

SPECIAL COMMITTEE ON REAL PROPERTY TAX REFORM

Council of the County of Maui

MINUTES

November 13, 2025

Online Only via Teams

CONVENE: 9:11 a.m.

PRESENT: VOTING MEMBERS:

Councilmember Alice L. Lee, Chair

Councilmember Keani Rawlins-Fernandez, Vice-Chair (In 9:16 a.m.; Out 9:49 a.m.;
In 11:53 a.m.)

Councilmember Gabe Johnson, Member

Councilmember Yuki Lei K. Sugimura, 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 Residency Area Office

Roxanne Morita, Council Aide, Lānaʻi Residency Area Office

Mavis Oliveira, Council Aide, East 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)

Kristie Wrigglesworth, Deputy Corporation Counsel, Department of the
Corporation Counsel (All)

OTHERS:

Faye Taylor (RPTR-13)

Jonathan Helton, Grassroots Institute of Hawai'i (RPTR-14)

McKinley Eads (RPTR-14)

Autumn Ness, Lahaina Community Land Trust (RPTR-11 and -15)

Alan Lloyd (RPTR-16)

Jasee Law (RPTR-13)

Robert Bence (RPTR-14)

Tom Croly (All)

(15+) additional attendees

PRESS:

Akakū: Maui Community Television, Inc.

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CHAIR LEE: . . .*(gavel)*. . . Will the Special Committee on Real Property Tax Reform meeting on November 13, 2025, please come to order. It is 9:11 a.m. Good morning, everyone. I'm your Chair, Alice Lee, for the Committee...Special Committee on Real Property Tax Reform, which we affectionately refer to as RPTR. 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 Council Chamber, please state your location and identify by name who, if anyone, is in the room, vehicle, or workspace with you, and if...minors...minors do not need to be identified. The Committee Voting Members are Vice-Chair Keani Rawlins-Fernandez, Councilmember Gabe Johnson, Councilmember Yuki Lei Sugimura, who is also the Chair of the Budget Committee. Non-void...void...voiding . . .*(laughing)*. . . Non-Voting Members include Members Tom Cook, Tamara Paltin, Shane Sinenci, and Nohelani U'u-Hodgins. With us today, we also have, from the Department of Finance, Director Marcy Martin; County of Maui Real Estate...Real Property Tax Administrator Kari Stockwell, Corporation Counsel Kristie Wiggles...no, we have...oh, yes, we do...oh, I just...moments ago, she wasn't there . . .*(laughing)*. . . Kristie Wigglesworth, Deputy Corporation Counsel, as well as Ms. Toshikiyo. And Committee Staff, Jean Pokipala; Peter Hanano, Legislative Attorney; Kirsten Szabo, Legislative Analyst; James Kruger, Senior Legislative Analyst; Maria Leon, Committee Secretary. So, please see the last page of the agenda for information on meeting connectivity. Thank you, Members, for attending today's meeting. We have just six items on the agenda this morning. And so, let's see. We need to allow for...now, this is different from Council meeting. Do we need to allow for testimony at the beginning of the meeting? Okay. I see. See, normally, I don't read the agenda items at the Council meeting because they're like 75, and this one is like two...four...five...six...seven [*sic*]. We have RPTR-13, Bill 170, Establishing a New Circuit Breaker Tax Credit Category. RPTR-14, Bill 171, Extending Maui Wildfires Real Property Tax Relief. Real Property...R...RPTR-15, Bill 169 (2025), to Establish Valuations for a Shared-Equity Deed-Restricted Real Property Administered by a Qualified Entity. RPTR-16, Bill 168, to Establish a Real Property Tax Exemption to Increase and Maintain Access to Affordable Housing. RPTR-11, Bill 146, on Principal Home Exemption Application Deadlines. RPTR-7, Bill 142, on the Home Exemption and Long-Term Rental Exemption from Real Property Tax. So, 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 the eComment link at mauicounty.us/agendas, as well as...oh, 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 or lower your hand, star-6 to mute or unmute. Staff will add names to the testifier list in the order testifiers sign up or 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 or the last four digits of your phone number when it's your turn to testify. At that time, Staff will also enable your microphone and video. Please ensure that your name appears in the Microsoft Teams as the name you prefer to be referred to 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 your

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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 *Akakū* Channel 53, Facebook Live, or mauicounty.us/agendas. We will do our best to take each person up in an orderly fashion. We'll 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 Faye Taylor in the Chamber, testifying on RPTR-13, to be followed by Jonathan Helton. *(pause)*

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

MS. TAYLOR: Good morning.

CHAIR LEE: Good morning.

MS. TAYLOR: My name is Faye Taylor, and I must confess that I'm not familiar with these bills, but I'm a homeowner, and because you're the Committee on...the Special Committee on Real Property Tax Reform, I came here today, and I hope I can speak for three minutes. I'm here because the property tax appeal process is broken, and it's hurting homeowners. I own a one-bedroom condo at the Grand Champion. This year, my condo, and every one-bedroom condo, was assessed at almost double its market value. I appealed, but most of my neighbors didn't. Why? Because they see the system as rigged against them. To fix this, I propose four critical reforms. First, extend the appeal deadline from a mere 25 days to 60...25 days is not enough time to gather evidence and build a case. It silences homeowners before they have a chance to speak. Second, lower the threshold from challenging the assessor's model from 20 percent to 5 percent. Let me give you a real example. In January of '23, a one-bedroom unit in my complex sold for a record 1.15 million. The assessor's model arbitrarily added 150,000 to that price to value my home, and every other one-bedroom condo at the Grand Champions. Because the increase was less than 20 percent, we had no right to challenge it. This is not fairness, it's a license for the assessor to over-assess. Third, stop prohibiting recent sales data. The rules currently let the assessor ignore the last six months of market reality while using outdated, higher comparable sales from years past. This is like valuing a home in a hurricane with data from a sunny day. Finally, we need transparency. The Assessment Division must publish an annual report showing how its assessed values stack up against actual sales prices. Sunshine is the best disinfectant. We deserve a process that is fair, transparent, and accessible. I strongly urge you to enact these reforms, restore public trust, ensure that every taxpayer is assessed fairly, not just overcharged. Mahalo.

