN: So, you can do it either way.

MS. TOSHIKIYO: Yeah.

COUNCILMEMBER PALTIN: With it written would require you to do it...without it written, you still could do it --

MS. TOSHIKIYO: Yes.

COUNCILMEMBER PALTIN: -- as long as you meet all your time frames.

MS. TOSHIKIYO: Yeah.

COUNCILMEMBER PALTIN: Thank you.

CHAIR LEE: Any more questions? Are you ready to vote on this or not?

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COUNCILMEMBER SUGIMURA: Yeah.

CHAIR LEE: Okay. Could I have --

COUNCILMEMBER SUGIMURA: Do a motion.

CHAIR LEE: -- a motion? Member Sugimura?

COUNCILMEMBER SUGIMURA: Yeah. So, I move to approve Bill 147 (2025), on first...

CHAIR LEE: Second?

COUNCILMEMBER JOHNSON: I'll second that.

COUNCILMEMBER SUGIMURA: Thank you.

COUNCILMEMBER JOHNSON: But I also want to make a motion for the amendment.

CHAIR LEE: Okay. It's been moved by Member Sugimura, seconded by Member Johnson to recommend approval of Bill 147. Discussion? Member Sugimura?

COUNCILMEMBER SUGIMURA: Yeah. So, I think we've discussed this. I totally support what the...what this bill does just to make the whole budget process smoother and clearer probably, as we were kind of shuffling this around this last budget cycle. And I have no more to say. And then I guess Member Johnson wants to do the ASF.

CHAIR LEE: Okay. Member Johnson? Thank you, Chair.

COUNCILMEMBER JOHNSON: I move to replace each reference of June 20th to June 10th throughout the bill. And that's twice in Section 1, and twice in Section 2.

COUNCILMEMBER SUGIMURA: Second.

CHAIR LEE: Moved by Member Johnson, seconded by Member Sugimura, to make the change as proposed in the ASF as distributed. Discussion? Member Johnson?

COUNCILMEMBER JOHNSON: I think Corporation Counsel explained it well. So, no further discussion.

CHAIR LEE: Okay. No further discussion. All those in favor of the motion, please raise your hand and say "aye."

COUNCILMEMBERS: Aye.

CHAIR LEE: I see one...two...three...four. Four? Is it four? Four "ayes," zero "noes," one...one excused. Motion carries.



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**ITEM 8: BILL 143 (2025), TO ESTABLISH THE VACANT RESIDENTIAL REAL PROPERTY TAX CLASSIFICATION**

MR. KRUEGER: Chair, the next item before the body is RPTR-8 for Bill 143 (2025), to Establish the Vacant Residential Real Property Tax Classification.

CHAIR LEE: Okay. Get my notes.

COUNCILMEMBER SUGIMURA: Public testimony.

CHAIR LEE: Yeah, testimony.

MR. KRUEGER: Chair, proceeding with testimony on this item. The first and only person signed up to testify at this time is the individual logged in as The Royal House of Hawai'i...oh, to be followed by Michael Williams.

CHAIR LEE: Royal House?

**. . . BEGIN PUBLIC TESTIMONY FOR RPTR-8 . . .**

TESTIFIER 1: Aloha. Okay. So, I'm testifying on this item, and I heard that you guys are changing the class...the class of this RP, which this RP and many of the RPs that are approved with the State of Hawai'i are all invalid, illegal, and frauded because this RP is not the royal patent, a/k/a RP royal patent descendants and heirs. And the heirs have not been contacted and the descendants of that specific land. Because if you guys know, a royal patent...I don't know if you guys...I'm pretty sure you guys should know this, all the realtors, everybody knows what a...what a royal patent is and what is an allodial title. And the royal patents are allodial titles, which are forever, no matter what. And those rules and laws with the real property royal patent cannot be superseded because the royal patents supersede all of the rules, and you guys have to follow those rules. So, in that case...like there's three different lands in Hawai'i--the government, the king, and the regular people that got royal patent. All of the lands are royal patented...royal patented to a specific 'ohana. So, please contact those 'ohanas and descendants because they are the ones who are supposed to be having this RP real property, but they manipulated it from royal patent to real property. So, please, can you guys answer my questions, if that's possible? Mahalo.

CHAIR LEE: Members, do you have any questions? Okay. No questions. The next testifier?

MR. KRUEGER: Chair, the next person signed up to testify is Michael Williams, to be followed by Tom Croly.

CHAIR LEE: Okay. *(pause)* Mike?

MR. WILLIAMS: Did that fix it? Do you hear me now?

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COUNCILMEMBER SUGIMURA: Yes.

CHAIR LEE: Yes, we can.

MR. WILLIAMS: Okay. Sorry. Aloha. Good afternoon. I would urge you not to create a new property class for this problem, and take Richelle Thomson's second option, which is just to remove the four words, "improved with a dwelling" out of the definition of Non-Owner-Occupied. You accomplish the same thing as this bill, but you don't have to create a 13th class of property.

CHAIR LEE: Mike, could you repeat what you just said? Remove which...what words?

MR. WILLIAMS: There's four...there's four...if you look at the...the definition of Non-Owner-Occupied in the long list of classifications, it says it needs to be land improved with a dwelling. And you can just remove the four words, "improved with a dwelling," and...and you solve the same problem as this bill would solve --

CHAIR LEE: Okay.

MR. WILLIAMS: -- without creating a new property class.

CHAIR LEE: All right. Well, now we have questions. Were you done?

MR. WILLIAMS: Yes.

CHAIR LEE: Okay. Member Paltin has a question.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Mr. Williams. I'm...I'm not clear like what category. So, if you remove with a dwelling...right now, if there's no dwelling, it goes into the Non-Owner-Occupied tax classification is my understanding. So, if you remove...so if it doesn't have a dwelling, which property tax classification are you thinking it would be under?

MR. WILLIAMS: Unless I misunderstand the language of the...of the statute, right now, you cannot qualify as a Non-Owner-Occupied parcel unless you have a dwelling on the parcel. And what...what I'm proposing, which was the second proposal from Richelle Thomson, is just to eliminate that requirement for Non-Owner-Occupied, and then vacant land that's, you know, not Owner-Occupied and not any of the other classifications, will be classified Non-Owner-Occupied.

COUNCILMEMBER PALTIN: I...I think she had said she has vacant land without a dwelling, and she's put into the Non-Owner-Occupied tax classification. And the Non-Owner-Occupied tax classification is a higher one for her. It's...if it's vacant land in the Residential or Rural Residential, it's classified as Non-Owner-Occupied. But she thinks that's not the correct classification because it's not occupied at all. It's vacant. You can't live in a house that's not there, or visit a house that's not there is my

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understanding of it. If it's vacant land, it goes into the Non-Owner-Occupied tax class, which she's saying is pretty high for vacant land, I guess.

MR. WILLIAMS: Well, it depends on what...how valuable the vacant land is, of course. I'm just trying...

COUNCILMEMBER PALTIN: So, just to clarify, you're against this bill --

MR. WILLIAMS: Yeah.

COUNCILMEMBER PALTIN: -- because you believe that's the correct place for vacant land to be, in Non-Owner-Occupied tax classification?

MR. WILLIAMS: Yes, because it's just simpler. It's simpler than creating the 13th property class.

COUNCILMEMBER PALTIN: Okay. Thank you for that clarification.

MR. WILLIAMS: Sure.

CHAIR LEE: Any more questions? Member Sugimura?

COUNCILMEMBER SUGIMURA: I would like to hear what Real Property Tax or Finance has to say about this.

COUNCILMEMBER PALTIN: Not during testimony.

COUNCILMEMBER SUGIMURA: Oh, I'm sorry.

CHAIR LEE: Questions for Member...for --

COUNCILMEMBER SUGIMURA: Wrong person.

CHAIR LEE: -- Mr. Williams. Questions for Mr. Williams.

COUNCILMEMBER SUGIMURA: Later. Not Mr. Williams.

CHAIR LEE: Okay. Thank you, Mike.

MR. WILLIAMS: Thank you.

CHAIR LEE: Next testifier?

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

MR. CROLY: Aloha, Committee. Tom Croly again. Bill 143 would re-establish a tax classification that we eliminated back in 2010. Some of the old timers will remember,

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we had an unimproved residential tax category that we did away with. There was only 199 properties in that tax classification when we did...did away with it. So, just to be clear about that. As Mr. Dust said, I would be very interested to know what is the intent of this classification? Is it to set a higher rate? That's what the County was doing back when they got rid of the unimproved residential, to try to encourage people to build something on it. Or...I'm not sure. Or is it to set a lower rate to help someone like Ms. Thomson, who is saying, hey, I'm...I'm paying too much here. So...so, that's a really key thing to understand if we're going to put...put properties in this classification, what is the intent of it. The issue that I think it could solve if...if you do go forward with it is the issue that I brought up, which is Apartment classification. We have this Apartment classification. We have set a very low rate of \$3.50 per 1,000. And that applies to residential apartments where residents live. And that's great. But it also applies to--and I want everyone to fully understand this--all of the vacant land that is zoned Apartment that is intended for high-end development in Wailea, in Kapalua, in, you know, these...these places where they have Apartment-zoned properties that they intend to sell to off-island owners. Is that where you want to have your...one of your lowest tax rates? That's...that's a policy question for you. But I don't think you do. And I think that...that if you do establish this new category, that you would want to add Apartment to it. Now, as a clarification to some other testimony you heard, Rural zoning currently is put into the Ag classification if there is no dwelling on it. So, I live in Maui Meadows. Maui Meadows is Rural zoning. For the few properties that do not have anything on them, I just looked it up, they are classified as Agriculture. Now, of course, they don't get an ag use dedication unless they...they file for that, but...but...but they...they get taxed in the Ag classification. But I would maintain that all these potentially residential lands that are vacant should be taxed in one tax category called vacant. And...and again, what...what rate you want to set to that should be, you know, based on vacant land, whereas the Non-Owner-Occupied, we know that you tend...just want to set a rate that's punitive to try to discourage people from buying homes and sitting on them...you know, using them as second homes and so forth. So, I...I fully understand Ms. Thomson's . . .(timer sounds). . . concern. You're setting a punitive rate that she's subject to. And I also understand the concern of Mr. Durst...Dust that we shouldn't be telling people what they have to do. But this...the intent really needs to be revealed about this one. Thank you, Chair.

CHAIR LEE: Thank you. Are there any more questions, Members? Member Paltin?

COUNCILMEMBER PALTIN: Thank you, Mr. Croly. I had two questions. The first question, I guess, and then I'll get to the intent question second. But would it be like what you're seeing, just switching out Apartment zone for Rural zoned? Would that work? So, it applies to Residential and Apartment zoning instead of Residential and Rural zoning? Because I agree, that rural...unimproved rural land should go under Ag. So, just swapping out Rural for Apartment, would that achieve what you're...you're trying to say?

MR. CROLY: Yes, that would achieve what...you know, the...the inconsistency that I think there is in...in Apartment-zoned property that's not been developed. But again, the question...the policy question is, what do you intend the rate to be? Do you intend it to

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be higher than...than Non-Owner-Occupied, or lower than Non-Owner-Occupied? I don't know, so...

COUNCILMEMBER PALTIN: I don't either. So, that goes into my second question on intent. Does it matter what we intend? Because we're just temporary. And what if the next Council intends something different than us? So, I mean, unless we write it into the thing, I guess that unimproved land should be taxed less than Non-Owner-Occupied, or something like that. But the intention in the moment is just the...the four of them that are here, and then the nine of them that are here for a full Council...and then next year, the intention may 180 in the opposite direction. So, I mean, a lot of times the intent of the original legislation isn't followed decades down the road. Is it important to you what our intent is...our specific guys sitting in the seat?

MR. CROLY: It's...it's important to...well, it's important to me to...to have consistency in the rates...rates that set a policy that...that...that the Council intends, okay? And...and if you're going to, you know, say hey, we want Apartment-zoned land to be cheap, go ahead. I don't think that meets what, you know, you guys generally are trying to do. So, I do think that you can put your legislative intent in the...the verbiage of this bill. But as you say, every Council gets to set the rates however they want. Maybe someday you'll have nine short-term rental owners on the Council--well, you wouldn't have short-term rental owners because they wouldn't live here--but they would...they would flip the rates on their...on their ear . . .*(laughing)*. . . but who knows? Okay.

