

## **RPTR Committee**

---

**From:** timmy <timmy@hawaiiantel.net>  
**Sent:** Friday, September 26, 2025 1:27 PM  
**To:** Yukilei Sugimura; RPTR Committee  
**Cc:** Wife  
**Subject:** Testimony and Sample Application  
**Attachments:** SampleOffGridHomesteadApplication\_Bailey\_26Sept2025.pdf; Testimony for Land Tax Committee\_Bailey\_26Sept2025(1).pdf

Aloha Committee Chair, Members and Kula County Council Member Yukilei

Hope this email finds you all healthy and mahalo for your service fo Maui Nui

I read an article about the County Council Committee that formed last week.  
Special Committee of Real Property Tax Reform.

I saw that Yukilei is a committee member and looked on the County Website to see if there was a link to submit testimony, but did not see one.

Yukilei office suggested I contact the committee, so fittingly, I figured to submit the attached 2 documents via email.

My name is Timmy Paulokaleioku Bailey and I have included a brief bio in the begining of the testimony document.

I recently had to go before the RPA appeal process, and the board chair and members are very congenial and professional, so appreciated that.

The process, was not as I expected. Personally, I think the person who paid the 75.00 appeal payment and submitted the forms, should be allowed to make a statement after the RPA county representatives present their assessment of the property owner's TMK.

Because, what we were told why we were assesed higher in 2025, was not what they presented, that basically deflected our whole opening testimony. It was a falsified counter to what we presented.

Anyway, that is another issue and not for the committee to worry about, just a FYI.

The attached documents are as follows.

1) Testimony of what a fair assessment of the TMK and comparable land value process should be, and also a proposal for a new Tax Assessment Category application.

The second attachment is a "Example Application" draft that we created for visual comparison on what the current county applications are like and what I would draft for this new category of land designation.

Basically, just a visual tool. What is highlighted in yellow in this draft of the suggested language for the application.

We have to look at each TMK as a site specific assessment and not a comparable land value for any Agricultural Use land or as I am proposing "Off-grid/homestead" land use designation.

Also, including some Tax incentives and Shedule F form exemptions, based on hardship farming/ranching.

You can feel free to contact me or if you would like the committee to hear a short presentation on what I am proposing, I would be more then happy to make time.

Mahalo again for even getting back to me. I just worry about how anyone with grass roots here, with no intentions ever to sell these lands, will be able to pay unfair tax assessments as they have been increasing 25 to 30 % yearly, despite no changes to the land itself to increase that much.

Mahalo e Nui  
Timmy  
(808) 357-2934

Sent from my Verizon, Samsung Galaxy smartphone

*This is a proposed sample application for Off-grid Homestead using the current Agriculture Application form as a template. Suggested changes/additions to the current Agriculture Application are highlighted.*

Maui County:

TMK# \_\_\_\_\_

### **Off-Grid Homestead-Agricultural Application**

Location/Address: \_\_\_\_\_

*This application is for landowners that fall under the current category of Maui County Agricultural Use, Agricultural Land Conservation and other principals use under Order # 5679: Bill 71 (2024) Section 1.19.30A.050 and have:*

- *no access to county provided water resources/meters and no access to HECO/MECO provided electricity,*
- *received an approved Variance from Maui Fire Department,*
- *posses a hold harmless agreement with the County of Maui planning department and*
- *is not provided county road access through the legal easement filed under Maui County Highways Division.*

DESCRIPTION OF AGRICULTURAL USE	AREA IN AGRICULTURAL USE	OFFICIAL USE ONLY FINDINGS	DESCRIPTION OF NON-AGRICULTURAL USE*	AREA IN NON-AGRICULTURAL USE *	OFFICIAL USE ONLY FINDINGS
	Ac.	Ac.		Ac.	Ac.
	Ac.	Ac.		Ac.	Ac.
	Ac.	Ac.		Ac.	Ac.
Agricultural Use Total Area	Ac.	Ac.	Non-Agricultural Use* Total Area	Ac.	Ac.
Total Ag and Non-Ag Use Parcel Area Equals Total Parcel Area			Ac.	*homesite, unused areas (no active ag use) or unusable area (incapable of production)	