CHAIR LEE: Thank you. Questions, Members? I have a question, Ms. Taylor.

MS. TAYLOR: Yes.

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CHAIR LEE: You mentioned something about lowering the assessment from 20 percent to 5 percent.

MS. TAYLOR: Correct.

CHAIR LEE: The...it wasn't...you didn't say lowering the assessment, you said lowering something else.

MS. TAYLOR: Oh.

CHAIR LEE: Because they added...

MS. TAYLOR: The threshold, I'm sorry.

CHAIR LEE: The threshold.

MS. TAYLOR: Lowering the threshold.

CHAIR LEE: The threshold. Okay. Okay. Thank you for that clarification.

MS. TAYLOR: I probably misspoke, I'm sorry.

CHAIR LEE: No, no, I...sorry. Okay. thank you. I don't see any more...oh, we have another question.

COUNCILMEMBER SUGIMURA: Yeah.

CHAIR LEE: Member Sugimura?

COUNCILMEMBER SUGIMURA: So, could you submit your written testimony to us? I know you had it in your...

MS. TAYLOR: Okay. It's kind of scratched up, but I'm happy to do that.

COUNCILMEMBER SUGIMURA: If you could just give it to Staff. Thank you.

CHAIR LEE: Thank you very much. Let's see, do we have any more? No, I do not see any hands up, and I do see Member Rawlins-Fernandez this morning. Good morning. She has joined our Committee meeting.

VICE-CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka kākou. Aloha kakahiaka, Chair. E kala mai for my tardiness. I am at my private residence at home in Molokai. There are currently no testifiers at the Molokai District Office, and I am alone here. Mahalo, Chair.

CHAIR LEE: Thank you. Thank you, Ms. Taylor.

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MS. TAYLOR: Thank you.

CHAIR LEE: Next testifier.

MR. KRUEGER: Chair, the last person we have signed up to testify at the beginning of the meeting is Jonathan Helton on Teams.

MR. HELTON: Hopefully everyone can hear me. Good morning, Chair, Vice-Chair. I'm Jonathan Helton with the Grassroots Institute of Hawai'i, and I'm testifying on Bill 171. So, I have quite a few things to say about this bill. First of all, I want to say that we support the concept of extending the property tax relief to those who are affected by the Lahaina wildfires. That's...that's definitely a major thing for a lot of folks who either have not been able to rebuild because of a regulatory issue, or because they've had trouble getting their insurance reimbursement, because they might not have been able to line up a contractor. There's a lot of reasons why folks haven't yet been able to come back and rebuild their homes or businesses.

CHAIR LEE: Excuse me, Jonathan. Excuse me, Jonathan?

MR. HELTON: Yes.

CHAIR LEE: Helton, Helton. I've been notified by our Staff...I've been notified by our Staff that there's a technical problem, and the *Akakū* television station cannot hear us. So, I'm going to take a five-minute break, and then you can start all over again because we want everybody to hear your testimony. Okay?

MR. HELTON: Okay. Sounds good.

CHAIR LEE: All right. So, we'll reconvene...recess and reconvene at...let's make it 9:30, 9:30, give them time to fix the problem. . . .(gavel). . .

RECESS: 9:23 a.m.

RECONVENE: 9:49 a.m.

CHAIR LEE: . . .(gavel). . . Will the Special Committee on Real Property Tax Reform please reconvene. This is the November 13, 2025, meeting. It's 9:49 a.m., and I believe we have a testifier on the line, Mr. Helton. Oh.

MR. HELTON: Yes.

CHAIR LEE: Thank you for hanging in there. You may proceed.

MR. HELTON: Okay. I will restart. So, thank you, Chair and Vice-Chair, and Members of the Committee, for letting me testify today. I...Jonathan Helton, and I represent the Grassroots Institute of Hawai'i. We are in support of Bill 171, which would extend some of the tax waivers for those who were affected by the Lahaina wildfires. There are a

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lot...a lot of things I'm going to say about this bill. Just real quick, why we support this bill. A lot of folks have been unable to rebuild so far, either because of regulatory issues in getting their permits, or because they haven't been able to figure out their insurance, or because they haven't been able to secure a contractor. But for whatever reason, a lot of properties that are both makai and mauka of the highway have been unable to rebuild. So, we support extending these waivers. I want to offer two comments on the bill text itself--I mentioned these in the written testimony--and I think the bill would benefit from two main amendments. The first is in the proposed Subsection E, the...the bill limits the tax waivers to properties that are either in the special management area in one of the County historic districts, or that are on the shoreline. And now, the challenge here is that you have a lot of properties that fall outside of those areas that were destroyed, and have been unable to rebuild. Essentially, the SMA line, it covers everything that is makai of the highway. So, everything mauka of the highway, under this provision of the bill, would be unable to receive any of the tax break, or tax waiver, for the next two years. Just by matter of fairness, I think that properties that were destroyed and have been unable to rebuild should receive the same treatment, no matter where they're located. So, that's the first thing I want to mention. The second thing I want to mention is a little bit more technical. Under the proposed sub...under the proposed Subsection F in the bill, it...it mentions that properties that receive a certificate of occupancy or a final inspection during a year would have their property tax waiver canceled for that year. So, for example, if a property were to rebuild in, say, May of 2027, and that's when it got its certificate of occupancy approved, for the...for the fiscal year that began in July 1st, 2026, and ran until June 30th, 2027, that property would have to pay the full years' worth of property tax. Now, the Grassroots Institute of Hawai'i doesn't have a problem with someone who has rebuilt their home or business paying the property tax on it. But we do think it would be fair though, that that should be prorated based on the month in which you rebuild. So, if you build in May, you only have . . . *(timer sounds)*. . . your...you only have real use of your property for two months of that tax year, you shouldn't have to pay the full amount of taxes for the entire year. So, those are the two changes we would suggest to the bill. I'm happy to answer any questions.