COUNCILMEMBER PALTIN: Thank you. I think you answered my question.

MR. CROLY: Thank you.

CHAIR LEE: Okay. Anybody else, questions for Mr. Croly? If not, thank you very much. James?

MR. KRUEGER: Chair, so the person logged in as The Royal House of Hawai'i has their hand raised again, but they did provide testimony on this item. So, we just wanted to verify whether they're signing up for the next item, or if another person has joined them that also wants to testify on this item. *(pause)* The Royal House of Hawai'i, we...we just need some clarification as to whether there's another person with you who also wants to testify on this item. One person under that account has already testified on...on this item.

TESTIFIER 1: Oh, for the next item.

MR. KRUEGER: Thank you. Then, Chair, there's 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 RPTR-8, please identify yourself now. On Teams, you can do that by using the raise-hand function. We'll do a countdown...three, two, one. Chair, there is no one else to testify.

CHAIR LEE: Members, any objections to closing public testimony on this item and accepting written testimony?

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COUNCILMEMBERS: No objections.

**. . . END PUBLIC TESTIMONY FOR RPTR-8 . . .**

CHAIR LEE: All right. Let's have a motion on...on the floor so we can have discussion.  
Member Sugimura?

COUNCILMEMBER SUGIMURA: I move to approve Bill 143 (2025), first reading.

CHAIR LEE: Okay. Second, anybody?

COUNCILMEMBER JOHNSON: Chair, I'll second for discussion.

CHAIR LEE: All right. Moved by Member Sugimura, seconded by Member Johnson to recommend approval of Bill 143. Now, discussion. You wanted to hear from the...Finance? Okay. Member...not a Member, but who would like to take...Kari or...Ms. Stockwell? Okay.

MS. STOCKWELL: Thanks, Chair. So, if you look at the classification of real property, 3.48.305. So, how it's written is except as otherwise provided in Subsection B. So, in Subsection B, that's when it goes into that Non-Owner-Occupied real property improved with a dwelling. So, that's the exception to that Subsection A. Thank you.

CHAIR LEE: And then, did you want to add something, Ms. Martin?

MS. MARTIN: Yes. So, that's very important language to provide uniformity for all properties that are approved with a dwelling to go into that Non-Owner-Occupied class. So, when that was created, the Non-Owner-Occupied class, we...it was, you either had the Owner-Occupied classification, right?...and then, Non-Owner-Occupied was anything that wasn't, you know, Owner-Occupied, regardless of the zoning. You know, I...I do have concerns about just calling Residential and Rural zoning districts as vacant land has many different zonings. We have over here in Kehalani, it's...

CHAIR LEE: Okay.

MS. MARTIN: The project districts...

CHAIR LEE: Let's...let's try and look at this from a problem-solving perspective. Like, you know, if it's...if it's possible...like for instance, I know you can probably cite many examples of where this doesn't belong, but let's say we're...we're talking about a rural lot that...that has no improvements, no infrastructure, no nothing, nobody living there. Would you...what...what about the idea of bringing back the old classification that was available to folks before, where you have no improvements on the land, and...were you there in 2010? I mean, none of us were, but...

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MS. MARTIN: No, I was. . . .*(laughing)*. . .

CHAIR LEE: Oh, you were.

MS. MARTIN: I was there in 1995. So...but no, the unimproved residential class was not a vacant land class. That was for large tracts of urban-zoned land that had to be one acre or more. So, it wouldn't include like a Rural or Residential-zoned lot. That's why the number of properties in that was so small. That was for properties . . .*(inaudible)*. . .

CHAIR LEE: Did you pick Non-Owner-Occupied to use to...as the rate for Ms. Thomson's situation, vacant land? Did you pick it because it had the lowest rate other than Apartment? I mean, Apartment up in Makawao is not, you know, appropriate. But, you know, it's...the Apartment is 3.75 and I think Non-Owner-Occupied is like 5.75, right? Did you pick that Non-Owner-Occupied rate because it was a lower rate? What was the rationale for picking...using the Non-Owner-Occupied? You know, on vacant land, nobody's occupying it, right? But there's nothing to occupy.

MS. MARTIN: Well, it's the...the Urban classification, State Urban classification and the Residential zoning. So, it's...the highest and best use of that property is to be developed as a single-family home. And that's how appraisals are based upon, a highest and best use. That's why it's going into that classification.

CHAIR LEE: Right. Yeah. If it had water, if it had sewer, if it had all the other infrastructure. So, if it doesn't have any infrastructure, how can you charge the highest and best use? And without water, it's impossible, yeah? So, how would you...I mean we want to be fair to everybody.

MS. MARTIN: Yeah, I...I think we're kind of co-mingling ideas. So, those are valuation considerations. So, if something didn't have water, and it couldn't be developed, we would adjust it for no water. We would give it a time adjustment. But ultimately, it's what is the motivation of the buyers, and what is the County's intent with the zoning? And so, even if it doesn't have water today, I would think a prospective purchaser would hope that someday they could cure that and develop it as residential. So...so, that's what --

CHAIR LEE: Okay.

MS. MARTIN: -- makes the highest and best use.

CHAIR LEE: The County doesn't take into consideration that it would charge the Non-Owner-Occupied highest and best use when there is infrastructure there. Because now, it's impossible. It's impossible for a person to build there without infrastructure. I'm just trying to see if there's another way that's fair.

MS. MARTIN: If it were impossible for someone to build without infrastructure, the value would be very low because the market wouldn't pay for the property. So, chances are, they would...you know, if...if it...if it's overvalued, then the property owner could come to the

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Real Property Assessment Division, talk about their problems with the division. We could reassess it or look at it, or they could appeal. So, if...if it couldn't be developed, there's a chance that the taxes were very low because the value would be very low.

CHAIR LEE: Any other questions, Members? Oh, Member Cook, thank you for joining us. Did you have any questions?

COUNCILMEMBER COOK: No, Chair. Thank you for letting me join you.

CHAIR LEE: Of course. Anybody else? Member Johnson?

COUNCILMEMBER JOHNSON: Oh, I'm sorry. I see some hands up that were...might have been missed. I just...I can wait for them.

VICE-CHAIR RAWLINS-FERNANDEZ: Chair?

CHAIR LEE: Oh, sorry. Member Rawlins-Fernandez?

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. And I know Member Paltin had her hand up before me, but she's not a Voting Member. So, I'm going to take my Voting Member privilege and ask questions first. . . .(laughing). . . So, Chair, did you...did you not meet with the Finance Department before posting this bill?

CHAIR LEE: We met.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. So, in your meeting with them, did...did you not have this discussion --

CHAIR LEE: We did, and I did...

VICE-CHAIR RAWLINS-FERNANDEZ: -- that we're having right now?

CHAIR LEE: We did, and we...I --

VICE-CHAIR RAWLINS-FERNANDEZ: Oh, okay.

CHAIR LEE: -- didn't agree with the Director. So, we're having it in front of everybody else now.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. I see. I see. Because I'm working on a couple of bills too, but I'm working with them, so it's taking a little bit, because I want to get everything ironed out before, you know, bringing it to the Committee so that I address all the things because they are the ones that do the work. So, it's important that we take into consideration the consequences that they foresee, that we...because we don't do this work, don't know that could happen.

CHAIR LEE: Yes, ideally.

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VICE-CHAIR RAWLINS-FERNANDEZ: So, right now, I...

CHAIR LEE: Ideally, we would do that.

VICE-CHAIR RAWLINS-FERNANDEZ: Oh, okay. Right now, I'm not supportive of this, just because I...I'm concerned about like the consequences that it could happen.

CHAIR LEE: Okay. What I was going to say is ideally, a one-on-one conversation would suffice, but it didn't. I wasn't satisfied with the answer, so I'm taking it to the Committee, where we have six brilliant people to...to see if others have ideas or suggestions because I'm always looking for answers. I...I'm not one of those people that say, can't do it, can't do it. So, is there a solution that's fair? That's all I'm saying. I mean, this is not...Ms. Thomson is not the only person. I mean, there are tons of local people who own lots because they...their grandma gave them the lot, and they can't do anything with it now. Maybe 20 years from now, they can do something with it...because they don't have the means, nor is there any infrastructure. So, why would we tax them at the highest and best use, when that's not really correct? You know, it's...it's not appropriate because they don't have...they can't build a house anyway . . .(laughing). . . if they wanted to, you know. So, that's why I brought it up.

VICE-CHAIR RAWLINS-FERNANDEZ: Yeah.

CHAIR LEE: But if nobody has --

VICE-CHAIR RAWLINS-FERNANDEZ: Okay.

CHAIR LEE: -- any suggestion...Member Johnson?

VICE-CHAIR RAWLINS-FERNANDEZ: I...I have...well, I'm not done yet. I...I do appreciate you bringing this to the Committee, and I can, you know, try to think about it too, some creative ideas to address the concern, as you shared. But right now, I...I'm supportive of all the bills, except for the two vacant bills.

CHAIR LEE: Except for the what?

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. Your two vacant...vacant land bills.

CHAIR LEE: Oh, okay. Okay.

VICE-CHAIR RAWLINS-FERNANDEZ: So, this one, and the other vacant land bill. But the other ones, I support.

CHAIR LEE: Thank you. Member Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. I appreciate Councilmember Rawlins-Fernandez's work on this kind of thing, and I would like to

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maybe wait and see what she...what comes out of this. But I did have some questions for the Department, since you're here. One of the things that came up was Apartment districts in the high-end areas...Kapalua, Wailea. Do you guys have a number of parcels that are Apartment districts in...in Wailea or Kapalua, the high-end? Is it just a few? Is it several? Ballpark figure? I don't mean to put you on the spot.

MS. MARTIN: The Apartment class mostly has apartment buildings that people live in and they rent. But vacant land zoned Apartment is also in that class. So, we would get that number for you, if you provide it in writing --

COUNCILMEMBER JOHNSON: Sure.

MS. MARTIN: -- and we can get you the number and the value.

COUNCILMEMBER JOHNSON: Okay. Thank you for that. And if...if Staff were to write that up...thank you, I saw a nod --

CHAIR LEE: Yeah.

COUNCILMEMBER JOHNSON: -- if Chair would allow it. You know, my...this...if I...don't mind if you'd allow me to just take a step back. You know, one of my concerns is land banking on all levels, right? You know, folks just finding the lowest property tax rate, and just...no intention of farming, but we know Ag rates are the lowest. You know, no intention of building anything, but they know that that's the lowest. So, that's really my concern. So, I...I would...I mean I'm just taking, like, a step back from this and saying, that's really where my concerns are, and maybe we can come up with the Department on something that could address that. There are people who are struggling, like we just had the testifier, you know, Ms. Thomson. That...that should be considered as well, but really, I...I have a big concern about how land banking goes. And I wonder if the Department has any...anything they could add.

CHAIR LEE: Ms. Martin or Ms. Stockwell?

MS. MARTIN: Well, I...I will say that I think that is...our concern is the limits of this class, where it's just Residential or Rural zoning, because you have vacant land that is zoned Ag. You have vacant land that's zoned Conservation. You have, you know, vacant land that's project district. So, there's a variety of zoning. So, it's best to...to group all like properties together because the scenario that Alice had mentioned was...that Chair Lee had mentioned was, okay, I don't have water, I can't build. Well, there's people who have a half-acre Ag-zoned lot, are...who are in the same situation as the person with the Residential lot or the Rural lot. So, it's just...I think classifications should...should be all like properties in them.

COUNCILMEMBER JOHNSON: Can you say that last statement again? All properties.

CHAIR LEE: All like properties.

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MS. MARTIN: Ideally, you know, two properties next to each other that are the same, right? You have a Rural half-acre, and you have an Ag half-acre. Ideally, they would be in the same classification, but maybe under this bill, one would be in the Vacant Land class, and the other one would be in the Ag class. So, that...that was my concern, that...

COUNCILMEMBER JOHNSON: Okay.

MS. MARTIN: Yeah.

COUNCILMEMBER JOHNSON: Chair, I personally would like to maybe wait until we get another bill up because I, too, have another bill cooking with, you know, the Department.

CHAIR LEE: Similar?