Are there any Homesites on the property used as residence? \_\_\_\_\_

How do you get water or electricity? \_\_\_\_\_

Is water collected through seasonal rainfall only? \_\_\_\_\_

Is power source (If any) completely off-grid? (Explain) \_\_\_\_\_

Is the parcel accessible via county roads? \_\_\_\_\_

What is the primary use of the parcel? (pasture, conservation, crops) \_\_\_\_\_

Has homestead-agricultural use been affected by seasonal drought? \_\_\_\_\_

Is the agricultural use for subsistence, fuel reduction or general land management? \_\_\_\_\_

Are you able to show income from agriculture and provide a Schedule F? If not, please explain.

\_\_\_\_\_

PROPOSED

DRAFT

PROPOSED

Is the area of agriculture visible from the road? \_\_\_\_\_

Is the parcel accessible (no gate/not landlocked)? \_\_\_\_\_

Do you have any employees? If so, how many? \_\_\_\_\_

Did you report any farming income on your Federal tax return last year? \_\_\_\_\_

What is your total estimated annual income for all agricultural activity? \_\_\_\_\_

I(We) understand that deferred or roll back taxes, penalties, due and owing shall be a paramount lien upon the real property in accordance with the applicable County Codes.

Name of Fee Owner(s) (required) \_\_\_\_\_ Phone No. \_\_\_\_\_

Mailing Address \_\_\_\_\_

Email Address \_\_\_\_\_

Signature (of authorized agent) \_\_\_\_\_ Date \_\_\_\_\_

Name of Lessee (if applicable) \_\_\_\_\_ Phone No. \_\_\_\_\_

Mailing Address \_\_\_\_\_

Email Address \_\_\_\_\_

Signature (of authorized agent) \_\_\_\_\_ Date \_\_\_\_\_

**FOR OFFICIAL USE**

Date Received: \_\_\_\_\_

Notes: \_\_\_\_\_

Field Inspection Date: \_\_\_\_\_

Inspector: \_\_\_\_\_

Approved by: \_\_\_\_\_

**USE TYPE****PASTURE**

Type of livestock:

Head count per acre:


Rotation schedule (list weeks or months):

All parcels in rotation (list tax map key numbers):


PROPOSED

DRAFT

PROPOSED

By: Timmy P. Bailey Sept. 26, 2025.

**CROPS/ORCHARDS**

Type of crop:	Production volume per acre:

Harvesting and marketing schedule (list weeks, months or seasons):


**SUBSTANCE USE (explain):**


**CONSERVATION (explain):**


## INSTRUCTIONS

Attach Plot Plan to scale on an 8 ½" x 11" sheet of paper identifying:

- Parcel
- Agriculture use areas and type of use.
- Non-agriculture use areas identifying
  - Homesite
  - Sustainable
  - Conservation
- Unusable/unsuitable areas

If available, attach most recent Internal Revenue Service Schedule F (Profit or Loss from Farming)

Attach three (3) dated photos taken no more than 30 days prior to submitting application:

1. Overall View of parcel
2. Medium view of parcel
3. Closeup view of parcel
4. If parcel is inaccessible and photos are not available, please explain in application

- **Agriculture Use as defined by Rules and Regulations MCC 3.48.325:**  
*"Agriculture Use" shall mean lands actually put to agricultural use adhering to acceptable standards to produce crop, specific livestock including ranching use. Actually put to agricultural use shall be deemed to be when crops are actually in cultivation, and farm management efforts such as weed or pruning control, plowing, including housing, fencing and water facilities for livestock and pasturing of animals are clearly evident. It does not include nor apply to areas used primarily as yard space, setbacks, or open landscape associated with residential use planted with fruit and ornamental trees, flowers, and vegetables primarily for home use.*
- **Unusable or unsuitable land as defined by Rules and Regulations MCC 3.48.325:**  
*"Unusable or unsuitable" land shall mean that portion of the land parcel, in the agricultural district classified and used for agriculture, that is wholly unsuitable or unusable for any agricultural use of whatever nature such as gulches, mountains or palis, eroded bedrocks, rocky, hilly or barren lands that are incapable of being put to an agricultural use.*

The Real Property Assessment Division may perform a property inspection. If approved, the agricultural assessment shall be effective January 1st of the following assessment year. The owner or lessee may appeal the assessment as provided by the ordinance.