CHAIR LEE: Any clarifying questions, Members? No questions. Thank you very much. Appreciate your testimony.

MR. HELTON: Thank you.

CHAIR LEE: Next testifier.

MR. KRUEGER: Chair, the next person signed up to testify is McKinley Eads, to be followed by Autumn Ness.

MS. EADS: Hello, Council. I'm also testifying in support of Bill 171. I agree with everything Jonathan had to say. I think it would be unfair if properties that were entirely destroyed were left out just because of SMA line or historic line boundaries. And I agree that the exemption should be prorated based on the month of rebuild. I'm a project manager for one of the properties on Front Street, so I know firsthand how hard it has been to

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rebuild. For more context, even the Bill 110 you guys heard relating to public improvements, that hasn't been fully passed yet. Stuff like that has really been slowing down our rebuild process, so I think that this would be a really fair way to just kind of have some relief for these property owners. So, I hope you guys vote in support. Thank you.

CHAIR LEE: Any questions, Members? If not, thank you. Next?

MR. KRUEGER: Chair, the last person we have signed up to testify is Autumn Ness.

MS. NESS: Aloha, Committee. My name is Autumn Ness. I'm testifying on behalf of Lahaina Community Land Trust on two different items. One is Bill 169 in full support. Thank you so much for bringing this up. I have to say, it kind of surprised me, one of the most common questions I get from folks when we talk about community land trust homes, almost, and maybe more than, like the resale value calculations, is what about property taxes? Who pays them, how much are they? Like, that's how much people feel the effect of homeowner property taxes, especially in a community where values are rising so quickly. Our most conservative calculations say that...oh, thank you, aunty. Sorry, some clients are leaving. . . .(laughing). . . Our most...our most...some of our most conservative calculations say that a regular old house is going to be worth \$3 million in Lahaina in 15 years. That's conservative math. And land trust houses in 15 years are going to be worth more like 4 to \$600,000. So, asking a land trust-owned homeowner to pay property taxes on a \$3 million valuation when they're only able to pull 4 or \$600,000 of equity out of their home is a little wild. Also, it's really a national best practice. I have with me this book called *Preserving Affordable Homeownership, Municipal Partnerships with Community Land Trusts*. It's a policy report published by the Lincoln Institute of Land Policy. There's an entire section on local taxation of CLT lands and homes. And it goes through...there's like a fancy table right here that talks about...there's 51 municipalities on record with the most successful community land trusts where property taxes on owner-occupied housing take into account long-term affordability restrictions imposed on these homes. It's just a national best practice, and I really applaud this Committee for doing what it can to bring our current tax structure in line with what everyone across the country is doing. While I'm here, I also want to testify in full support of Bill 146. I just got a call maybe last week from a realtor and a lender working with someone with a Ho'okumu Hou voucher, a shopping letter to buy a house. And the thing that was preventing them from being approved for the amount that they needed to come in and...and...and finish the purchase of the home was the anticipated property taxes. Because the home that they're trying to buy was previously non-owner-occupied. I don't...I don't know the details if it was a short-term rental or not, but that was the thing that was like preventing them from being able to qualify for the rest of the mortgage they need. If the lender knew that this person could buy the home and immediately apply for a home...a homeowner exemption, the lender would feel comfortable with...with approving the rest of the loan that they need for the purchase. So, this has real-time, current, timely implications. So, I actually only saw it on the agenda right now. I didn't look at the effective date. If the effective date is long, can we please make it effective immediately? . . .(laughing). . . I just know that people

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have these shopping letters in their hands right now, and this is going to be a major factor in their ability to use them. Thank you.

CHAIR LEE: Thank you, Autumn. We have a question from Vice-Chair Sugimura.

COUNCILMEMBER SUGIMURA: Nice seeing you, Autumn. Good morning. Thanks for your good work --

MS. NESS: Hi. Good morning.

COUNCILMEMBER SUGIMURA: -- in the community. What was the name of your book so we can do a Google search and buy it, or do you have copies for us?

MS. NESS: Oh, I actually...I can drop a copy. I'm glad that you want one. I will...I have at least two copies in the office, and I've read them already, so I can bring them in if you'd like.

COUNCILMEMBER SUGIMURA: Okay. Thank you.

MS. NESS: Okay.

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

MR. KRUEGER: Chair, the next person signed up to testify is Alan Lloyd in the Chamber.
(pause)

MR. LLOYD: Sorry. I just got here, so let me change my glasses. *(pause)* Handouts for Councilmembers. *(pause)* All right. Good morning. Aloha, Councilmembers, and Staff, and audience. I'm here to testify on Bill 168 of this year, 2025. My name is Alan Lloyd. I'm a resident of Wailuku. I'm speaking for myself and the Maui Democratic Socialists. Something needs to be done about high rents in Maui. You can see from the handouts--which you have--rents have gone up in 2025. We also know that condo and home values have gone down. So, even though those values have gone down, rents have still gone up. Here are my concerns about Bill 168 under your consideration. The exemptions of \$100,000 are too low to incentivize landlords to offer rent at 70 percent FMR. Ideally, to incentivize landlords enough to reduce rent, the property should be totally exempt, similar to what was offered to Lahaina fire survivor...to the property owners to house Lahaina fire survivors. Second, at a minimum, the property owner who lives on the property should be offered the home...home exemption, owner-occupied exemption of 300,000, and the long-term rental exemption of 200,000 together. Third, realistically, the exemption is not enough to incentivize landlords to participate. Landlords can make more income without using the exemption. So, all property owners that rent to tenants should be required to participate. So, my next point. The property tax exemption is voluntary for landlords. They must be required to participate, or enough will not. And so, they must be required to participate to create affordable rents, and as of the purpose of this bill, to increase affordable housing. History has proven this true. A total property exemption was offered to landlords to house fire survivors.