COUNCILMEMBER JOHNSON: Not on this topic, on the other one about how the tax rates should change once you purchase a house, right? So...or a unit, I should say. Because we're looking at Bill 9, and all these units are being taxed as short-term rental. We'll get to there when we get to there. I don't want to jump the gun, but, you know, if we're working on...on bills with the Department, why don't we, you know, hear what we're working on, as well as what this group is working on, and we can --

CHAIR LEE: Sure, sure.

COUNCILMEMBER JOHNSON: -- kind of put it all together.

CHAIR LEE: Sure. Would you like to withdraw your motion and your second? Okay.

COUNCILMEMBER JOHNSON: I withdraw my second, Chair.

CHAIR LEE: Okay. So, without objections, we can defer this until a later time. Any objections?

**COUNCILMEMBERS VOICED NO OBJECTIONS.** (Excused: TK)

**ACTION: DEFER pending further discussion.**

CHAIR LEE: All right. Shall we call up the next item --

VICE-CHAIR RAWLINS-FERNANDEZ: Chair?

CHAIR LEE: -- and then testimony? Oh, I'm sorry. Can...can you folks help me look for...I'm looking over there, and somebody's raising up their hand. Okay. Member Rawlins-Fernandez?

VICE-CHAIR RAWLINS-FERNANDEZ: No, no, I didn't have...I had no objection, sorry, but I...I saw Member Paltin's hand was still raised. Before we move on to the next one, maybe we want to hear what Member Paltin wanted to say?

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CHAIR LEE: Member Paltin?

COUNCILMEMBER PALTIN: I guess my question was for Ms. Stockwell when she referred to item 2 that said, real property improved with a dwelling that would not be classified as Owner-Occupied, Hotel, Resort, Time Share, TVR-STRH, Commercial, Industrial, Commercialized Residential, or Long-Term Rental must be classified as Non-Owner-Occupied. I just wanted to clarify that that's not an exhaustive list because if there isn't a dwelling on it, it could still be in Non-Owner-Occupied. And I think that was the confusion from one of the testifiers, Mr. Williams. By reading that, it seems as though that's exhaustive, but if it was Apartment-zoned, and the highest and best use would be Non-Owner-Occupied, it doesn't fall in there. But if it's Residential, and the highest and best use would be Non-Owner-Occupied, it does fall under there?

CHAIR LEE: Ms. Stockwell?

MS. STOCKWELL: So, correct. It's not an exhaustive list, that portion 2. That's the exceptions to the...everything in its highest and best use except for real property that...so, Ag properties that have a dwelling on it, improved with a dwelling, would now then move...be moved to the Non-Owner-Occupied classification.

COUNCILMEMBER PALTIN: So, why isn't Apartment-zoned land put unimproved or...

MS. STOCKWELL: So, Apartment is that multi-dwelling unit improvements containing five or more dwellings that would not be classified as TVR-STRH, must be classified as Apartment.

COUNCILMEMBER PALTIN: Oh, okay. Thank you. So --

MS. STOCKWELL: You're welcome.

COUNCILMEMBER PALTIN: -- that might have been where the testifier had confusion because they might have thought that was an exhaustive list, but it's not an exhaustive list.

MS. STOCKWELL: Correct. That's the exceptions to that.

COUNCILMEMBER PALTIN: Got it. Thank you.

MS. STOCKWELL: You're welcome.

CHAIR LEE: Anybody else have a question or comment? If not, thank you. And James, the next item.

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**ITEM 11: BILL 146 (2025), ON PRINCIPAL HOME EXEMPTION APPLICATION DEADLINES**

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

MR. KRUEGER: Chair, the next item before the body is RPTR-11 for Bill 146 (2025), on Principal Home Exemption Application Deadlines. The only individual we have signed up right now is The Royal House of Hawai'i. It is your time to testify.

**. . . BEGIN PUBLIC TESTIMONY FOR RPTR-11 . . .**

TESTIFIER 1: Aloha. With any of the real properties...oh, I'm an allodial land tenant, royal patent tenant under royal patent, real property, Hewahewa, and Land Commission award 3237, 'āpana 2. And are any of the people that are filing any of these real properties because it's supposed to be royal patent, real property, are they any...are they descendants of those royal patents, real...real properties? Because I don't...I don't know what they are, a...or...yeah, I don't know if these are descendants of the royal patents made by Kauikeaouli. So, yeah. Everybody that is filing for real property has to be a descendant unless it was agreed upon with the entire kingdom, which it hasn't, and none of us, nobody was contacted. So, please contact the descendants of that land and royal patent if anyone is trying to file for real property because the real property is, again, royal...royal patents, palapala Sila Nui, and...yeah. Mahalo.

CHAIR LEE: Members, any questions of the testifier? If not, thank you. Next testifier?

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

MR. CROLY: Aloha, Committee. Bill 146 concerns deadlines for home exemption, and while this bill attempts to address the biggest problem in our current Tax Code of tax classification being delayed by as much as 18 months compared to what the use is, and it may reduce that misclassification down to six months, I would like to see it be broader than what's proposed here. This is just for homeowner exemption, and I would like to see it apply also to long-term rental so that in the middle of the year, if someone created a long-term rental, that they could get the tax classification changed at the next payment. That...that would be helpful. And also, apply to kind of the other way. If somebody converts a property from Owner-Occupied to Non-Owner-Occupied, then it should go up, right? It shouldn't continue to get the...the lower rate for...for the other year. Or let me give you another example. A bed and breakfast owner like myself, who says, I want to get rid of my permit. I've now turned in my permit. Now I have to pay the higher rate and not get Owner-Occupied for another six months or 18 months, as the case may be. So, while I'm supportive of this bill in trying to address a big issue, I think the bill needs to be broader so that it addresses all of the issues that are on the table of misclassification and the delay in...in...in solving those misclassifications for up to 18 months. I...I want to make one small example. You've probably...you just heard

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a good one from the earlier testifier, but I know someone, young couple, bought their first house over in...in Ha'ikū, and they weren't able to close on it before the end of the year. And it wasn't their fault. It was the County's fault, because the County couldn't clear up some issue with the permitting of the water for that particular subdivision. So, they ended up closing just a few days after the...the new year. So, therefore, they had not filed a...you know, a homeowner exemption before the end of the year because they didn't own the home. So, then, for that whole first year, they had to pay at Non-Owner-Occupied. It was \$6,500 against what it would have been, which was like \$1,100. And as the earlier testifier said, that makes getting a mortgage difficult. You know, when the...when the mortgage company says, we have to calculate in what...what your taxes are going to be, they don't give you a break on this, that...that I'm going to get a lower rate. So, this is so vital to...to get this right, and to have a way of establishing the correct tax classification mid-year, or upon change of use, or upon change of ownership, instead of being delayed. So, again, while I support this bill, in no way . . .(timer sounds). . . is this bill enough. You need to take this further. Thank you, Chair.

CHAIR LEE: Thank you. Questions? Member Paltin?

COUNCILMEMBER PALTIN: Thank you. Just clarifying, it sounds like you liked my bill better than Chair Lee's bill, but it still didn't go far enough.

UNIDENTIFIED SPEAKER: . . .(laughing). . .

MR. CROLY: . . .(laughing). . . Yes, and I had questions about your bill. I didn't fully understand it. So, when we get to that, we'll...you'll answer my question, I hope. . . .(laughing). . .

COUNCILMEMBER PALTIN: I also have an ASF too for my bill.

MR. CROLY: Okay.

COUNCILMEMBER PALTIN: Amendment.

CHAIR LEE: Member Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. Yeah, we have a lot of bills. I think we're going to have to Frankenstein them back and put them all together. But...so, the --

MR. CROLY: Yeah.

COUNCILMEMBER JOHNSON: -- the idea that you said it should happen, like the change should happen, the...the change of tax rate should happen around the time of purchase, or something real similar to that. What do you...how...what would you...how would you feel if it was like we put it in the...the time that it is recorded with the Bureau of Conveyances? That's kind of what we're working on in my language in my bill.

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MR. CROLY: Well, it's hard to split. I'm...I'm empathetic to the Department. It's hard to split the tax bill, like how much somebody owes, within one payment. So, going until the next payment comes up seems okay to me. I'm...I'm kind of okay with that, as long as they can make clear that this owner is going to pay in this tax classification, beginning with their first tax payment that they make, you know. I...I think that's okay. But again, if the Department says that they could administrate it like you have proposed, a mid-year...or a mid-year change and...and count it back, then go ahead. We sell about 1,000 properties a year here in...in Maui--1,000 in some years, some years 1,500. So, that's a lot of changes that --

COUNCILMEMBER JOHNSON: Yeah.

MR. CROLY: -- the Department would have to be chasing after if those...if those change. And then again, I really want to support the people who are ready to change from their use, from Non-Owner-Occupied to Long-Term Rental. That's...that's an important one to me. Because you can...you can get someone to consider doing that if their taxes are immediately going to go down. But if they're not going to go down for 18 months, you lose that incentive.

COUNCILMEMBER JOHNSON: Right. So, you know, the Bureau of Conveyances would be one route. I'll ask the Department when we get to that. And, you know, I appreciate your concern for them as well. . . .*(laughing)*. . . Thank you. Thank you, Chair.

MR. CROLY: . . .*(laughing)*. . .

CHAIR LEE: Thank you. Member Rawlins-Fernandez?

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. Aloha, Mr. Croly. Mahalo for your testimony. It matters. So, I appreciate your feedback on all the bills, and your recommendations. So, your suggestion in adjusting the real property tax assessment, and valuation, and bill...you served on the RPT Review Board. So, you know that County's practice is to receive appeals, and then put 50 percent of the valuation or the assessment into a fund until it's resolved, and then either, you know, do a refund if there's...if it goes in their favor, or collect the other half. Or I might be saying that a little wrong, but...

MR. CROLY: They collect all the money, but...yeah.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. Collect all the money --

MR. CROLY: They don't spend it. . . .*(laughing)*. . .

VICE-CHAIR RAWLINS-FERNANDEZ: -- put half aside.

MR. CROLY: Yeah.

VICE-CHAIR RAWLINS-FERNANDEZ: But we put half aside in case we need to refund it.

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MR. CROLY: Right. Right.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. So, there...there's...there's certainty in collecting it once a year for our budget purposes. So, that's something you're aware of. And if it's going to be in flux throughout the year, then what is your suggestion in the County having a level of certainty in order to budget and know what it is that we'll be able to pay for?

MR. CROLY: To be honest, I don't think that it's enough that it would matter. The Carryover/Savings and so forth that you have, I...I don't think that you would have the Finance Director coming to you and saying, oh, wow, too many properties switched over to...to Homeowner, and we don't have enough money in the budget now to balance it. You guys do budget amendments all the time, and I don't think that this is going to turn into enough money that it would really be significant. Like, it might be \$10 million, but \$10 million on your billion-dollar budget is not...you know, it's not going to really throw things off.

VICE-CHAIR RAWLINS-FERNANDEZ: You think it's going to be like \$10 million?

MR. CROLY: Oh, I don't know. I'm just saying...I'm just...I'm just guessing that that's the most it could be, right? Right? The most it could be of a whole bunch of people changed from long-term...or...or Short-Term Rental to Owner-Occupied...like what Bill 9 is trying to do. If...if all of a sudden in the middle of the tax year, you have 500 properties switched...yeah, it's going to be \$10 million, okay?

VICE-CHAIR RAWLINS-FERNANDEZ: That's not what Bill 9 does. It's...it's been five years right now, but we're not talking about Bill 9.

MR. CROLY: We're not talking about right now. Right.

VICE-CHAIR RAWLINS-FERNANDEZ: I'll ask the Finance Department --

MR. CROLY: Yeah, yeah.

VICE-CHAIR RAWLINS-FERNANDEZ: -- their opinion on this as well. I just wanted to hear your feedback, so I appreciate it. Mahalo, Chair.

MR. CROLY: Yeah. Thank you for the question.

CHAIR LEE: Any more questions? James?

MR. KRUEGER: Chair, there's no one else signed up to testify on this item, so we'll do a brief last call. If there is anyone 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 brief countdown...three, two, one. Chair, there's no one else to testify.

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

COUNCILMEMBERS: No objections.

CHAIR LEE: No objections. So ordered.