- **Homesite as defined by Rules and Regulations MCC3.38.325.8:**  
*The term "homesite" shall mean that portion of the land which is used for residential purposes, including the land upon which the house is located, together with all accessory building and the land designated to be the yard space.*
- **Subsistence use as defined by ...(need MCC developed by County Council).**  
*The term "subsistence use" shall mean the portion of land which is used for production of crops and livestock for the purpose of self-sufficiency for the landowner, manager, or leasee.*
- **Conservation as defined by.. (need MCC developed by County Council)**  
*The term "conservation" shall mean that portion of land which is used for preservation of a landscape to preserve cultural or natural legacy of the property. Portions may or may not contain significant resources such as native and endangered species, archaeological sites, historic sites, etc.*

September 26, 2025

Special Committee on Real Property Tax Reform  
Maui County Council  
RPTR.committee@mauicounty.us

Aloha Committee Chair and Committee Members,

Mahalo e nui for the taking the time to hear my testimony for a new tax assessment category proposal. The reason for my proposal is about a recent tax assessment for our following TMK's located in Kula, Maui Hawaii, that has raised major concern for our plus generational farmers and ranchers. If possible, I would like to these to be discussed at the upcoming meeting on October 14 or 15, 2025.

My name is Timmy Paulokaleioku Bailey, and I was born and raised as a Kanaka in the Moku of Kula, Ahupua'a of Alae. We have been farmers since 1967 in Kula and my mother, who is 86 years old, is still currently farming. I have been a civil servant for 35 years at Haleakalā National Park, serving as the Wildland Fire, Search and Rescue, Aviation and Feral Animal Removal and Management Manager. I am the land manager and beneficiary of the following TMK's:

- 1) 2200800**60000** (12.4 acres) with long term rental and the only homesite (on 1 acre)
- 2) 2200800**70000** (16.08 acres) No homesites (County falsely assess homesite)
- 3) 2200800**80000** (19.06 acres) No homesites (County falsely assess a homesite)
- 4) 220080**100000** (13.66 acres) No homesites (County falsely assess a homesite)

### **Purpose of testimony**

Recently, I was forced to go to the Real Property Tax Review Board to appeal increases in taxes based on the following criteria, as I was told by the county's Real Property Assessment Division (RPA).

They listed homesites on two of the four TMK's that do not have any homesites (TMK 80000,100000) and one has a homesite (TMK 60000), but the land acreage is wrongly assessed . The Agricultural Assessment Information list 3 acres as a home site on TMK 80000, another homesite for 4.07 acres on TMK 100000, and another home site for 5.87 acres on TMK 60000 that is only 1.0 acre of homesite for a 1936 home with building value of \$57,300.00.

1. The RPA list agricultural use only on TMK 70000 that has no homesite but is the assessed the second highest tax rate of the 4 parcels.

2. The biggest falsification of the 2025 tax assessment for all our TMK's is the comparable land sale TMK's that the RPA is using. All 5 comparable sales are not comparable to our TMK's for the following reasons.
  - All five comparable sales have Maui County access to water/meters, which ours do not.
  - All five comparable sales have Maui County road access to include septic services when needed, which ours do not.
  - All five comparable sales have access to HECO/MECO electricity, which ours do not.
  - All five comparable have actual homesites with home structures, which only one of the four parcels have. Yet, they assessed homesites on two of our parcels that do not have any.
  - All five comparable sales are not in the vicinity of our homestead. The closest is 1.5 miles "as the bird flies."