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Only 6 percent of those offered took that exemption. That 6 percent is from information from a Councilmember's Staff that shared that with me. Next, we do support that the property's rent be no more than 70 percent of the fair market rent. Let's see. Next, Councilmember Kama had proposed legislation that's very similar. So, part of the language in her legislation included that there should be certification . . . *(timer sounds)* . . . from the Department of Housing that the rent the landlord's charging meets the bill requirements. This bill does not have that. My question is, how will the Director validate the rent amounts in this bill? Second, that bill called for a deadline when landlords can state the rent amount to get the exemption. There is no deadline in this bill. Lastly, I have a question. What does it mean when it says in the bill, property is total exempt...totally exempt? Does it mean that the owner is exempt from all property taxes? I'd be good if I could get that question answered. Mahalo for your time.

CHAIR LEE: Thank you. Are there any questions? If not, thank you very much for this information.

MR. LLOYD: Thank you.

CHAIR LEE: Next?

MR. KRUEGER: Chair, there's currently no one else signed up to testify, but I do see an individual in the...in the gallery indicating they'd like to testify.

MR. LAW: Good morning, Council. Jasee Law. I know...I hope you guys are having a nice day and all. I'm not...I'm not real clear today, and maybe it's the rain and stuff. So, I didn't really have a really good testimony, except for like my personal experience. And so, here's the Hawaiian word of the day, is 'ōhumu, 'ōhumuhumu, namunamu, kunukunu, 'ōhalahala, nuku, and nuku ho'omau. And that was from the Pukui-Elbert Dictionary...and that mean...all those words, they all mean grumble. So, I appreciate you, Chair Lee, when you...I know it was going to be some work for...for you guys, so appreciate everybody that was...volunteered to be on this Committee. And I really did...I didn't have much time to go over these like real, with a fine-toothed comb. And I appreciate all the other testifiers that took time to come here. So, saying that, I realize it's like the Rules of the Council is...I didn't read all the bills, what I'm trying to say. What I have here, Exhibit A for you guys, and I'll try to make copies. The August 15, 2025, *Hawai'i Catholic Herald*. They're advertising two burial plots for \$12,000. And I'm...I'm back on that thing about the...the nonprofit religious organizations, and I'm wondering how come they have...they're selling plots for dead people, but they can't seem to afford any help for the live people. So, I'm trying to get somewhere...so I'm not going to grumble, and I'm trying to have some...I know it's a tough one to fight the...the Roman Catholics, but here's some constructive criticism. We're lucky that we live in Hawai'i, and we lucky we have that Department of 'Ōiwi Resources now because I believe we can get around that U.S. Government thing about the restriction on making laws for...for religious organizations, and if we do it right, we can maybe charge the...the religious organizations. If they're not...we set up

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some criteria for them to follow, and if they don't meet it, then they have to pay an 'Ōiwi tax. So, how's that?

CHAIR LEE: Questions? No questions. Next testifier?

MR. KRUEGER: Chair, the next person we have signed up to testify is Robert Bence on Teams.

MR. BENCE: Aloha, Councilmembers. I am in support of the continued exemption for the fire victims. This morning, I forwarded an email to Councilmembers Sugimura and Johnson, asking if we could please amend Section 3.48.485. This might've gone into the Spam file, because I also forwarded a Maui article from UHERO about disabled Maui residents are still facing barriers two years post-wildfire. I believe it's Section 3.48.485. The current exemption for those with total disability is only \$25,000. If that could be amended so that we only pay the minimum tax, 150, that would help a lot of...there's probably not very many of us, low-income, local, totally disabled, that are fortunate enough to own, but the property taxes can be really hard for those of us that are. Mahalo.

CHAIR LEE: We have a question from Member Johnson.

COUNCILMEMBER JOHNSON: Thank you, Chair. Good morning, Mr. Bence. Thanks for your testimony. Always looking forward to hearing it. And I did receive your email. I just checked, and...and we did get it. So, thanks for that.

CHAIR LEE: Any more questions?

MR. BENCE: Mahalo.

CHAIR LEE: Thank you. Next testifier.

MR. KRUEGER: Chair, there's currently no one else signed up to testify at the beginning of the meeting, so we'll do a last call. If there is anybody else who would 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 countdown...three, two, one. Chair, there is no one else to testify at the beginning of the meeting.

CHAIR LEE: Members, any objections to closing public testimony at the beginning of the meeting and accepting written testimony?

COUNCILMEMBERS: No objections.

CHAIR LEE: So ordered.

. . . CLOSE PUBLIC TESTIMONY AT BEGINNING OF MEETING . . .

CHAIR LEE: Staff? Are we going to be taking up the first item then?

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**ITEM 13: BILL 170 (2025), ESTABLISHING A NEW CIRCUIT BREAKER
TAX CREDIT CATEGORY**

MS. SZABO: Yes, Chair. The first item on your agenda is RPTR-13 for Bill 170, Establishing a New Circuit Breaker Tax Credit Category.