**. . . END PUBLIC TESTIMONY FOR RPTR-11 . . .**

CHAIR LEE: Okay. This one, I don't think we need a motion. I'd rather just do discussion on it because we have like three different versions to talk about. And if I may go first, I'd like to...my version combined the example that Tom Croly talked about, about that young owner-occupant who missed the deadline by one month, okay? I had that plus STR folks together in one bill. I'd like to separate them out and deal with them separately because the STR matter is...is not ongoing like the affordable housing matter. You know, at some point, it's going to stop, so we should have legislation just focusing on that. So, then, I know that Member Johnson had a suggestion. Do you want to tell us now, or do you want to wait until you have something more?

COUNCILMEMBER JOHNSON: I'll keep it short if you like.

CHAIR LEE: Okay.

COUNCILMEMBER JOHNSON: You know, I...of course, I wanted to reach out to the Department to see, is...am I making a bill that's administrate-able, right? So, we talked about making it at the time of purchase we change it, but then we decided maybe at the Bureau of Conveyances would be the proper time...and I'll let them speak on it when they would suggest the proper time it would change over. But then we...in the debate on balancing the books, right, that always comes up on this, that maybe we create a special fund, not \$10 million. I think Director Marcy was saying about two would be, you know, in the ballpark, but I'll let her speak on that...but have like money that they...a fund that they can dip in to balance the books every year, depending on that year. Like a worst-case scenario, they would come before a budget amendment, but just having a small pot of money to help carry...you know, balance the budget as we move forward. And that's really the two big points I wanted to bring up.

CHAIR LEE: Okay. So, your version would ask the Department...or we would set aside a fund --

COUNCILMEMBER JOHNSON: We would create a fund.

CHAIR LEE: -- to carry --

COUNCILMEMBER JOHNSON: Yes.

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CHAIR LEE: -- to carry the folks who miss the deadline, many times through no fault of their own.

COUNCILMEMBER JOHNSON: Right.

CHAIR LEE: And...and...

COUNCILMEMBER JOHNSON: It would be called a New Owner-Occupied Supplement Real Property Tax Fund. So, that just rolls off the tongue. . . .*(laughing)*. . .

CHAIR LEE: Oh, you're talking about the same one as me. I thought you were talking about STRs. Because mine...mine has to do with those...not...not STRs, but just...like the big, big category of everybody in...who are deemed, and approved --

COUNCILMEMBER JOHNSON: Right.

CHAIR LEE: -- and recognized as affordable housing, you know, applicants.

COUNCILMEMBER JOHNSON: Right.

CHAIR LEE: Yeah. Okay.

COUNCILMEMBER JOHNSON: I'm...I'm malleable, you know.

CHAIR LEE: Okay.

COUNCILMEMBER JOHNSON: But I thought just to get the ball rolling, that's kind of where we were going. If the --

CHAIR LEE: Okay.

COUNCILMEMBER JOHNSON: -- body decides they want to go...

CHAIR LEE: Well, I know Member Paltin has another version.

COUNCILMEMBER JOHNSON: Sure.

CHAIR LEE: Okay. Member Paltin, don't you have another version?

COUNCILMEMBER PALTIN: Yeah. Mine was the STR one --

CHAIR LEE: Yeah.

COUNCILMEMBER PALTIN: -- because if people buy STRs to live in. But are we calling up that bill? Should I talk on it now, or...

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CHAIR LEE: Yeah, that...yeah, we are following the agenda. That's the bill we're on, Principal Home...Home Exemption. Yeah. Actually, the next two are pretty much related.

COUNCILMEMBER PALTIN: My bill is on RPTR-7, Bill 142. It proposes to adjust the exemption filing timeline so relief appears earlier. It also adds a pathway to the home exemption for long-time County residents who convert former transient units into homes. Currently, a claim filed by December 31st applies to the second half of the fiscal year tax payment. My bill adds a new half-year option, kind of based on how those other counties did when we seen at HSAC in the real property tax talk. This bill adds a new half-year option to file a claim by June 30th, and it applies to the first half of the fiscal year tax payment. This change is proposed to apply to both the home exemption in Section 3.48.450 in certain circumstances, and the long-term rental exemption in Section 3.48.466. It also proposes to permit the taxpayer who meets the following criteria to qualify for the home exemption. If they've been a County resident for ten consecutive years, purchases property classified as Short-Term Rental or TVR-STRH within the past five years, and occupies it as their principal residence during the claim year. This bill provides faster tax relief to qualified owners, gives the Department of Finance predictable deadlines, and creates a focused documented route for long-time residents to convert former transient units into principal homes. There's also an amendment substitution to clarify that the adjustment of the filing deadlines for the home exemption only applies when Code Section 3.48.450C(3) is triggered. It also corrects the order of second half payment and first half payment. It replaces used for transient accommodations with classified as Short-Term Rental home or TVR-STRH for precision.

CHAIR LEE: Okay. You mentioned that's Bill 142. Yeah, we were actually...or did you say 144? Which one did you say?

UNIDENTIFIED SPEAKER: 140 . . .(inaudible). . . 142.

CHAIR LEE: 142. Okay. We didn't, James...we didn't call testimony for that one?

MR. KRUEGER: That's right, Chair, we haven't called testimony yet for Bill 142.

CHAIR LEE: Yeah. The...

COUNCILMEMBER PALTIN: Yeah, that's what I was clarifying.

CHAIR LEE: Well...

COUNCILMEMBER PALTIN: You said just go ahead, so I just went ahead.

CHAIR LEE: Yeah, but what I was explaining at the beginning was, mine combined the two, and we're going to separate the two, and we're only...the first one, we...we're only going to talk about exemptions for those just regular affordable housing people. And then the second one...well, we still have to call up testimony, so let's do that, and then we can

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continue on the discussion on both STRs and the regular affordable owner occupants. James, do we have anybody signed up?

MR. KRUEGER: Chair, we currently don't have any individuals signed up to testify on our RPTR-7 for...

COUNCILMEMBER PALTIN: Mr. Croly raised his hand.

MR. KRUEGER: But we do have an individual raising their hand. That would be Tom Croly.

CHAIR LEE: Okay. But he's our resource person. Tom, do you have...you want to share anything?

**. . . BEGIN PUBLIC TESTIMONY FOR RPTR-7 . . .**

MR. CROLY: Yeah. I...I...I appreciate Councilmember Paltin trying to explain the rationale behind her 3.48.450C(3) addition. I think I understand it, but it really gets very complicated here. You're trying to say if someone is a resident of Maui now, and owns a transient vacation rental that they then want to move into, they could make the change. But if they're not a resident here, and they wanted to move into their place, then they wouldn't be able to...to do this. It just seems a little bit complicated to me. . . .*(laughing)*. . . But I...I really appreciate you getting to the minutiae of this because you really are going to need the Department to be on your side to say whether they can...they can administrate whatever we come up with here. So, yeah, it is...it's going to be a Frankenstein, as...as Councilmember Johnson put forward, and there's a lot of good ideas that could come forward to make this work. And...and if this Committee comes up with nothing else, this...this thing, I think this is most important issue to solve at this moment. And...and I...I would like to see it solved before the end of the year so that next year, people can be properly classified. But I also would like to have the Real Property Tax Appeal Board be able to make judgment calls on these things, which right now they can't. Right now, they're a paper tiger. They're...they're told, well, the Department...the Department decided this based on Code, and it's not your job to...to interpret the Code. So, again, the appeal board is the one that should be able to look at all this and say, yes, these guys deserve their exemption, and they deserve the different classification...or no, they don't, we've sided with the Department on that. So, that's another portion that I want to throw into this Frankenstein. . . .*(laughing)*. . . Thank you, Chair.

CHAIR LEE: Yeah. What better time to work on Frankenstein, during Halloween? Member Paltin?

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

COUNCILMEMBER PALTIN: I just wanted to clarify. It's also, you know, if a resident purchases a short-term rental as we're phasing out that usage. So, say a resident --

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MR. CROLY: Yes.

COUNCILMEMBER PALTIN: -- purchases, not just if somebody who owns a short-term rental wants to move into it. If a resident purchases a short-term rental, or they want to convert their short-term rental to a long-term rental, it also applies to that.

MR. CROLY: Okay. But why ten years? How did you come up with that?

COUNCILMEMBER PALTIN: You know, in...when people speak about --

VICE-CHAIR RAWLINS-FERNANDEZ: Chair?

COUNCILMEMBER PALTIN: -- purchasing home in Maui --

UNIDENTIFIED SPEAKER: . . .*(laughing)*. . .

COUNCILMEMBER PALTIN: -- that's the standard.

VICE-CHAIR RAWLINS-FERNANDEZ: We're in public testimony.

CHAIR LEE: Excuse me, Member Rawlins-Fernandez is interrupting. What did you want?

MR. CROLY: I understand.

CHAIR LEE: What is...you had a question?

VICE-CHAIR RAWLINS-FERNANDEZ: We're still at...we're still in public testimony, not deliberations yet. We have to close public testimony before we start deliberating.

CHAIR LEE: Okay. I just thought it was a long, clarifying question, but I guess I'm wrong.

MR. CROLY: . . .*(laughing)*. . .

COUNCILMEMBER PALTIN: . . .*(inaudible)*. . .

VICE-CHAIR RAWLINS-FERNANDEZ: And then Mr. Croly asked the question, and it kind of went back and forth. So, that's all.

CHAIR LEE: Okay.

VICE-CHAIR RAWLINS-FERNANDEZ: We can just close it. I don't think there's any other testifiers, and then they can have that conversation.

CHAIR LEE: I think they already did. . . .*(laughing)*. . . So, Member...I mean, James, do we have any other testifiers?

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MR. KRUEGER: Chair, there's currently no one else signed up to testify. We'll do a last call. If there's anybody 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.

CHAIR LEE: Members, any objections to closing public testimony on this item and accepting written testimony?

COUNCILMEMBERS: No objections.

**. . . END PUBLIC TESTIMONY FOR RPTR-7 . . .**

CHAIR LEE: Okay. So, we'll be taking both of them up, the other two items that we talked about. So, do you want to continue your questions for Mr. Croly, Member Paltin?

COUNCILMEMBER PALTIN: Oh, I'm finished with my questions for Mr. Croly unless he didn't get the answer to my last one. But that's pretty standard, like, you know, public sentiment.

CHAIR LEE: Member Johnson?

COUNCILMEMBER JOHNSON: Okay. So, right now, I think local homebuyers should pay homeowner exemption straight away because they now pay Non-Owner-Occupied up to like 18 months, or something...like, you know, worst-case scenario. So, I'd like to hear from the Department on what suggestions or ideas they like so far. But I think right now, I would prefer to defer this, and then come November, we...you know, we got something that we could all move on. That's...that's my take on it, but I'd like to hear what they think.

CHAIR LEE: You mean come November, our next meeting? Oh, is that what you're talking about?

COUNCILMEMBER JOHNSON: Sure. Yeah. Just defer it after we hear this discussion, and come back with something.

CHAIR LEE: Sure. Who would like to answer that? Ms. Martin or Ms. Stockwell?

MS. STOCKWELL: All right. So, I do think a lot...all the different bills that are set forth have good ideas. I do think it does need to...you know, like you said, we do need to start putting them all together because everybody has positives. There's positives to each one, and there's negatives to each one. Administratively, if we set, like Chair Lee said, the workforce housing versus the short-term rental housing separately, that will help the division, so we would have clearer defined details on what we're...how we're doing this administratively. There are other parts of the section of the Code that would need to be changed as well. To look at 3.48.450B is one thing that we will have to look at because that's...deals with date of recordation. We're going to have to look at the budget,

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and we're also going to have to look at the workload that, you know, it will add in how we're going to administratively do this process. So, there are a few questions that we do need to answer before this passes.

COUNCILMEMBER JOHNSON: Would you be willing to send us in writing the Frankenstein version of this before, you know, our next meeting? Because...you know, I don't...again, I think we...if I can just echo the sentiments of the body, I don't want to write a bill you guys can't administer. You know, we're trying to solve a problem, not create more. And the fact that there's people out there paying really high property taxes when they are living in them, doing everything proper. So, it was...I'll...I'll...I personally will sit down with you guys and hash it out, but, you know...

MS. STOCKWELL: Yeah. We'd be happy to work with, you know, I'm...me, and I'm sure Marcy would be happy to help and work with the Councilmembers --

COUNCILMEMBER JOHNSON: Okay.