**Summary:**

I am proposing another tax assessment class for the county to consider– Off Grid Homestead. Attached is a rough draft of an application (using the current Agriculture Application as a template) that addresses the following:

- Property owner has no Maui County Department of Water access/meters.
- Property owner is completely "Off Grid" with no access to HECO/MECO provided services.
- Property owner has no access to County/State to maintain homestead roads
- Property owner shows Agricultural Use or Agricultural Conservation based on availability of resources (such as water and roads) needed for agricultural crops/pasture or subsistence use based on seasonal water resources (i.e. rain catchments.)
- Property owner is exempted from showing agricultural income due to not having same access as other agricultural use such as water provided by the County of Maui Water department, and therefore, not being able to produce crops.
- Property owner possesses a Maui Fire Department Variance for fire suppression and reduces fire fuels to receive a tax exemption based on acres mitigated for wildfire.
- Property owner battles with and manages for invasive axis deer, by means of fencing and night control permitting, which could qualify for tax incentives through submission of receipts for materials and labor.



The current tax assessments for our properties cannot be based on comparable land sales. The comparable properties used to assess our properties have advantages for successful agriculture (water, roads, electricity, etc.) that our properties do not. The challenges of “off-grid homestead” agricultural are based on seasonal weather conditions, which is a real and difficult challenge.

Keeping Upper Kula country and allowing “off-grid homestead” as a type of land designation will relieve the pressure for the County of Maui to provide water meters, services and possible financial aid. But this could happen only if the tax assessment were fair and reasonable, based on the site-specific challenges unique to each TMK. A \$2.7M tax assessment for no water/electric/access and other county provided amenities, is a false assessment and incomparable to any other sites that have any of those resources provided.

I have three adult daughters, also of Hawaiian ancestry, that will never be able to purchase a home here on Maui, despite their successful careers in nursing and veterinarian services. It is important for me to pass this land to yet another generation to preserve the Upper Kula legacy. With the relatively recent purchase of the adjacent property by the State Department of Land and Natural Resources, we hope to preserve a large portion of Upper Kula with this legacy. We must keep Maui as Maui as possible.

All I ask for is a fair system to provide “site specific” tax assessment that is fair and reasonable for generational small farmers and ranchers to continue that subsistence Maui life.

Mahalo E Nui

/s/Timmy Paulokaleioku Bailey  
Land manager, property owner descendent  
90 Alae Rd.  
Kula, HI 96790  
Phone: 808-357-7258  
Email: timmy@hawaiiantel.net

Cc: Yuki Lei Sugimura, yukilei.sugimura@mauicounty.us

Attachment (1)

## RPTR Committee

---

**From:** Jonathan Helton <jhelton@grassrootinstitute.org>  
**Sent:** Friday, September 26, 2025 1:46 PM  
**To:** RPTR Committee  
**Subject:** Grassroot property tax brief  
**Attachments:** GRIH comments\_Maui RPT reform.pdf

You don't often get email from jhelton@grassrootinstitute.org. [Learn why this is important](#)

Aloha,

I am attaching a policy brief the Grassroot Institute has written that details potential reforms to Maui's real property tax system.

We would welcome any conversation about our recommendations or other legislation in this committee.

Best,

Jonathan

--

Jonathan Helton  
Policy Analyst  
Grassroot Institute of Hawaii  
1050 Bishop St, #508  
Honolulu, HI 96813  
(808) 864-1776 | (931) 561-7124  
[Subscribe to newsletter](#) | [Make a one-time gift](#)

**To: Maui County Council, Special Committee on Real Property Tax Reform**

**Alice Lee, Chair**

**Keani Rawlins-Fernandez, Vice Chair**

**From: Grassroot Institute of Hawaii**

**Jonathan Helton, Policy Analyst**

**Re: REAL PROPERTY TAX REFORM**

Aloha Chair Lee, Vice Chair Rawlins-Fernandez and other members of the Committee,