CHAIR LEE: Okay. So, Members, I'll be reading the description, and then I'll be introducing the Director of Finance and the Real Property Tax Administrator to...to give some comments. But right after, let's say, Member...I mean not a Member, but Director Martin, I'm going to take a recess, okay? So, RPTR-13, Bill 170 (2025), Establishing a New Circuit Breaker Tax Credit Category. Bill 170 establishes a new circuit breaker tax credit for qualified homeowners. The credit equals the amount by which the previous tax year's real property taxes exceed either 2 percent of household income or the minimum tax, whichever is greater. The credit capped...is capped at \$10,000. Now, joining us today to assist with our discussion on this item, as well as all other items on our agenda, is Marcy Martin, Director of Finance, and Kari Stockwell, County Real Property Tax Administrator. Can we begin with comments from you, Director, and then we're going to take a short recess. Ms. Martin?

MS. MARTIN: Thank you, Chair. And the Department worked with Councilmember Gabe Johnson on a gap that we recognized was for property owners who've owned their property for a long time, and have building values that exceed the building value threshold that existed under the...the original circuit breaker. So, this is an additional circuit breaker with some lower criteria and some higher criteria. And Kari worked on this as well, so I'll let her speak, Kari Stockwell.

MS. STOCKWELL: Okay. So, the criteria for this bill for the circuit breaker would be that they have to own their property for 15 out of the last 20 years. So, the original one had it 5 out of the prior 6 years, so we're now expanding it to 15 out of the 20 years, and we're raising the credit to \$10,000 from \$8,200 to account for the higher building values that we're seeing. Thank you.

CHAIR LEE: Okay. So, now we...we need to have public testimony, and then we'll take a recess. Can you call public testimony?

MR. KRUEGER: Yes, Chair. The first person...the only person signed up to testify on this item is Tom Croly.

CHAIR LEE: Mr. Croly?

. . . OPEN PUBLIC TESTIMONY ON RPTR-13 . . .

MR. CROLY: Aloha, Chair. I'll have comments on each of the...the items today for you, but on this item specifically, what I thought I could bring to the table was, when the Council created this chart, if you will, for the...the building values, the...the rationale that was behind it, okay? The rationale that was behind setting a building value to determine

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whether or not you're...you're eligible for a circuit breaker tax credit was that if someone could afford to build a really expensive property, and therefore that drove their...their tax bill up, they really aren't the person we're trying to help with the...with the credit. It's more the person who owns the land that their property is sitting on, and the land value goes up so much. I don't know what the effect would be of simply removing the...the building value thing, but what we're doing here is, we're saying okay, for people who've owned it for 15 years, we're going...we're going to ignore the building value part of that. But I...I'd love to see...because it's simply a policy discussion for...for the Council to have to determine whether or not the building value needs to be in there. But the...the basic fundamental premise of that was, we wanted to exclude someone who had the...the wherewithal to build a very expensive home on their lot, and then say, well, now my property taxes are too high, and they created their own problem. But...but this bill seeks to...to address someone's property building value that has gone up simply because the...you know, all other homes are selling for more. The other kind of slight problem with this bill is, we kind of got rid of the difference between land value and building value a few years ago when we...when we put them all together and said, we're just going to have one value. So, I'm not sure how accurate building values are. That's...that's always an issue. For...for appeals, it's the total value of the property. But in...in...when we include this building value as part of this...this program, then the question is, did the assessor accurately assess the building value separately? So, there's a number of issues that come into play with this, and maybe, just maybe, the Council would consider getting rid of the...the building value criteria as part of the circuit breaker altogether, as opposed to creating all these different little...you know, if you've owned it for 15 years, you get this, if you've...you know, that kind of thing. So, just something for you to think about...again, strictly as a...as a policy measure. Thank you, Chair.

CHAIR LEE: Thank you. Questions, Members? Member Sugimura?

COUNCILMEMBER SUGIMURA: Yeah, thank you. So, thank you for always participating, right? On page 2 of this bill then, you're saying delete the whole section, homeowner's gross building assessed value. Delete that whole section? Is that what you're saying?

MR. CROLY: I'm saying that if you were to delete that section, then there wouldn't be a need for this bill altogether. You know, they're...we're putting this bill forward because there apparently are some folks who have owned their homes a long time, and the building value has gone up, but we still want to include them into...into the circuit breaker. If you deleted this altogether, what's the risk? You know, the risk is that there's somebody who has the wherewithal to build an expensive home, and then say, now I've driven my own taxes up too high. So, again, I'm not telling you what to do, I'm just saying this is a policy decision.

COUNCILMEMBER SUGIMURA: Thank you.

MR. CROLY: Yes.

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

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MR. KRUEGER: Chair, there's currently no other individuals signed up to testify on Bill 170, so we'll do a last call. If there's anyone else who would 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 on this item.

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

COUNCILMEMBERS: No objections.

CHAIR LEE: So ordered.

. . . CLOSE PUBLIC TESTIMONY RPTR-13 . . .

CHAIR LEE: All right. So, to begin, we'll ask the Members if you have any questions first to the Director of Finance...yeah, and then recess. We have to start discussion. Any questions to Director . . .(inaudible) . . .

COUNCILMEMBER SUGIMURA: I do.

CHAIR LEE: Member Sugimura?

COUNCILMEMBER SUGIMURA: So, I wanted to know what the revenue impact of this bill is as proposed? *(pause)*

CHAIR LEE: Do you need some time to look it up?

MS. STOCKWELL: No.

CHAIR LEE: Oh, okay.

MS. STOCKWELL: At this time, the revenue impact is going to be very low. We only have about...a little over 300 properties, I think, on circuit breaker. So, it's not a huge revenue impact. It just...we do have generational families that have owned their properties for many years, that we're finding the building value was added years ago to circuit breaker because new...new owners were building these huge properties, and then going immediately onto circuit breaker. So, there was a need for that building value to be added. And it's very important to have it. It does keep it...you know, it doesn't...it allows for people not to build these huge homes, and then immediately go on it. You know, you have to own your building. You have to...by granting it, but widen...making it harder, 15 out of the 20 years, there's not going to be a ton of people who would be able...who would be able to go on it, but it would make a huge difference for those who are able to be on it as building values rise.