MS. STOCKWELL: -- as needed.

COUNCILMEMBER JOHNSON: We'll set up a meeting. Yeah. Thanks, Chair.

CHAIR LEE: Everybody, maybe at the next meeting...before the next meeting, please work on...if you feel that you have a suggestion to be made to make the bill even better. Because we're trying to provide relief to those who, in Lahaina especially, will be buying STRs, form...former STRs. And it...because these are going to be affordable, so-called affordable homes, we want to make sure that they're not burdened with a high tax liability just as they're starting, you know. And so, how do we address that is what we're working on, pretty much, in Bill 142, but 146 also covers those people...okay. We have like a number of projects that the Council approves every year, affordable housing. And so, we pre-approve...and because we pre-require the developer to provide "X" number of units that are clearly affordable, yeah. And so, there should be some kind of mechanism where they can notify the Finance Department that these people who are qualified and will be moving into "X" subdivision may or may not hit that December 31st deadline. And from what we hear, most people don't...they always miss their deadline. And how do we provide the relief? Because many of them are struggling to even meet the qualifications, let alone pay some high tax bill the minute they move in. So...because my personal...I think I mentioned before, my personal experience is, this young family were supposed to move in in October, but because some kind of County permit was being held up, they didn't move in until January. And when they moved in in January, they were handed a bill for \$4,000, which they barely could afford, instead of the following year, they paid \$400. So, we have to provide relief to these kinds of people because it goes along with our philosophy to help people occupy homes that are affordable, and attain homes that are affordable. So, that would be Bill 146. Okay. So, if everybody can work together...you know, think about it, come up with different suggestions. Oh, we might have the answer right here. Ms. Toshikiyo?

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MS. TOSHIKIYO: Thank you, Chair. And I'm sorry for interrupting. And I hope this is not overstepping, but I just wanted to kind of discuss, or put it out there, that I have reviewed several of the bills, I have reviewed Member Johnson's bill. And then I've been working with Office of Council Services to kind of resolve some of...like the...the issues as...because the bills are going to be your policy decision and what comes out. However, Chapter 3.48 is big, and it's detailed. So, as you are crafting your bills, if you could also keep in mind how 3.48...you know, when does the tax year start and end? When is the first payment due and the second payments due? Because I think that there was a little bit of confusion upon those issues...you know, appeals. And as Member Rawlins-Fernandez mentioned, you know, this also does affect your certified real property tax revenue when you're setting forth your budget. So, as you're looking at potential deadlines, you know, if you could keep that in mind as well. So, that if there has to be tweaks to other portions or sections of the Code, then we can also address it to make sure that your bill doesn't have any unintended consequences that we'd have to deal with later on. So, I just thought I'd throw that out there.

CHAIR LEE: Okay. Any questions for Ms. Toshikiyo? Oh, okay. Ms. Martin?

MS. MARTIN: So, I'll make one clarifying statement based upon Kristina's statement. So, this is...so currently, the deadline for filing for exemptions is December 31st. So, I'm just going to use this year as an example...December 31st, 2025. So, your exemption will show up on July 1, '26. So, that means you aren't covered for that February bill, February '26. So...and there's really not any way around that. So, with the half-year exemption that the Big Island has, you can apply up to June 30th--I'm going to use this year, coming year again--June 30, 2026, and that would be for your January 1, '27 bill. So, that wouldn't help you for your July 1 bill. So, there's always going to be --

UNIDENTIFIED SPEAKER: Some lag.

MS. MARTIN: -- some lag in the terms of a half-year exemption or a full-year.

CHAIR LEE: Unless we come up with a solution.

MS. MARTIN: Okay. Well...and so, that was where, because of the mechanics, and because of the construction of the entire bill, that was where the discussion with Gabe about the fund set in...because then you're just...it's like a credit, not an adjustment or a new exemption. So, that was the difference between the two. And then again, that's by application. So, I don't want you to forget about the late application bills that we have just because people still may forget to apply. And then I wasn't aware that Bill 146 was going to be focused on, I'm going to use a broad category of kind of a deed-restricted type workforce housing. So, I'm going to bring up an even bigger question. And then perhaps once those get deed restricted, they become exempt at that point. And then you're kind of...I guess you would be helping the developer to the point where they paid, but at least it would be preemptive for the new buyers. So, that would be an entirely different exemption. So, just...you know, if it was a new...new project.

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CHAIR LEE: Okay. So, you're saying that one of...the easiest way for you to administer this...this change would...is to have a fund that the Council would provide you so that you could use that for...for payments that are due. And then you just credit people after that, after they file their exemption, their...for their exemptions?

MS. MARTIN: I did not use the word easy. . . .(laughing). . .

CHAIR LEE: No, no, but --

MS. MARTIN: I'm sorry...sorry.

CHAIR LEE: -- but of...of all you've heard so far...

MS. MARTIN: But I think I'm just...I guess it depends on how aggressive. We would...we would prefer that, the...following the Big Island's methodology because that's tested and tried, you know.

CHAIR LEE: Yeah.

MS. MARTIN: But if things went more precise, I guess, within the payment year, I...I would say that we could figure out a way to apply a credit that wouldn't unravel the Code, so to speak.

CHAIR LEE: Okay. Okay. Everybody, we have our challenges. Member Sugimura?

COUNCILMEMBER SUGIMURA: Exactly what you were saying, that I...I hope you come and work with us for recommendations of, you know, how to time it. And I always get concerned about the Department because you don't have...I mean, the RPT, right? You don't have a lot of people, but this is a big responsibility. So, I don't want to overburden you with...you know, we can dream all we want, but if it doesn't make sense, right, it'll become impossible. But this is too important for it to become impossible. So, please shed (*phonetic*) that deadlines, and...and be strict with us so that we know that, you know, we got to follow these certain rules, basically, or laws to make it achievable.

CHAIR LEE: Yes, but sometimes you have to think outside the box, you know?

COUNCILMEMBER SUGIMURA: I agree.

CHAIR LEE: This is what we're trying to do.

COUNCILMEMBER SUGIMURA: Yeah. But what they're saying is, the criteria that they're trying to get us to meet, I think, is an important discussion that we cannot overlook. So, we can...if they can work with us.

CHAIR LEE: No, but we have, all along, kept in touch with the Department, so has Mister...all the Members who have proposals have been checking with them. But, you know, just

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because she tells me no the first time, that doesn't mean I'm going to say okay, you know?

COUNCILMEMBER SUGIMURA: . . .*(laughing)*. . .

CHAIR LEE: Anybody else has...Member Paltin?

COUNCILMEMBER PALTIN: I just wanted to acknowledge what a hard position you're putting our Finance Department in. Because on one side, you're saying we're going to listen to you, and on the other side, we're not going to listen to you. . . .*(laughing)*. . . So, I just want to empathize with them, and say I'm sorry for my colleagues.

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

CHAIR LEE: But this is the...why we need...this is the reason why we need civil service reform, so that we can fill our departments with all the employees that they need, and they won't be shorthanded. Now, moving on. So...okay. We're going to defer. Any objections to deferring 11 and 7?

**COUNCILMEMBERS VOICED NO OBJECTIONS.** (Excused: TK)

**ACTION: DEFER pending further discussion.**

**ITEM 9: BILL 144 (2025), EXTENDING MAUI WILDFIRES REAL PROPERTY TAX RELIEF**

CHAIR LEE: And then, so now, moving on to 9, testimony.

MR. KRUEGER: Yes, Chair. Proceeding with testimony for RPTR-9. We have two people signed up to testify right now. The first is Tom Croly, to be followed by The Royal House of Hawai'i. *(pause)*

COUNCILMEMBER SUGIMURA: Oh, this is mine.

MR. KRUEGER: Mr. Croly, it's your time to testify. *(pause)*

**. . . BEGIN PUBLIC TESTIMONY FOR RPTR-9 . . .**

MR. CROLY: Sorry, folks. I pushed the button and they didn't release. Chair, are we on Bill 144 now?

COUNCILMEMBER SUGIMURA: Yes.

CHAIR LEE: Yes.

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COUNCILMEMBER SUGIMURA: Oh, sorry.

MR. CROLY: Okay. I was a big supporter of the blanket tax relief provided to all property owners affected by the fires, and I support continued tax relief for the fire areas for properties that have not been rebuilt or remain uninhabitable, and for businesses that remain closed because they've not yet been rebuilt or are in zones that cannot be accessed by the public. However, I don't understand continuing the tax relief for two additional years for homes that have now been rebuilt, or homes that are now being, you know, habited, and businesses that have reopened. So, that's strictly a policy decision, but I...I think that if their home is rebuilt and if their business is back up by the end of this year, then their taxes should resume at the beginning of...of next year. And I also question, in this particular case, why are you pushing it two years out, and if you are going to extend this tax relief, why not extend it just one year at this point, and then reevaluate where you are this time next year as to whether...whether it should be further pushed out. Again, I...I want to be fair to everybody, but if someone has rebuilt their home and they're back living in it, or someone's home was in the yellow area and now they're able to access it and they're using it, why should we continue to...to provide tax relief? There is one issue that I don't know if we dealt with or not, and that is homeowner properties that were getting a homeowner exemption. If those guys don't rebuild their home immediately and we do resume, you know, taxation on them, their...they would fall into Non-Owner-Occupied for just the land, and the total tax bill would go up tremendously. So, we do want to make sure that the people who were living in their homes aren't going to lose their homeowner exemption at any point whether...you know, when...when taxation is resumed. Thank you, Chair.

CHAIR LEE: Questions, Members? Clarifying questions? No clarifying. Thank you very much, Tom. James?

MR. KRUEGER: Chair, the next person signed up to testify is the individual logged in as The Royal House of Hawai'i, to be followed by Michael Williams.

TESTIFIER 1: Aloha. This is the Royal House of Hawai'i, an allodial land tenant and royal heir under Hewahewa royal patent, and Land Commission award 32...3237, 'āpana 2. I just...I agree with tax relief bill, but a solution to all of that in the later run kind, I...I...I think the...the greatest idea and the only greatest idea would be to contact the heirs of those specific lands. Because as you know, in the area too is Kauikeaouli, Kamehameha III, that's where his 'āina stay, where he had go make all the royal patents for Hawai'i. And since Hawai'i is royal patented, there has to be a discussion with the heirs and descendants, no matter what, if the land was, for example, trying to be sold, trying to be changed into someone else's name from the original buyer. So, I'm pretty sure all of the lands are frauded, whoever is not on a royal patent or a descendant of the royal patent and land that they're on. And of course, we're not going to be kicking out the people, so the State should at least, like, have acknowledgement and contact the descendants and the heirs, no matter what, still...yeah, no matter, if anything. And the royal patents need to be recognized because I seen the tax map histories over there, there's no legal info. I don't know how come no more legal info. I still get the old legal info on top of them. I don't know why you guys stay erasing them for, but the royal

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patents have to be recognized...because they're not going kick out anybody, people, hello. I mean, maybe back then, the sellout ones, yeah, you know, but...but yeah. Like follow...please follow Kamehameha III's constitution, and call up the descendants again, and...and...wait...and allow the allodial land tenants to have the say, because it's by law, allodial land tenants are supposed to be having a say if they represent themselves as an allodial land tenant. And...yeah. Okay. Mahalo.

CHAIR LEE: Thank you. Questions? Member Paltin?

COUNCILMEMBER PALTIN: Thank you. I just wanted to clarify what you said. Like how do we find them? Because we don't do people's genealogy. Like, you know, in the Bureau of Conveyances, royal patents, and Land Commission awards, it says who it was initially awarded to, but we don't do everybody's genealogy. That's...to some people, that's very private information. So, I'm not sure what you're asking, or how to do it.

TESTIFIER 1: Nah, I don't...I don't think it's private information because we all royal...everybody knows the royal, all the royals, you know what I mean? Like...sorry, I mean...

COUNCILMEMBER PALTIN: Like, I mean, within my family, they don't want to go telling everybody their genealogy. And so, then, how would we find the descendants? Because not everybody broadcasts their genealogy, is what I'm saying, that what you're asking is not really feasible.

TESTIFIER 1: There's the LDS, the church website. What is that called? Yeah, the church website, like, family search, for example, a public and sourceable site because there's linked...there are also linked sources for like birth certificates, all of that. I mean, that's one, but you can certify it with the archives also, to check if that's the correct person, or whatever.