The Grassroot Institute of Hawaii offers **comments** on Maui's property tax system. In particular, Grassroot recommends that the Council introduce legislation or resolutions that would effect the following reforms:

- >> Increase the homeowner exemption to at least \$400,000.
- >> Increase the long-term rental exemption to at least \$300,000.
- >> Index the homeowner and long-term rental exemption to changes in assessed values.
- >> Extend the tax relief for properties in the Lahaina burn zone until July 1, 2030.
- >> Create a cap on the amount a property owner's tax bill can increase in any one year.
- >> Consider updating how the County assesses agricultural land.
- >> Partner with the state Department of Taxation to administer the circuit breaker tax credit.

The sections below explain each of these proposals in detail.

**>> Increase the homeowner exemption to at least \$400,000.**

Maui County currently offers the largest homeowner exemption of any county in the state: \$300,000.

However, the value of this exemption has been eroded by higher assessments since the Council increased the exemption from \$200,000 to \$300,000, beginning in fiscal year 2024.<sup>1</sup> Table 1 shows those assessments.

**Table 1: Assessed values of owner-occupied tax class**

Fiscal year	2024	2026
Gross value of parcels in owner-occupied tax class	\$25,434,628,000	\$32,108,639,000
Number of parcels in class	28,250	27,792
Average gross value per parcel	\$900,340.81	\$1,155,319.48
Homeowner exemption value	\$300,000	\$300,000
Average taxable value per parcel	\$600,340.81	\$855,319.48
Rate applicable to taxable value	0.0019	0.00165
Average tax bill	\$1,140.65	\$1,411.28
Difference		\$270.63

To this Council's credit, it has kept tax rates on most owner-occupied properties low; however, the lower rates have not offset the 28% increase in the average assessed value of homes in the class between 2024 and 2026.<sup>2</sup>

If the homeowner exemption's value had kept up with these changes, it would have been almost \$385,000 in fiscal 2026.

Because of this, Grassroot supports increasing the county's homeowner exemption to at least \$400,000 to make up for the difference and partially offset higher assessments that might happen in the future. Increasing the exemption would save Maui residents approximately \$5 million at current tax rates.<sup>3</sup>

---

<sup>1</sup> [Ordinance 5404](#), Maui County Council, signed into law by Mayor Richard Bissen on Aug. 9, 2022.

<sup>2</sup> "[County of Maui Real Property Tax Valuation for Fiscal Year 2025 - 2026](#)" and "[County of Maui Real Property Tax Valuation for Fiscal Year 2023 - 2024](#)," Real Property Assessment Division, Honolulu Department of Budget and Fiscal Services.

<sup>3</sup> This is a back-of-the-envelope estimate calculated by multiplying \$100,000 by the 0.0018 rate for Tier 2 owner-occupied properties and then multiplying the result by 27,792 — the number of properties in the owner-occupied class. The actual cost would likely be lower than this because the average assessed value of the class is \$1.16 million — below the current \$1.3 million breakpoint for Tier 2.

**>> Increase the long-term rental exemption to at least \$300,000.**

Maui County currently offers significant tax relief to owners of long-term rental properties: a \$200,000 exemption from the assessed value of the property. However, the Council has not increased the value of this exemption since the tax class was established in 2021 and began accepting applications in fiscal 2023.<sup>4</sup>

Table 2 shows how assessments for that class have increased since 2023.

**Table 2: Assessed values of long-term rental tax class**

Year	2023	2026
Gross value of parcels in long-term rental tax class	\$1,577,804,000	\$4,330,066,000
Number of parcels in class	2,369	4,163
Average gross value per parcel	\$666,021	\$1,040,131
Exemption value	\$200,000	\$200,000
Average taxable value per parcel	\$466,021	\$840,131
Rate applicable to taxable value	0.003	0.00295
Average tax bill	\$1,398.06	\$2,478.39
Difference		\$1,080.32

The Council has lowered some of the tax rates on the long-term rental class; however, the lower rates have not offset the 56% increase in the average assessed value of properties in the class between 2023 and 2026.<sup>5</sup>

If the exemption's value had kept up with assessments, it would have been more than \$312,000 in fiscal 2026.

