

COUNCIL OF THE COUNTY OF MAUI
SPECIAL COMMITTEE ON REAL
PROPERTY TAX REFORM

December 5, 2025

Committee
Report No. _____

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Special Committee on Real Property Tax Reform, having met on November 13, 2025, makes reference to Bill 170 (2025), entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 3.48.810, MAUI COUNTY CODE, ESTABLISHING A NEW CIRCUIT BREAKER TAX CREDIT CATEGORY."

Bill 170's purpose is to establish an income-based real property tax credit of up to \$10,000 for qualified homeowners whose prior year's real property taxes exceed: 1) two percent of household income; or 2) the minimum tax in the annual budget ordinance, subject to eligibility conditions.

Your Committee notes that the circuit breaker tax credit is limited to homeowners who meet income, age, and filing requirements and whose building values are below set limits.

Your Committee further notes that the building-value threshold prevents newly-built, higher-value homes from receiving tax relief intended for resident owners of modest homes on fixed or moderate incomes. Despite the threshold, many have seen their assessed values and tax bills increase because of market pressure. Some long-term owner-occupants no longer qualify for the tax credit because their building values exceed the cap even though their tax burden remains high relative to income.

A representative from the Department of Finance reported that the circuit breaker tax credit helps about 300 homeowners annually.

COUNCIL OF THE COUNTY OF MAUI

SPECIAL COMMITTEE ON REAL PROPERTY TAX REFORM

Page 2

**Committee
Report No.** _____

She explained that properties receiving the ‘āina kūpuna credit pay minimum tax only and would not benefit from the new circuit breaker tax credit, avoiding duplicate relief.

The Director of Finance anticipates a limited effect on revenues.

Your Committee amended Bill 170 to clarify that the eligibility requirements are:

- The homeowner has been granted a home exemption “on the property receiving the tax credit”;
- The homeowner and the property must jointly qualify for the tax credit; and
- The homeowner has been granted a home exemption on the property receiving the credit for at least 15 of the prior 20 tax years.

Your Committee finds that Bill 170, CD1, furthers the following Countywide Policy Plan objectives (page 57):

- “Seek innovative ways to lower housing costs without compromising the quality of our island lifestyle.”
- “Manage property-tax burdens to protect affordable resident homeownership.”
- “Explore taxation mechanisms to increase and maintain access to affordable housing.”

Your Committee also finds that Bill 170, CD1:

COUNCIL OF THE COUNTY OF MAUI

SPECIAL COMMITTEE ON REAL PROPERTY TAX REFORM

Page 3

**Committee
Report No.** _____

- Provides targeted RPT relief to long-term owner-occupants whose tax burden exceeds their income; and
- Ties circuit breaker eligibility to ownership history and household income, which focuses tax relief on generational homeowners.

Your Committee voted 3-0 to recommend passage of Bill 170, CD1 (2025), on first reading. Committee Chair Lee and members Johnson and Sugimura voted “aye.” Committee Vice-Chair Rawlins-Fernandez was excused.

Your Committee is in receipt of Bill 170, CD1 (2025), approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee’s recommended revisions and nonsubstantive revisions.

Your Special Committee on Real Property Tax Reform RECOMMENDS that Bill 170, CD1 (2025), attached, entitled “A BILL FOR AN ORDINANCE AMENDING SECTION 3.48.810, MAUI COUNTY CODE, ESTABLISHING A NEW CIRCUIT BREAKER TAX CREDIT CATEGORY,” be PASSED ON FIRST READING and be ORDERED TO PRINT.

This report is submitted in accordance with Rule 3 of the Rules of the Council.



ALICE L. LEE, Chair

ORDINANCE NO. _____

BILL NO. **170, CD1** (2025)

A BILL FOR AN ORDINANCE AMENDING SECTION 3.48.810,
MAUI COUNTY CODE, ESTABLISHING A NEW CIRCUIT BREAKER
TAX CREDIT CATEGORY

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. The Council finds that spiking property valuations caused by recent land transactions have increased tax burdens for generational families and others. This Ordinance’s purpose is to respond to that circumstance by exercising the Council’s broad powers of real property taxation under Article VIII, Section 3, of the Hawai‘i State Constitution and establishing a new tax credit for qualified homeowners. The Council’s intent in establishing this second category of “circuit breaker” tax credit is to further the following public policy objectives established in the Countywide Policy Plan:

- “Seek innovative ways to lower housing costs without compromising the quality of our island lifestyle.”
- “Manage property-tax burdens to protect affordable resident homeownership.”
- “Explore taxation mechanisms to increase and maintain access to affordable housing.”

SECTION 2. Section 3.48.810, Maui County Code, is amended to read as follows:

“3.48.810 Circuit breaker tax credit established. A.

Upon proper application, a homeowner is entitled to a credit, not to exceed \$8,200, equal to the amount by which the real property taxes calculated for the homeowner property for the prior tax year exceeds [2] two percent of household income, or the minimum tax as established in the annual budget ordinance, whichever is greater, [provided] subject to the following conditions:

[A.] 1. The homeowner has been granted a home exemption on the property receiving the tax credit for at least five out of the prior six tax years.

[B.] 2. Household income does not exceed \$126,000.

[C.] 3. The homeowner is in compliance with section 3.48.820.

[D.] 4. The credit only applies for the succeeding tax year, with no carryover credit allowed.

[E.] 5. The amount of the circuit breaker tax credit is based on the homeowner's gross building assessed value and must be phased out using the following schedule:

Homeowner's gross building assessed value	Eligible percentage of circuit breaker tax credit
Up to \$1,000,000	100%
\$1,000,001 to \$1,100,000	80%
\$1,100,001 to \$1,200,000	60%
\$1,200,001 to \$1,250,000	40%
\$1,250,001 to \$1,300,000	20%
\$1,300,001 or more	0%

[F.] 6. Taxes on the property are not delinquent for more than one year from the date the application is filed and throughout the tax year for which the credit applies.

B. Upon proper application, a homeowner is entitled to a credit, not to exceed \$10,000, equal to the amount by which the real property taxes calculated for the homeowner property for the prior tax year exceeds two percent of household income, or the minimum tax as established in the annual budget ordinance, whichever is greater, subject to the following conditions:

1. The homeowner has been granted a home exemption on the property receiving the tax credit for at least 15 out of the prior 20 tax years.

2. Household income does not exceed \$126,000.

3. The homeowner is in compliance with section 3.48.820.

4. The credit only applies for the succeeding tax year, with no carryover credit allowed.

5. Taxes on the property are not delinquent for more than one year from the date the application is filed and throughout the tax year for which the credit applies.”

SECTION 3. Material to be repealed is bracketed. New material is underscored. In printing this bill, the County Clerk need not include the brackets, the bracketed material, or the underscoring.

SECTION 4. This Ordinance takes effect on approval.

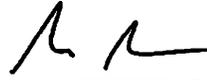
APPROVED AS TO FORM AND LEGALITY:



KRISTINA C. TOSHIKIYO
Department of the Corporation Counsel
County of Maui

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INTRODUCED BY:

A handwritten signature in black ink, consisting of a stylized 'G' followed by a horizontal line and a 'J'.

GABE JOHNSON