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COUNCILMEMBER SUGIMURA: Okay. So, you're saying to keep the assessed values, that...that chart in, homeowner's gross building assessed value section --

MS. STOCKWELL: Yes.

COUNCILMEMBER SUGIMURA: -- because of what you just said?

MS. STOCKWELL: My recommendation would be to keep that in --

COUNCILMEMBER SUGIMURA: Okay. And...

MS. STOCKWELL: -- because we have had problems in the past --

COUNCILMEMBER SUGIMURA: And because of...

MS. STOCKWELL: -- with them.

COUNCILMEMBER SUGIMURA: Oh, it looks like Marcy Martin wants to say something.

MS. MARTIN: I did want to point out that when we do our certification, we take the applicants, and we come up with a circuit breaker estimate. So, while we can't tell you what the revenue impact would be now, it would be deducted at the time of certification.

COUNCILMEMBER SUGIMURA: Right.

MS. STOCKWELL: So, if it did go up--we would hope it would go up, that some additional people would be able to qualify.

COUNCILMEMBER SUGIMURA: Okay. One more question. So, based upon your example, would a...a taxpayer qualify for the 'āina kūpuna and the circuit breaker?

MS. STOCKWELL: So, for that, they wouldn't need to...they wouldn't need to apply. If they qualify for the 'āina kūpuna, they wouldn't file for the circuit breaker as well because 'āina kūpuna takes their...their property taxes to minimum taxes as is. So, that would be their...that's the biggest savings is the 'āina kūpuna.

COUNCILMEMBER SUGIMURA: Okay. Thank you.

CHAIR LEE: Okay. And we will continue the discussion after our break. So, we'll take a break until 10:30. Meeting in recess. . . .(gavel). . .

RECESS: 10:21 a.m.

RECONVENE: 10:42 a.m.

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CHAIR LEE: . . .*(gavel)*. . . Will the Special Committee on Real Property Tax Reform meeting please reconvene. It is now 10:42, and we are on item number 13, Bill 170, questions to the Finance Department. Member Sugimura, were you finished with your question?

COUNCILMEMBER SUGIMURA: Yes, yes.

CHAIR LEE: Member Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. If you'll allow me, I'll just do a quick intro, and I might have an amendment here.

CHAIR LEE: Oh, okay.

COUNCILMEMBER JOHNSON: So, basically, Bill 170 is creating a new circuit breaker category, and...and dealing with the spiking property values that we all see within our community, it aligns with the national discussion on affordability, which we hear a lot about, how people are just being priced out. And I think it's an innovative way to lower housing costs on our people. I worked with Director Martin and the Department. Ms. Stockwell has been great in working together on this bill. It's signed off by Corporation Counsel, but Corporation Counsel did bring up something important that I think I can defer to them on the reasoning. But basically, because we're extending the time that's available for some folks, then maybe some folks might sell their house and try to carry the circuit break over to a new property, which is a little fishy. We don't want that. But I'm going to turn it over to Corporation Counsel.

CHAIR LEE: Corporation Counsel?

MS. TOSHIKIYO: Yes, thank you. Yeah. So, the way that the bill is currently read, it would be the homeowner...I'm looking at, sorry, the new Subsection B(1). And it requires that the homeowner has been granted a home exemption for at least 15 out of the prior 20 tax years. So, that's a condition upon the homeowner. But I believe Member Johnson's intent is that it would be for the same property. So, I would recommend then just adding in some language such as, the homeowner has been granted a home exemption on the same property for at least 15 of the prior 20 tax years. And then just for clarity and consistency, also amend the old...well, the current Section A(1) to also reflect the same thing. So, if you look above on page 2, the homeowner has been granted a home exemption on the same property for at least five out of the prior six tax years. And that's just to provide clarity that the intention is that it's on the same property.

COUNCILMEMBER JOHNSON: And Chair, if you'll allow, I'd like to have the department respond to Corporation Counsel's suggestion.

CHAIR LEE: Sure. Finance?

MS. MARTIN: Thank you for pointing that out. I think...I'm not sure the wording in my head, but rather than saying the same property, it's going to be the property that's being granted the credit. Yeah. So, I have to think about the wording, but...

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MS. TOSHIKIYO: Yes. Yeah, I mean, that would be fine. Thank you. As long as it meets the intention that it's not just the...the condition is not just on the homeowner. Because like Member Johnson said, then actually, a homeowner could, you know, sell their principal place of residence, and buy a new principal place of residence, and also receive the exemption. And then the...the credit would apply for different properties during that time . . .*(timer sounds)*. . . period. So, whatever language, we need to make it very clear that it's...it's for the same homeowner and property.

COUNCILMEMBER JOHNSON: So, I...I heard my time. And, you know, as...when we get to the bill, and when we get to the motions and the amendments, maybe we can do...you know, let them do the language, but I would support that amendment. Thank you, Chair.

CHAIR LEE: So, I...I just have a quick question, Ms. Toshikiyo. So, this exemption will not be attributed to the homeowner, just the property?

MS. TOSHIKIYO: It would be to both.

CHAIR LEE: To both. Okay. Because you mentioned...talked about carrying over, you know, the...the credit, the exemption. And the homeowner has been granted a home exemption for at least 15 out of the prior 20 tax years, but it could...could mean two different properties.

MS. TOSHIKIYO: Yes, under the current verbiage.

CHAIR LEE: Okay. All right. All right. Do we have any more questions for Finance on this item, Bill 170? Are we ready to make a motion? Okay. *(pause)*

COUNCILMEMBER JOHNSON: Okay. Chair, I move to pass Bill 170 (2025), on first reading.