Because of this, Grassroot supports increasing the county's homeowner exemption to at least \$300,000 to make up for the difference. Increasing the exemption would save Maui residents approximately \$1.23 million at current tax rates<sup>6</sup> — equivalent to \$295 per long-term rental.

Likewise, the current \$400,000 exemption available to homeowners who also have a long-term rental on their property should be increased to \$500,000 to match the exemption increases suggested here.

<sup>4</sup> ["New Long-Term Rental Exemption and Classification in Effect Jan. 1,"](#) MauiNow, July 14, 2021.

<sup>5</sup> ["County of Maui Real Property Tax Valuation for Fiscal Year 2025 - 2026"](#) and ["County of Maui Real Property Tax Valuation for Fiscal Year 2022 - 2023,"](#) Real Property Assessment Division, Honolulu Department of Budget and Fiscal Services, July 2025.

<sup>6</sup> This is a back-of-the-envelope estimate calculated by multiplying \$295 by 4,163.

**>> Index the homeowner and long-term rental exemptions to changes in assessed values.**

Instead of periodically increasing the values of the homeowner and long-term rental exemptions by ordinance, the Council could tie the value of the exemptions to a certain percentage of the average gross assessed value of properties in these tax classes.

The homeowner exemption was set at \$300,000 beginning in fiscal 2024. That year, the average gross assessed value per parcel in the tax class was \$900,340.81 — the \$25,434,628,000 in gross assessed value divided by the 28,250 parcels in the class.<sup>7</sup>

Therefore, the \$300,000 exemption was equal to 33.32% of the value of the average gross assessed value. This percentage could then be used to calculate the value of the homeowner exemption going forward.

If the value of the exemption had been set at 33% of the average gross assessed value of properties in the class, it would have increased in response to the higher assessments of fiscal 2025 and 2026. Table 3 shows how this scenario would have played out.

**Table 3: Homeowner exemption value as fixed versus percentage amount**

<b>Fiscal year</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Avg. gross assessed value of parcels in owner-occupied class	\$900,340.81	\$996,033.37	\$1,155,319.48
\$300,000 exemption as percent of avg. gross assessed value	33.32%	30.12%	25.97%
Value of exemption if tied to 33% of the avg. gross assessed value	\$297,112.47	\$328,691.01	\$381,255.43

This method would allow the values of these exemptions to automatically respond to years in which assessed values increase significantly. The Council could “set and forget” the exemption’s value.

A similar standard could be applied to the value of the long-term rental exemption and the healthcare provider rental exemption established in section 3.48.549 of the county code.<sup>8</sup>

<sup>7</sup> [“County of Maui Real Property Tax Valuation for Fiscal Year 2023 - 2024,”](#) Real Property Assessment Division, Honolulu Department of Budget and Fiscal Services, July 2023; and [“Number of Records by Land Use Class for Tax Year 2023-2024,”](#) Real Property Assessment Division, Honolulu Department of Budget and Fiscal Services, July 2023.

<sup>8</sup> [3.48.549 - Healthcare provider rental exemption,](#) Maui County Code, accessed Sept. 25, 2025.

## >> Extend the tax relief for properties in the Lahaina burn zone until July 1, 2030.

Grassroot pointed out in its recent report [“Four more ways to speed up Lahaina’s wildfire recovery”](#) that the owners of properties in the Lahaina burn zone have been exempted from paying property taxes since the August 2023 wildfires. However, this exemption is slated to expire on July 1, 2026,<sup>9</sup> and it remains an open question as to whether these owners will have to pay taxes on their properties after that.

Grassroot urges the Council to extend this tax relief deadline for at least four — if not more — years. This would help homeowners, businesses and community organizations recover financially from the aftermath of the fires. It would also provide predictability to owners who have yet to rebuild.

