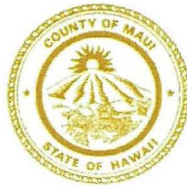


**RICHARD T. BISSEN, JR.**  
Mayor

**MARCY MARTIN**  
Director

**MARIA E. ZIELINSKI**  
Deputy Director



**DEPARTMENT OF FINANCE**  
COUNTY OF MAUI  
200 SOUTH HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.mauicounty.gov](http://www.mauicounty.gov)

August 7, 2025



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

**APPROVED FOR TRANSMITTAL**

*Richard T. Bissen, Jr.* 8-8-25  
Mayor Date

For Transmittal to:

Honorable Alice L. Lee, Chair  
Maui County Council  
200 South High Street  
Wailuku, Hawaii 96793

Dear Chair Lee:

**SUBJECT: A BILL FOR AN ORDINANCE TO AMEND SECTION 3.48, MAUI COUNTY CODE, RELATING TO THE REAL PROPERTY TAX ASSESSMENT OF NONTAXABLE PROPERTY**

In response to BFED Committee Chair Yuki Lei K. Sugimura's November 18, 2024 request regarding real property tax exemptions, the Department of Finance is transmitting a proposed bill entitled, "A BILL FOR AN ORDINANCE TO AMEND CHAPTER 3.48, MAUI COUNTY CODE, RELATING TO REAL PROPERTY TAX ASSESSMENT OF NONTAXABLE PROPERTY." May we please request this bill be placed on the next Council meeting agenda.

The purpose of the proposed bill is to clarify that vacant land leased under section 207 of the Hawaiian Homes Commission Act, 1920, as amended, is not subject to real property taxation including the minimum tax. Further, improvements on real property subject to a lease under section 207 of the Hawaiian Homes Commission Act, 1920, as amended, will be exempt from real property taxation, except the minimum tax, beginning the eighth year of the original lease term.

There are about 292 vacant parcels being leased that are not subject to taxation including the minimum tax. Adding "of land" in Maui County Code (MCC) 3.48.175 and 3.48.590, will clarify that only vacant land is not subject to taxation including the minimum tax. Defining "Improved real property" will also assist in distinguishing between vacant land and real property that is improved. This clarification will not impact revenue.

The proposed amendment also creates MCC 3.48.541 which exempts real property improvements to land subject to a lease under section 207 of the Hawaiian Homes Commission Act, 1920, as amended. The exemption will not require an application as the parcels can be automatically identified. Item B provides that the exempt improvements will be subject to the minimum tax.

When considering this amendment, please note the following:

- There are about 1,503 parcels being assessed with improvements.
  - About 1,007 already pay minimum tax and therefore would not benefit from this amendment.
  - The exemption would benefit about 496 parcels that pay more than the minimum tax.
- The annual revenue impact is estimated at -\$406,200.
- Similar properties are non-taxable in Kauai County. Currently, the City and County of Honolulu, Maui County and Hawaii County all tax net-taxable improvement value.
- There are about 255 delinquent parcels that would be impacted by this amendment that owe about \$1,115,613.94 in prior year taxes with an additional \$109,393 in penalties and \$901,827 in interest for a total delinquent balance of \$2,126,889 as of July 31, 2025.

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me or Deputy Director Maria Zielinski at extension 7722.

Sincerely,



MARCY MARTIN  
Director of Finance

Attachments