COUNCILMEMBER PALTIN: Okay. I don't really know how to do that.

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

TESTIFIER 1: I can...I can help. I...or if you guys need help, please feel free to reach out. Mahalo.

CHAIR LEE: Thank you. Any more testifiers?

MR. KRUEGER: Chair, the last person signed up to testify is Michael Williams.

MR. WILLIAMS: Good afternoon again. I would hope that you don't grant these...extend these exemptions any further. I'm thankful that Councilmember Sugimura got a letter setting out how much it costs. It's \$22 million a year. I agree with Tom Croly that if you are going to do it, you should just do it for one more year, not two more years. But what I want...and I also agree that if you haven't already done it, you need to make sure that anybody who was a Non-Owner-Occupied parcel owner, or a Long-Term Rental parcel

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owner, will get that classification for their vacant land when you do start taxing it again. But I want...I want to suggest there's a couple of groups of people that this bill is unfair to. One group is that a lot of people own vacant land near Lahaina, and they're getting taxed at the full market rate for that land. So, some of that vacant land is...is literally less than a mile from the vacant land that you guys are proposing to extend tax breaks for. And then the other thing it's unfair to is it's just...it's just \$22 million in a tax burden to the rest of the taxpayers in the County, away from taxpayers that own property that's actually worth a lot of money. Anyway, I tried to convince you of this last year, and I failed. That's all I have to say.

CHAIR LEE: Thank you. Member Paltin?

COUNCILMEMBER PALTIN: I wanted to clarify. So, you're okay with extending it for people who have not yet been able to rebuild, but for people that have rebuilt or have been able to occupy it again, that's who you are saying, don't waive the taxes?

MR. WILLIAMS: No, I'm saying don't waive the taxes on anybody anymore.

COUNCILMEMBER PALTIN: Oh.

MR. WILLIAMS: I mean, look...look. I mean, think about how...what those lots are worth along Front Street. They're...they're worth 2 and \$3 million apiece, and those people are very wealthy, and they're not paying any property tax to help support the rest of the County, you know.

COUNCILMEMBER PALTIN: Yeah, and the Administration has blocked them from building for the last two years is...is why I'm questioning. I mean, it's not like they could just put in permits and like that.

MR. WILLIAMS: Well, they're not going to be taxed on a building they haven't got. They're just taxed on the land. And if they're a homeowner, they're going to get a \$300,000 exemption on the land value.

COUNCILMEMBER PALTIN: But they're not able to live on it.

MR. WILLIAMS: Same with the long-term rental.

COUNCILMEMBER PALTIN: If there's no house, then they're not able to live on it.

MR. WILLIAMS: But that's true of a lot of the other vacant land right around Lahaina, is...is for one reason or another, it's not developable, but it's certainly being taxed.

COUNCILMEMBER PALTIN: I guess...I mean, my clarification is, in the rebuild, people outside of the Special Management Area, outside of the historic district, outside of the shoreline area, were much easily...easier able to rebuild than people in the shoreline, people in the historic district, people in the Special Management Area. So, not everyone was given similar opportunities to move forward with their lives and rebuild. The easiest people

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that had the opportunity to rebuild was everyone above the highway. Everyone below the highway in Lahaina has had numerous hurdles that have not yet been even set up through no fault of their own. *(pause)* So, clarifying...even with that knowledge, you still think they should be taxed?

MR. WILLIAMS: Yes, I think they should be taxed on the value of their vacant land. It's worth a lot of money. And...and why...why should they be treated differently than owners of other vacant land around the County?

COUNCILMEMBER PALTIN: Okay. Thank you.

CHAIR LEE: Anybody else?

MR. WILLIAMS: Sure.

CHAIR LEE: Anybody else? No more questions. Next testifier?

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 RPTR-9 for Bill 144, please identify yourself now. On Teams, you can do that by using the raise-hand function. We'll do a countdown...three, two, one. Chair, there is no one else to testify.

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

COUNCILMEMBERS: No objections.

CHAIR LEE: So ordered.

**. . . END PUBLIC TESTIMONY FOR RPTR-9 . . .**

CHAIR LEE: So, this is RPTR-9, Bill 144, which...the purpose of which is to extend Maui wildfire property tax relief by continuing exemptions through June 30th, 2028. And this measure was introduced by Member Sugimura.

COUNCILMEMBER SUGIMURA: Thank you, Chair. So, I wanted to explain why I came up with this proposal. And in the...on the August 6th, 2025, DRIP Committee, discussion about long-term recovery operations with the Office of Recovery was discussed. And I asked a question about rebuild of Lahaina's commercial properties. And at that meeting, if you recall, I think it was Managing Director who said they will, or they are, January or something. The Office of Recovery Administrator noted that Lahaina's recovery has prioritized rebuilding homes, which we saw, and improving infrastructure, and that economic recovery programs for commercial properties had begun...will begin in January, 2026. Towards the end of September, the focus of Lahaina's recovery has shifted to rebuilding Lahaina's Commercial District, which we heard that they're now focusing on. And as noted in the bill, Lahaina's recovery inches forward, and there's

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still property owners who face ongoing hardship with recovery. At the beginning of September, 491 building permits have been issued, 285 homes were under construction, and 59 homes were rebuilt in Lahaina and Upcountry. No commercial properties have been rebuilt and occupied. The wildfires have placed a financial burden on impacted property owners by extending tax relief that would provide support towards families and business owners. I did request comments from the Department of Finance, and received a response from the Department, and you may find a copy of the communication under Granicus attachment number 2. Based on the Finance's comments of Bill 144, I would like to request that 144 be deferred, or that we have a discussion and maybe defer it. The bill was not signed by Corp. Counsel, and maybe Corp. Counsel can talk about that, and get comments from the Department about this bill. But I...my focus was really to help the commercial properties that has been...as you know, no jobs, you know, people will move, right? So, there's...there's economic impacts for this, and that residents' homes, you know, which should be the focus to keep our residents safe, was the focus of, you know, the Office of Recovery and the...and the County. But this bill basically talks about the commercial properties that are still waiting, you know, as we hear often. So, if the Department and Corp. Counsel...

CHAIR LEE: Finance? Either one. *(pause)* Go ahead.

MS. STOCKWELL: Thanks, Chair. So, I think some of our comments, and you can see our comments, have more to do with the properties in the red/yellow.

CHAIR LEE: Could you speak a little bit louder, please?

MS. STOCKWELL: Sorry. So, I think some of the comments that we had had to do with properties in the red/yellow zone. So, for most properties in the burn zones, rights-of-way are open, and infrastructure is available. Currently in the yellow zone, 44 parcels in the yellow zone have applied for long-term rental exemptions, 200 have the homeowners exemption...have applied for the home exemption or have been granted the home exemption. You know, I kind of looked on Vrbo as well, and a lot of the properties...multiple properties are being listed on Vrbo. So, that was some of our concerns. If you blanket the...that red/yellow zone, is that...you know, it's able to use now. It is open and available for the public. So, that was one of our concerns for that red/yellow zone. And I just wanted to clarify, you did address the...in this bill, it does address that the exemptions that were in effect for the tax year 2024 would remain in effect through December 31st, 2028. So, we would keep those as they were. So, they would stand all the way through 2028 under this bill. Thank you.

CHAIR LEE: Okay.

COUNCILMEMBER SUGIMURA: Again, yeah.

CHAIR LEE: Did you want to add something, Marcy?

MS. MARTIN: I think too, if you wanted to refine who the exemption was granted to, you could put clarifying language. So, B talks about properties that were completely destroyed.

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So, I think that would be your...your baseline. And then you would...if you wanted to exclude those properties that had a building permit issued after August 8th, '23, and has received a final permit approval, you could do that. And where...where D is those properties that weren't destroyed. So, if those can be occupied, then those would fold back on...on the roll. So, the properties that are completed and the properties that didn't get destroyed and can be occupied could roll back on the...on the roll, but we just have to provide clarifying language.

COUNCILMEMBER SUGIMURA: Okay.

CHAIR LEE: Did you want to hear from Corp. Counsel?

COUNCILMEMBER SUGIMURA: Yeah, I want to hear from Corp.--because it's not signed.

CHAIR LEE: Ms. Toshikiyo?

MS. TOSHIKIYO: Yes, thank you, Chair. So, I did not review the version of the bill that was posted, Bill 144. It is pretty broad, and I would need more time to review this version. If there are refinements, then I'd be happy to...to review those, any potential amendments.

COUNCILMEMBER SUGIMURA: Okay. So, this discussion is really good. And listening to the...the testifiers...because again, my intent was...there's...there's houses coming up, even in Kula. The commercial properties was my concern, as I said in my opening comments. Because when I first started writing this, there was nothing going on. But recently, ending of September, there is something going on, but very little. So, if you talk to the landowners who are the commercial landowners, they have...they feel forgotten. So, I wanted to be sure that we are able to ensure that they can keep their businesses, whatever they had going on their empty property, or, you know, whatever the intention was, that they don't feel like, you know, they're losing more money than they actually are, is really what's happening, and what I'm hearing from the actual commercial property owners. And I wasn't really talking about residents because we are helping residents as much as we can, I hope. So...so, if you're --

CHAIR LEE: Okay.

COUNCILMEMBER SUGIMURA: -- asking...if Corp. Counsel and the Department can work with me, and we can come up with a bill, then we can defer this, and come up on November 12th or 13th, is your next meeting? I think 13th.

COUNCILMEMBER PALTIN: Tomorrow.

COUNCILMEMBER SUGIMURA: Oh, you have another meeting tomorrow, sorry.

CHAIR LEE: Well, I think that we don't need tomorrow.

COUNCILMEMBER SUGIMURA: Yeah, it sounds like...

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CHAIR LEE: You don't have enough time to get with the departments.

COUNCILMEMBER SUGIMURA: Yeah. But if you don't mind, Members, if I could take a crack at this, and trying to figure out how to help the commercial property owners.

CHAIR LEE: Tomorrow might be a good day for you to think about what changes you might want, as all of us have changes we have to make, and work on...use the time to work on our...our proposals, rather than in a meeting where we're going to talk about the same things again.

COUNCILMEMBER SUGIMURA: Okay.

CHAIR LEE: Yeah.

COUNCILMEMBER SUGIMURA: And really important for me to have Corp. Counsel, you know, sign off on this and make sure that we are doing what we need to do. So, thank you.

CHAIR LEE: Okay. I think...is it November 12th and 13th? 12th and 13th are the next two meetings --

COUNCILMEMBER SUGIMURA: Oh, after...

CHAIR LEE: -- and our last two meetings in November, yeah?

COUNCILMEMBER SUGIMURA: Okay. Okay.

CHAIR LEE: Member Paltin?

COUNCILMEMBER PALTIN: I guess...so my preference is that this wouldn't apply to any properties that were sold after August 8th, 2023, because they knew what they were purchasing into. They didn't lose anything. You know what I'm saying? So, that would be number one, my preference, that it wouldn't apply to any properties that have been sold after August 8th, 2023. My question, maybe for Real Property, can you remind me of red and yellow zone? Yellow zone was just restricted entry after the fire, but the house was still standing, and red zone was destroyed. Is that what it was? I just wanted to verify...clarify that.

CHAIR LEE: Finance?

MS. STOCKWELL: So, we had the...so we had completely destroyed properties --

COUNCILMEMBER PALTIN: Is red.

MS. STOCKWELL: -- was in the red zone, and then the properties on the outskirts of that became that yellow zone. So, they weren't destroyed, but they were within...the

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infrastructure was closed down during that portion, went into that yellow zone. So, anything without infrastructure.

COUNCILMEMBER PALTIN: So, I think by now, the yellow zones, people are still...so I wouldn't support yellow zone.

MS. STOCKWELL: So, there...as of now, there's very little parcels in that. I'd have to relook at it, but I think there was about 142 parcels now in that yellow zone.

COUNCILMEMBER PALTIN: Oh, as...as the infrastructure comes back, it's taken out of the yellow zone?

MS. STOCKWELL: It's then taken off. So, every week we get reentry maps and updated data. It was quite often, and we've been kind of keeping track of that. So, we're down to very little parcels now in that yellow zone.

COUNCILMEMBER PALTIN: Okay. Got it.

MS. STOCKWELL: I think it's 142 parcels.