COUNCILMEMBER SUGIMURA: Second.

CHAIR LEE: Moved by Member Johnson, seconded by Member Sugimura to pass Bill 170 on first reading...recommend passing Bill 170 on first reading. Discussion, Member Johnson.

COUNCILMEMBER JOHNSON: Thank you, Chair. I'd also like to move to amend the language per our just-previous discussion. If you'd like, I could leave it to the lawyers to actually have the language, but basically, my suggestion would have been in Section B, Subsection 1, to be read as the homeowner has been granted a home exemption on the same property for at least 15 out of the prior 20 tax years. We can...I'm totally okay to have a friendly amendment to make it more legally sounding per both parties. So, that would be my amendment.

CHAIR LEE: Member Sugimura?

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COUNCILMEMBER SUGIMURA: Are you also going to include --

COUNCILMEMBER JOHNSON: Yes.

COUNCILMEMBER SUGIMURA: -- A(1)?

COUNCILMEMBER JOHNSON: I forgot --

COUNCILMEMBER SUGIMURA: Yeah, yeah.

COUNCILMEMBER JOHNSON: -- that part. Yes.

CHAIR LEE: Okay.

COUNCILMEMBER JOHNSON: And the same thing goes for the existing
Section 3.48.810(A)(1).

COUNCILMEMBER SUGIMURA: 1.

COUNCILMEMBER JOHNSON: 1.

COUNCILMEMBER SUGIMURA: It's 1 now.

COUNCILMEMBER JOHNSON: Well, the new section being 1. The homeowner has been
granted a home exemption in certain language on the same property for at least five out
of the prior six tax years. That would be my amendment for both.

COUNCILMEMBER SUGIMURA: Okay. Second.

COUNCILMEMBER JOHNSON: Thank you for that.

COUNCILMEMBER SUGIMURA: Second, second.

CHAIR LEE: Okay. Any further discussion? Corp. Counsel, could you give us something now
and that you could refine later as far as wording?

MS. TOSHIKIYO: So, based on what Director Martin is suggesting--and I'll run this by her in
open session--the homeowner has been granted a home exemption on the property
receiving the credit for at least 15 out of the prior 20 tax years.

COUNCILMEMBER JOHNSON: I see nodding heads over on Administration side.

CHAIR LEE: Okay. That's a friendly amendment?

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

CHAIR LEE: All right.

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MS. TOSHIKIYO: And yes, Chair. So, the same would be for A(1). The homeowner has been...has been granted a home exemption --

COUNCILMEMBER SUGIMURA: On the same property.

MS. TOSHIKIYO: -- on the property receiving the tax credit for at least five out of the prior six tax years.

CHAIR LEE: All right. Any more discussion on the amendment? All those in favor of the motion, raise your hand and say "aye."

COUNCILMEMBERS: Aye.

CHAIR LEE: Is Member Rawlins-Fernandez on the line?

MR. KRUEGER: Chair, she's online, but we do not hear her.

CHAIR LEE: Yeah, I know, but we give everybody a chance. So, she's not responding?

MR. KRUEGER: Chair, yes, we...we still haven't --

CHAIR LEE: Okay.

MR. KRUEGER: -- heard any.

CHAIR LEE: All right. Motion carries. Motion carries on the amendment.

VOTE: AYES: Chair Lee and Councilmembers Johnson and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXCUSED: Vice-Chair Rawlins-Fernandez.

MOTION CARRIED.

ACTION: APPROVE amendment.

CHAIR LEE: So, the main motion as amended, any more discussion? No. All those in favor, raise your hand, say "aye."

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COUNCILMEMBERS: Aye.

CHAIR LEE: So, three “ayes,” zero “noes,” one excused, Member Rawlins-Fernandez. Motion carries.

VOTE: AYES: Chair Lee and Councilmembers Johnson and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXCUSED: Vice-Chair Rawlins-Fernandez.

MOTION CARRIED.

ACTION: Recommending FIRST READING of Bill 170, CD1 (2025).

COUNCILMEMBER JOHNSON: Mahalo, Members.

CHAIR LEE: All right. Moving on. Staff?

ITEM 14: BILL 171 (2025), EXTENDING MAUI WILDFIRES REAL PROPERTY TAX RELIEF

MS. SZABO: Chair, the next item is RPTR-14 for Bill 171, Extending Maui Wildfires Real Property Tax Relief.

CHAIR LEE: Okay.

COUNCILMEMBER SUGIMURA: May I?

CHAIR LEE: Shall we take testimony first?

COUNCILMEMBER SUGIMURA: Oh.

MR. KRUEGER: Chair, there’s only one person signed up to testify on this item. That would be Tom Croly on Teams.

CHAIR LEE: Mr. Croly?

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. . . OPEN PUBLIC TESTIMONY ON RPTR-14 . . .