There are myriad reasons rebuilding in Lahaina has been slow, from inflexible zoning rules and inadequate insurance to workforce shortages.<sup>10</sup> Higher recovery-related costs, such as material and labor costs, also could be aggravating the delays. But Maui County should not punish owners just because they have been unable to quickly build back.

Land values are another reason this exemption is so critical. For many Lahaina parcels, more than 70% of their pre-fire taxable value was in the land. Were that land to be taxed before they can rebuild, many owners would be paying almost their entire pre-fire tax bills on properties they could not functionally use.

For example, Fleetwood’s on Front Street paid \$54,122.03 in taxes in fiscal 2023. Of the property’s \$8,780,500 assessed value, \$6,018,300 — 68.5% of its value — was in the land.<sup>11</sup> The owner has been unable to rebuild the property to date and will face a \$37,000 bill if the waiver expires and assessments remain at pre-fire levels.

Extending this exemption would come at a relatively small cost to the county. The Maui Department of Finance has estimated the current exemption cost to be about \$21.2 million — equivalent to 3.2% of the roughly \$660 million the county will collect in fiscal 2026.<sup>12</sup>

---

<sup>9</sup> [Ordinance 5727](#), Maui County Council, signed into law by Mayor Richard Bissen Nov. 27, 2024.

<sup>10</sup> Jonathan Helton, [“Four more ways to speed up Lahaina’s wildfire recovery,”](#) Grassroot Institute of Hawaii policy brief, August 2025; Matthew Leonard, [“Crucial Insurance Deadline Looms In Two Weeks For Maui Fire Victims,”](#) Honolulu Civil Beat, July 25, 2025; and Rob Collias, [“Lahaina fire leads to disappearing tourism jobs, desperately needed construction workers,”](#) MauiNow, Sept. 15, 2024.

<sup>11</sup> [Parcel no. 460090070000](#), County of Maui Tax Assessor’s Office, accessed Sept. 17, 2025.

<sup>12</sup> [“Selected Real Property Statistics for Budget Consideration Fiscal Year 2025-2026,”](#) Maui Department of Finance, Real Property Assessment Division, p. 32; and [“County of Maui Real Property Tax Valuation for Fiscal Year 2025 - 2026,”](#) Real Property Assessment Division, Honolulu Department of Budget and Fiscal Services, July 2025.

**>> Create a cap on the amount a property owner's tax bill can increase in any one year.**

In recent years, home values on Maui have increased significantly, leading to higher assessments on all classes of property, especially residential properties.<sup>13</sup>

Unfortunately, unless the Council opts to reduce rates or otherwise provide tax relief, value increases automatically translate into higher tax bills, and many owners do not see their ability to pay increase by a commensurate amount to their property's value increase.

This remains a problem even if the Council reduces rates on the class as a whole. Owners whose homes have increased in value by 25%, 50% or even 100% in one year can end up with significantly higher tax bills.

Grassroot suggests the Council adopt a cap on how much the tax bill for any one property can increase year-over-year. A well-designed cap would provide protection for owners whose properties explode in value while remaining in the same tax class and receiving the same exemptions or deductions. The following language could be a start:

3.48.230 - Tax limitation.

- A. Notwithstanding any other provision of this chapter, the taxes due on a property shall not increase by more than 15% in any one year, except as a result of improvements made to the property, a change in the property's classification or a change in a property's exemption or dedication status.

To illustrate how this proposed change could assist property owners, consider an owner-occupied property valued at \$1 million in fiscal 2025. The homeowner's tax bill would have been \$1,260. If their property's value increased to \$1.5 million for fiscal 2026, the bill would be \$1,980 — a 57% increase compared to the property's 50% increase in value.

A 15% cap would mean that the fiscal 2026 tax bill would be \$1,449 instead of \$1,980 — a \$531 difference. This would help protect owners from financial shocks associated with large value increases.