COUNCILMEMBER PALTIN: And then, like I mentioned in testimony clarification, it's not only commercial that has been hindered. There's people along the shoreline who've not been allowed to move forward. So, if we're exempting commercial, everybody in the shoreline that hasn't been allowed to move forward should be included in that, as well as historic and SMA. Because it's not that people haven't been trying, it's that the County is preventing them, same as they're preventing the commercial. So, I think that's the divider for me, not whether it's commercial or residential. It's the people that have not been able to move forward because they're on the shoreline, because of all these other reasons versus the people that, you know, go through 4LEAF fast track, can start going. That's the divider, not whether it's commercial or what to me. And I think before, Member Rawlins-Fernandez had her hand up.

CHAIR LEE: Member Rawlins-Fernandez?

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Mahalo, Chair. My question is for you, Chair. You just said that our next RPTR Committee meeting is November 12 and 13. I thought that was when first reading of Bill 9 is going to be.  
*(pause)*

CHAIR LEE: Yeah. Now that I think about it, 12 is the first reading for Bill 9. But we have...maybe it's the 17th, 18th.

MS. SZABO: . . .*(inaudible)*. . .

CHAIR LEE: Oh.

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VICE-CHAIR RAWLINS-FERNANDEZ: Okay. Well, I mean, you can come back to this question after. I just wanted to clarify because the date has been moving around a lot, and that would be the first that I'm hearing that first reading date has been changed. So, you can go to Member Sugimura because I think she wanted to kind of continue the discussion that Member Paltin was having. And then...

CHAIR LEE: So, just for clarification, we...we are having the first reading on November 12 --

COUNCILMEMBER SUGIMURA: Correct.

CHAIR LEE: -- for Bill 9. In the afternoon...I think you said in the afternoon, we continue RPTR, and then the next day as well. That's for everybody. Okay. Member Sugimura?

VICE-CHAIR RAWLINS-FERNANDEZ: . . . *(inaudible)*. . . first reading in half day?

COUNCILMEMBER SUGIMURA: Yeah, I know.

CHAIR LEE: We can always dream.

VICE-CHAIR RAWLINS-FERNANDEZ: I like to dream too, but I also am realistic. And as I stated in my email that I sent last month, I am leaving the country again on the 13th. So, I'm not going to be here if you guys are going to recess Bill 9 for a later time. And so, that whole thing is not being planned out well. So, if that --

CHAIR LEE: Well...

VICE-CHAIR RAWLINS-FERNANDEZ: -- could be planned out.

CHAIR LEE: Actually, today's TIG meeting ended up...ended really early.

COUNCILMEMBER PALTIN: That's because we couldn't...

VICE-CHAIR RAWLINS-FERNANDEZ: But that's also not Bill 9. That's just a TIG report.

CHAIR LEE: I know, I know, I know. But it...it seemed very not contentious. You know, it seemed like people were resigned to...to whatever the Council comes up with. It...it sounded...I don't know, it didn't sound very...like we would have a hard time. But now that I've said it, I've probably jinxed the whole thing.

COUNCILMEMBER SUGIMURA: Yeah.

CHAIR LEE: Yeah.

COUNCILMEMBER PALTIN: Good one, Chair. Good one.

CHAIR LEE: Yeah.

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COUNCILMEMBER SUGIMURA: You got to go like this.

COUNCILMEMBER PALTIN: All your fault.

CHAIR LEE: Yeah. All my fault.

VICE-CHAIR RAWLINS-FERNANDEZ: Oh, no. There hasn't been YouTube ads on the TIG report. There's been YouTube ads on Bill 9, so...

CHAIR LEE: Okay. So, anyway, the Council meeting...the special Council meeting on the 12th, don't worry about the RPTR meeting. We can keep going on the Council meeting as long as we want. Yep.

COUNCILMEMBER SUGIMURA: Good.

CHAIR LEE: Okay. So, you had your hand up?

COUNCILMEMBER SUGIMURA: I did.

CHAIR LEE: Member Sugimura?

COUNCILMEMBER SUGIMURA: Yeah. So, thank you, Member Rawlins-Fernandez. So, based upon what Member Paltin just said, I wanted to know if Finance would be able to have this kind of data. So, what she said that...I...I was looking at commercial, but she said also the historic area, SMA, shoreline, and so it's not only commercial. Can you get that data?

CHAIR LEE: Okay. You guys are going to work on this separately, right?

COUNCILMEMBER SUGIMURA: Is that available? Yeah.

CHAIR LEE: Go ahead. You can answer it right now.

COUNCILMEMBER SUGIMURA: I just want...I just wanted to know in general.

MS. STOCKWELL: Yeah, that would be available.

COUNCILMEMBER SUGIMURA: Okay.

MS. STOCKWELL: If you could just give that to us in writing, we can get that to you.

COUNCILMEMBER SUGIMURA: Okay. Thank you.

CHAIR LEE: Okay. All right. Any more on that item?

COUNCILMEMBER SUGIMURA: We'll be back. Thanks.

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CHAIR LEE: So, we're on...so any objections to deferring RPT-9...RPTR-9?

COUNCILMEMBERS: No objections.

**COUNCILMEMBERS VOICED NO OBJECTIONS.** (Excused: TK)

**ACTION: DEFER pending further discussion.**

**ITEM 10: BILL 145 (2025), ESTABLISHING A REAL PROPERTY TAX EXEMPTION FOR VACANT LANDOWNERS ON THE UPCOUNTRY WATER SERVICE PRIORITY LIST**

CHAIR LEE: So, now on the last item, Bill 145.

COUNCILMEMBER SUGIMURA: Yeah.

CHAIR LEE: James?

MR. KRUEGER: Chair, proceeding with testimony on RPTR-10 for Bill 145. The first person signed up to testify is Tom Croly.

**. . . BEGIN PUBLIC TESTIMONY FOR RPTR-10 . . .**

MR. CROLY: Aloha. One more time. Bill 145, I certainly understand an Upcountry property owner with a vacant parcel who's unable to obtain a water meter being frustrated by taxation that's on his lot that he can't develop. Very similar to what we just...what you were just discussing about in town. But this issue really should be addressed, and I...I think Real Property Tax will tell you that it is...is addressed in the assessed value of that property. I...I...I would be afraid that if we gave them a \$50,000 exemption, then Real Property Tax would say, okay, now I'm going to value your property the same as somebody who does have a water meter. And \$50,000 wouldn't even be close to the reduction in...in value of that property by not being allowed...able to...to develop it. So, you need to have a discussion with RPT as to how they do this. But when...when a vacant property Upcountry that can't be developed is assessed, its value is way lower if it doesn't have infrastructure to be built. And I don't think that it needs an additional exemption. And then like I say, I'm afraid the additional exemption could turn into...make it even more difficult to...to assess the value. So, I'm...I'm not in support of this, even though I...I...I definitely would give a break to these folks who have properties that they...they are stuck and can't develop. Thank you, Chair.

CHAIR LEE: Questions, Members? No questions? Thank you very much, Tom. James?

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

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TESTIFIER 1: Aloha. This is an allodial land tenant and royal patent heir under Hewahewa, Land Commission Award 3237, Royal Patent 7...oh, wait...7447. And I just wanted to ask and clarify because I was wondering if this person is an heir of that exact royal patent that is over there, and if he filed the paperwork as a...for heirship, and clarifying that is...is his 'ohana's 'āina? Because if he never did any of that, and cannot prove that he is a descendant and an heir, that land shouldn't even be going to him. And that land shouldn't even be going to you guys. I mean, it's only supposed to go back to the heirs on the royal patent. And there's three different lands in Hawai'i. There's crown land for all the people, there's royal...regular royal patented lands, and then there's government lands. And it needs to be, by law, given back to the royal patent heirs and descendants. Hawai'i Revised Statute 172-11. You guys aren't even following the...all your guys' own law. They...there's paperwork already filed from all the 'ohanas already. I don't know why it's not being recognized. Even though if they sold the land and that person bought the land and trying to switch the name to somebody else or sell it, it's supposed to go back to the original patent, which is the royal patent Land Commission Award from Kamehameha III, Kauikeaouli, where the fires happened. That's where his house is. But yeah, I just wanted to...what is that called?...remind you guys about that again, about the royal patent real property Land Commission awards. Mahalo.

CHAIR LEE: Thank you. Members, are there any questions? No questions. Thank you. James?

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 we'd like to testify on RPTR-10 for Bill 145, please identify yourself now. On Teams, you can do that by using the raise-hand function. We'll do a countdown...three, two, one. Chair, there is no one else to testify.

CHAIR LEE: Any objections to closing public testimony on Bill 145 and accepting written testimony?

COUNCILMEMBERS: No objections.

CHAIR LEE: So, ordered.

**. . . END PUBLIC TESTIMONY FOR RPTR-10 . . .**

CHAIR LEE: So, Bill 145 (2025), establishes a Real Property Tax Exemption for Vacant Landowners on the Upcountry Water Service Priority List. And this proposal is by Member Sugimura.

COUNCILMEMBER SUGIMURA: Thank you, Members. I...I will tell you that this did come from constituents calling my office, and so that's where this thought came from. Bill 145 creates a real property tax exemption for parcels on the Department of Water Supply's Upcountry Water System Priority List. It offers targeted relief during a long meter queue. The Upcountry List exceeds 1,400 parcels, with some applicants waiting since 2003. Many parcels cannot obtain meters because of water infrastructure limits, yet owners

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still face rising property taxes. This exemption acknowledges that taxpayers' patience...oh, acknowledges these taxpayers' patience and hardship. If the assessed value, vacant land value, is 50,000 or less, the parcel receives a full exemption. If the assessed value is more than 50,000, the parcel receives a 50,000 max exemption. The exemption is limited to one parcel per taxpayer, excludes corporations, partnerships, and companies, and requires an annual application submitted by December 31st for the upcoming tax year. If eligibility ends mid-year, the exemption is revoked, and taxes for the entire year are recalculated without the exemption. Thank you, Chair.

CHAIR LEE: Hmm, interesting. Okay. Any comments, questions, Members? Member Paltin?

COUNCILMEMBER PALTIN: I'd like to hear what the Finance Department has to say.

CHAIR LEE: Finance Department? You both can feel free to give your comments.

MS. STOCKWELL: All right. So, currently, real property, when we assess values, we do take into account if they have a water meter or not. So, that is done through the assessment process. So, a property...a vacant property with a water meter versus a vacant property without a water meter, we take paired sales analysis to see what the discount should be. And like Mr. Croly said, we do do a discount for properties that do not have a water meter. So, we are doing that currently. So, we are giving that exemption. They are getting a lowering of value, which would then, in return, create a lowering of taxes that they would need...need to pay for that property. So, an exemption would almost be like a double-dipping.

COUNCILMEMBER PALTIN: Would you...

MS. STOCKWELL: That would be giving them the...

COUNCILMEMBER PALTIN: In order to not double-dip, would you assess it as though it had . . .*(inaudible)*. . .

MS. STOCKWELL: Well...

COUNCILMEMBER PALTIN: Would you assess it differently?

MS. STOCKWELL: No, because that's...that's...that they have a deficiency in that property. And that's...we have to assess at highest and best use. And that would be...you know, we'd have to assess without the water meter and everything. So, we do do that to properties all across the County. So, there's the Upcountry --

COUNCILMEMBER PALTIN: Equality.

MS. STOCKWELL: -- properties aren't the only properties that can't get water. We have properties in Kahakuloa. We have properties...you know, there's properties all over the County that can't get water. And we do do this for everybody. So, it's...you know, we

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treat all the properties without a water meter equitably, and give them that discount at that time.

COUNCILMEMBER PALTIN: And as any fire survivor has heard ad nauseam, no double-dipping.

CHAIR LEE: This isn't...isn't this similar --

COUNCILMEMBER PALTIN: Thank you. I'm done.

CHAIR LEE: -- to the one that we brought up in the beginning?

COUNCILMEMBER SUGIMURA: 143.

CHAIR LEE: Or does it...is...is there a distinction?

COUNCILMEMBER SUGIMURA: Oh, the empty land.

MS. MARTIN: Well, it is similar in the sense that all properties in a similar state should be treated the same. I did just want to bring one clarifying question, is that...so this Code would be 3.48.463, which falls in the filing requirements under 3.48.410. So, would mean you would expect them to apply.

COUNCILMEMBER SUGIMURA: Say it again. What did you say? I'm sorry.

MS. MARTIN: So, under --

COUNCILMEMBER SUGIMURA: 3.4...

MS. MARTIN: -- 3.48.410, Filing Requirements, it states Sections 3.48.450 through 3.48.466 is subject to filing requirements. And so, this is 3.48 --

COUNCILMEMBER SUGIMURA: .463.

MS. MARTIN: -- .463. They would be subject to the filing requirements, that it wouldn't be automatic. I'm just pointing that out.

COUNCILMEMBER SUGIMURA: Oh. Oh, I see. Yeah. *(pause)* Okay. Double-dipping. So, we don't want double-dipping. Sorry, it was not explained to me like that. That was not the intention. But was...it really was to hear out, you know, the concerns of the constituents who called, you know, talking about the inequity. So, maybe...do you explain to them when they get their real property tax bill, or is there an explanation as to why?

CHAIR LEE: Ms. Martin?

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MS. MARTIN: Yeah. Thank you, Chair. I will defer to Kari as well. But please tell anyone who does complain to you, just call us. If you have a unique property like that, it really behooves you to call us, and let us review the property.

MS. STOCKWELL: Yes. Please, please, please, call us. Because, you know, everyone's...we don't...we try to keep every...you know, all our records correct. But every once in a while, there is a property that doesn't have water, that we didn't realize didn't have water at that time. So, as soon as they call us, you know, we can correct it, make the changes needed. And we can...you know, we can show them that they do have that discount, and if they didn't have the discount, what their value would be. But because they do have a discount, this is how much lowering of values that happens. So, I...that really helps when they can actually see that this person is paying this amount...you know, is assessed at this value and paying this taxes, but because they don't have a water meter, we are taking that into account. And we do acknowledge that, and recognize that there is a deficiency in their property.

COUNCILMEMBER SUGIMURA: In writing? I mean, do they get that in writing? Or...or...

MS. STOCKWELL: They can if they want it. We will email them...and if they ask us to email them, we...we can email them the amounts and everything. You know, their property record card --

COUNCILMEMBER SUGIMURA: Okay.

MS. STOCKWELL: -- we'll give that to them. That's their property. Yes.

CHAIR LEE: Member Johnson?

COUNCILMEMBER JOHNSON: Oh, my...some of my questions were answered by the Department. Thank you so much. But I figured I'd ask Corporation Counsel. It's not signed.

CHAIR LEE: Corporation Counsel?

COUNCILMEMBER JOHNSON: Is that double-dipping part of the concerns?

MS. TOSHIKIYO: I think that's part of the concerns that would need to be fleshed out. If that's the intention of, you know, going forward with this bill, we'd have to figure out a way to make it equitable for everyone.

COUNCILMEMBER JOHNSON: Yeah.

MS. TOSHIKIYO: But I've also been informed by Finance, too, that they're not taking any new...is that correct?...any new applicants to the...this water system list.

COUNCILMEMBER SUGIMURA: Water meter.

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MS. TOSHIKIYO: The water meter, yeah --

COUNCILMEMBER SUGIMURA: Yeah, yeah.

MS. TOSHIKIYO: -- the water meter list. So, then there's an equity issue there as well between those that are...were able to get on the list previously are still on the list, and those that could qualify for the list if it were still open. So, then again, they would receive a different tax benefit. But I believe that they already get those adjustments to the valuation.

COUNCILMEMBER SUGIMURA: So interesting.

COUNCILMEMBER JOHNSON: So, Department, is that true that if there...there's a parcel that can't get on the list because they're not accepting the list, do you lower it even more because there's no...they're not on the list, there's no light at the end of the tunnel for these folks?

COUNCILMEMBER PALTIN: . . .*(inaudible)*. . .

COUNCILMEMBER JOHNSON: I know, right, it's even worse for those guys.

CHAIR LEE: Ms. Stockwell?

MS. STOCKWELL: So, there's...so that we make an adjustment for all parcels that it's...it's not based on if you're on the list or not.

COUNCILMEMBER JOHNSON: Okay.

MS. STOCKWELL: It's just if you have...you're able to...if you have a water meter or don't have a water meter...or a catchment. Because there are properties...

COUNCILMEMBER JOHNSON: Right.

MS. STOCKWELL: So, once you cure your deficiency, you no longer qualify for that adjustment. So, if you...you know, there are people on a catchment, so once they get that catchment --

COUNCILMEMBER JOHNSON: Right.

MS. STOCKWELL: -- put in, then they know no --

COUNCILMEMBER JOHNSON: They cured their deficiency.

MS. STOCKWELL: -- the water has been cured, so --

COUNCILMEMBER JOHNSON: I like that.

MS. STOCKWELL: -- they no longer...even if they don't have a water meter, they --

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COUNCILMEMBER JOHNSON: Yeah.

MS. STOCKWELL: -- are not eligible for that discount. So, it's not based off if they're on the water meter list. That does help us to see if...you know, that's --

COUNCILMEMBER JOHNSON: Yeah.

MS. STOCKWELL: -- one check for us, but no...no, that doesn't change our --

COUNCILMEMBER JOHNSON: Okay.

MS. STOCKWELL: -- valuation.

COUNCILMEMBER JOHNSON: Well, I appreciate Councilmember Sugimura's concerns for your community, but that sounds like a can of worms. Are you...do you plan to defer that, Councilmember Sugimura?

COUNCILMEMBER SUGIMURA: . . .*(inaudible)*. . .

COUNCILMEMBER JOHNSON: Okay.

COUNCILMEMBER SUGIMURA: Yeah.

COUNCILMEMBER JOHNSON: What's...what's your plan with this bill?

COUNCILMEMBER SUGIMURA: I think we can't proceed if I hear double-dipping.

COUNCILMEMBER JOHNSON: Yeah.

COUNCILMEMBER SUGIMURA: But I...I...give us your phone number so that the people listening can call you.

CHAIR LEE: Well, at the very least, you would be giving them information that there is a possibility that their assessment could be adjusted downward.

COUNCILMEMBER PALTIN: . . .*(inaudible)*. . .

CHAIR LEE: Yeah.

COUNCILMEMBER SUGIMURA: Yeah.

CHAIR LEE: Okay.

COUNCILMEMBER SUGIMURA: As long as they understand what's going on. I mean, I didn't realize all of this until now.

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CHAIR LEE: All right. That brings us to the end of the agenda.

COUNCILMEMBER SUGIMURA: Okay. And no meeting tomorrow.

CHAIR LEE: And what, we passed out one item? . . .*(laughing)*. . . But at the next meeting, we're going to pass them all out, or at least dispose of all of them one way or the other, okay? And...and this is very good because when it's budget time, we'll have fewer issues on real property. You know, we...we'll have taken care of a lot of things outside from the budget time. Because you know how in budget time, it's really hard to take care of issues that...that should be done not during budget time. Okay. Any last comments or questions?

MR. KRUEGER: Oh.

CHAIR LEE: One more time, when is our next meeting? Oh, I know what. There's no need for a meeting tomorrow. Okay. There's no...we thought maybe this could have gone long and set the meeting for tomorrow, and so there's...there's nothing to do for tomorrow. What would be helpful is, all of you work on your changes or new proposals with Finance or anybody else, Corp. Counsel, and be ready for November 12th, right?

MR. KRUEGER: Chair, apologies, just real quick. Could we clarify if that last item, is it deferred?

CHAIR LEE: Yes, I said deferred. Yeah.

MR. KRUEGER: Okay. Thank you, Chair.

COUNCILMEMBER SUGIMURA: Filed. You said filed.

CHAIR LEE: Did I say filed?

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

CHAIR LEE: Do you want to file it? Any objections to filing the last item?

COUNCILMEMBERS: No objections.

CHAIR LEE: You can ask me to keep it alive, but this...this Committee is not going to be alive after. This is only for a set...set period of time. So...

VICE-CHAIR RAWLINS-FERNANDEZ: Chair? Chair?

CHAIR LEE: Yes, Member Rawlins-Fernandez?

VICE-CHAIR RAWLINS-FERNANDEZ: Yeah, I have an objection to filing it. I'd rather just, like, let it defer and die than like to have OCS Staff do the work of doing a CR to file it so that we can take action on it. Just leave it in Committee and let it...let it die.

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CHAIR LEE: Okay. We could do that too, and let it auto-file at the end of the term, okay? Any objections to that?

VICE-CHAIR RAWLINS-FERNANDEZ: But Chair?

CHAIR LEE: Yes?

VICE-CHAIR RAWLINS-FERNANDEZ: No objection. I heard you, again, say that we're having a RPTR meeting on November 12th.

CHAIR LEE: I'm just double-checking.

VICE-CHAIR RAWLINS-FERNANDEZ: I thought you just said we weren't.

MR. KRUEGER: Chair? Perhaps Staff could just touch base with you afterwards, and...and we may need to reevaluate when the next meeting might be. I...I think the polling's that occurred for the November RPTR meetings might have occurred prior to the scheduling of the Bill 9 --

CHAIR LEE: Okay.

MR. KRUEGER: -- meeting.

CHAIR LEE: But nothing is impossible, see? First priority is the Council meeting. If it...if we believe it's going to...we're going to take more time with the Council meeting, we can...we can open the meeting and recess this one, and...and then take as long as we want with the Council meeting. So, don't worry about that. Because we set aside two days, the 12th and the 13th, so we have the whole day on the 13th to take up RPTR.

VICE-CHAIR RAWLINS-FERNANDEZ: Well, I mean it did take us like five days in Committee.

CHAIR LEE: What's that?

VICE-CHAIR RAWLINS-FERNANDEZ: It did take us five days in Committee.

CHAIR LEE: Oh, you mean for Bill 9?

VICE-CHAIR RAWLINS-FERNANDEZ: For Bill 9, five days.

CHAIR LEE: Yeah. Okay. But you have to think positive, okay? Think positive, all right?

VICE-CHAIR RAWLINS-FERNANDEZ: I...I am. I'm generally positive, but I'm also realistic. So...okay. So, what you're telling me is we're going to post an agenda for a RPTR on November 12th at 1:30, but if Bill 9 special Council meeting is still going, that we're going to call the meeting to order at 1:30, and then recess it to another date?

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CHAIR LEE: Well, you have to realize, yeah, that we have had a real challenge scheduling and balancing all these balls in the air. RPTR was scheduled before the Council meeting, and then we had to move --

VICE-CHAIR RAWLINS-FERNANDEZ: Yeah.

CHAIR LEE: -- we...we had to move that Bill 9 meeting all over the creation. And so --

VICE-CHAIR RAWLINS-FERNANDEZ: We sure have.

CHAIR LEE: -- even today...even today, they took...they took half of my day today. Today, we had this scheduled for all day today and all day tomorrow, and then they took half a day from each day, today and tomorrow.

VICE-CHAIR RAWLINS-FERNANDEZ: Yeah.

CHAIR LEE: So, being the...the good sports we are, we accommodated everybody. So, since we did it today, we can also do it on November 12th. So, trust me --

VICE-CHAIR RAWLINS-FERNANDEZ: Yeah.

CHAIR LEE: -- Bill 9 is the priority. Okay?

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. Yeah. I gave up my whole Committee day for the TIG report that only took half a day --

CHAIR LEE: Yeah.

VICE-CHAIR RAWLINS-FERNANDEZ: -- which is fine, I'm not...I'm not complaining about that. I am complaining about Bill 9 being rescheduled and scheduled all over the place. Because it was supposed to be October 13, then October 28, and then November 12, and hopefully it remains November 12. And then second reading, I guess, on what, December 5th or something? But...okay.

CHAIR LEE: Right. You know, I appreciate...I can understand how everybody might be upset about that, but believe me, it was beyond our control, honestly. All right. Members, if there's nothing else, this meeting is adjourned. Thank you. And no meeting tomorrow.  
...*(gavel)*...

**ADJOURN:** 4:15 p.m.

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Transcribed by: Daniel Schoenbeck

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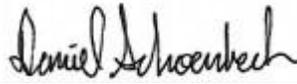
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CERTIFICATION

I, Daniel Schoenbeck, hereby certify that pages 1 through 65 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 5th day of November 2025, in Wailuku, Hawai'i



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Daniel Schoenbeck