A tax-bill cap would also avoid the problems associated with measures such as California's Proposition 13 that limit how much assessed values of specific properties can increase year-over-year. Under that 1978 law, property owners lose their tax benefits if they sell their home and buy a new home elsewhere in the state. This has disincentivised many homeowners from selling,<sup>14</sup> reducing sales activity in California and narrowing purchasing opportunities for many prospective new homeowners.

---

<sup>13</sup> Colleen Uechi, "[As property values climb, Maui County eyes lower tax rates for resident homeowners](#)," MauiNow, March 30, 2025.

<sup>14</sup> Nada Wasi and Michelle White, "[Property Tax Limitations and Mobility: The Lock-In Effect of California's Proposition 13](#)," National Bureau of Economic Research Working Paper 11108, February 2005. See also Keith Ihlanfeldt, "[Do Caps on Increases in Assessed Values Create a Lock-In Effect? Evidence From Florida's Amendment One](#)," National Tax Journal, March 2011.



## **>> Consider updating how the County assesses agricultural land.**

It appears that Maui County relies on a 40-year-old document to help guide its assessment of agricultural land,<sup>15</sup> which probably has caused some discrepancies in how some parcels are valued and therefore taxed. Anecdotally, there have been many similarly sized parcels that, for one reason or another, are assessed at drastically different values and pay different tax bills.<sup>16</sup>

Kaua'i County reformed its agricultural property tax dedication program in 2022 by making the dedication simpler to understand and easier for farmers to apply for.<sup>17</sup> This reform might not be a perfect model for Maui County, but it could be a blueprint for updating agricultural taxation.

## **>> Partner with the state Department of Taxation to verify eligibility for the circuit breaker tax credit.**

Maui's circuit breaker tax credit provides tax relief to homeowners whose annual incomes do not exceed \$126,000 and whose homes are valued at \$1.3 million or less.<sup>18</sup>

This program requires an annual application to verify the homeowner's income. This can be a cumbersome process, especially for seniors. No doubt, many homeowners who are eligible either forget to apply every year or do not know that the program exists.

Grassroot recommends Maui County establish a partnership with the state Department of Taxation to administer the program. The partnership could involve an automated check for the income of every Maui homeowner, pairing county assessment data with state income tax return information.

Homeowners whose incomes and home values meet the criteria of the circuit breaker tax credit could be automatically enrolled in the program. This would minimize the time associated with the application process for the homeowner and county staff, who would no longer need to sort through hundreds of applications every year to verify owner eligibility.<sup>19</sup>

---

<sup>15</sup> [“Rules and Regulations of the Director of Finance Relating to the Assessment of Agricultural Lands and the Imposition of the Deferred Tax Under Section 3.48.325; Maui County Code,”](#) Maui Department of Finance, Sept. 21, 1981. See also question 6: “Do gardens for personal use ‘count’ as agricultural use assessment?” under [“Real Property Tax - Agricultural Use Assessment,”](#) Maui County, accessed Sept. 24, 2025.

<sup>16</sup> Melissa Tanji, [“Farmers, ranchers oppose property tax proposal,”](#) The Maui News, March 1, 2016.

<sup>17</sup> Guthrie Scrimgeour, [“Kawakami signs Bill No. 2875, Draft 2, overhauls ag dedication,”](#) The Garden Island, Sept. 29, 2022.

<sup>18</sup> [3.48.810 - Circuit breaker tax credit established.,](#) Maui County Code, accessed Sep. 23, 2025.

<sup>19</sup> [Selected Real Property Statistics for Budget Consideration Fiscal Year 2025-2026,”](#) Maui Department of Finance, Real Property Assessment Division, p. 25.

## **In conclusion ...**

These recommendations from the Grassroot Institute of Hawaii are intended to give Maui taxpayers relief in general, create predictability for owners in Lahaina and improve Maui County's property tax system as a whole.

This is not an exhaustive list, but rather a set of incremental reforms that could provide benefits for everyone.

Thank you for the opportunity to testify.

Jonathan Helton  
Policy Analyst  
Grassroot Institute of Hawaii