MR. CROLY: Aloha, Chair. Jonathan Helton gave perfect testimony on this item. I'm in support of...of what you want to do, which is extend the tax relief. But the question that I'd like you to...to bat around there is, why are we only talking about the SMA, and not the properties outside the SMA, number one; and number two, one question that I had is, why are we setting this up for two years, and not just doing it one year at a time? I don't know what circumstances may change a year from now, but...but you...you certainly would have the opportunity to extend it next year to a second year if...if necessary. So, that's...again, just a policy decision there. And then the idea that in the year that the person does rebuild their house, and as Mr. Helton pointed out, it might be at the end of the tax year, to then go and back-tax them for the whole rest of the year doesn't seem right. So, you would kind of fall out of the category in the following year because your...your...your home has been rebuilt. So, you would not be able to get the tax relief once your home has been rebuilt. But this idea that we're going to back-tax you during the year that you do rebuild your home for a period that you may not have had access to your home because it wasn't rebuilt does seem unfair. So, I...I'd like to see you rectify that issue. And then the other question that...that I would have for this bill, and kind of all the others that...that...that you want to bring up to the Administration is, what's our deadline? Like...like in... in this case, is this an absolute deadline that we have to get done by December 31st in order for them to apply this to...to next year? Some of these things, I think, are going to have that deadline, and you really are going to have to take action today. I think you know...you understand, you know, what's...what's on the table there, and some of them, maybe not. I hope that this Committee will continue beyond this meeting, and resolve some of these other issues that maybe we haven't really resolved at this point, and the deadline of December 31st is not necessarily all that important. You heard some testimony on items that are not on today's agenda from the first testifier that I really would like you to discuss in this Committee at some point, but it's not on today's agenda, so there's nothing you can do. But I do think that we're making some good progress here with some of the issues that...that...that Real Property Tax needs to address. Thank you, Chair, for the opportunity.

CHAIR LEE: Thank you. Always good to hear from you. Questions, Members, for the testifier? If not, may we have the next testifier?

MR. KRUEGER: Chair, there's currently no one else signed up to testify on Bill 171, so we'll do a 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 using the raise hand function. We'll do a brief countdown...three, two, one. Chair, there is no one else to testify on this item.

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

COUNCILMEMBERS: No objections.

CHAIR LEE: So ordered.

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. . . CLOSE PUBLIC TESTIMONY RPTR-14 . . .

CHAIR LEE: All right. So, let's see. This...this...this one has so many. Okay. Members, Bill 171 (2025), extends relief for certain properties impacted by the August 2023 Maui wildfires through June 30 of '28, under specific conditions, and identifies when exemptions are lost. And I'll ask Member Sugimura to explain it further, if she wants to.

COUNCILMEMBER SUGIMURA: Thank you, Chair. So, as you recall, October 14th, the Special Committee discussed Bill 144. And based upon that, we have come up today with a new bill incorporating that which was discussed. So, we worked with Finance and Corporation Counsel to introduce this new bill on extending Maui wildfire real property tax relief, and taking into consideration the comments that were provided in the meeting. Bill 171 focuses on real property tax relief for property owners who have not yet been able to move forward with their rebuild. Targeted parcels would include those that are completely destroyed and remain vacant parcels that have not yet received final inspection approval, and parcels in the Lahaina burn zone where occupancy have been permitted...prevented due to the status of public infrastructure and utilities. Bill 171 also reduces the scope of the exemption to properties within the SMA area, including properties in the Lahaina Historic District or those that abut...abut the shoreline. And I think by the testimony, we can discuss that further. The wildfires have placed a financial burden on impacted property owners, and by extending tax release...relief, this would provide support towards families and business owners. I transmitted a memo to the Committee file that includes my communication with Director of Finance and her written comments. You may find that in Granicus number 2. Did it get uploaded?

CHAIR LEE: Okay. And then we're at the point now, before you...

COUNCILMEMBER SUGIMURA: Take testimony.

CHAIR LEE: Yeah. We have to ask if Finance has any opening comments.

MS. STOCKWELL: Okay. So, yes, Finance has worked with Councilmember Sugimura thoroughly on this bill.

CHAIR LEE: Can you speak louder, please?

MS. STOCKWELL: Sorry. Real Property has worked with Councilmember Sugimura for our data for this bill, and Real Property is ready to assess properties that have been rebuilt and have infrastructure in place. I think within this bill, the Historic District portion is something that we don't have the data for. So, that is something Real Property cannot do at this time.

CHAIR LEE: Any more comments?

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MS. MARTIN: I can make a comment as well. The additional Section F carries a retroactivity that isn't necessarily applied to other parcels. And I'm not sure if it's really needed for the intent of the...of the bill.

CHAIR LEE: Why? Why?

MS. MARTIN: Well, if the intent is to...so everyone is assessed as of January 1. So, I think that if somebody completes, you know, their home in June, you know, we would...I guess per this, it appears that the intent was to retroactively tax them as of January 1. But we wouldn't be doing that to other people who were building a house and finishing the house because there's construction in other areas that aren't in the...in the burn scar. So, just to...to continue for uniformity purposes, just kind of stick to that January 1 assessment date would be my preference.

CHAIR LEE: Okay. Is this similar to the other bill that I'm going to bring up that I've been talking with you about?

MS. MARTIN: No. This is about...

CHAIR LEE: I know you're talking about Lahaina, but still. I'm talking...but you know...well, we'll get to that. Never mind, we'll get to that one. Okay. So, we had our opening comments and our explanation, do we need to take testimony again? No? Okay. Let's have further discussion from the maker of...the introducer of this.

COUNCILMEMBER SUGIMURA: Yeah, thank you. So, I...I heard the comment about that it...well, first of all, I agree to what the Department said about taking out the historic district because if I gather what they were saying for Real Property Tax, they don't have it segregated like that. So, if we took out the reference in Section E, then, you know, we would then be able to help for clarity. So, 3.48.230, and taking out that Section E, from Section E, the word "a historic district" from that. But I wonder if the Department would comment on...on that prorated taxation amount, based upon the comments from the testifier, and it would be for that Section F.

CHAIR LEE: Finance?

COUNCILMEMBER SUGIMURA: So, you're saying to just leave it the way it is.

MS. MARTIN: Thank you. So, typically, with exemptions, if we find, you know, fraud, we would recalculate for the entire year. We would remove the exemption and recalculate. But...but this is just triggered upon...it appears, if...if they finish their building during the assessment year. So, they could have been, you know, compliant on January 1 for the exemption. And we just...like I said, we...appraisals are as of a specific date, so...

COUNCILMEMBER SUGIMURA: Leave it.

MS. MARTIN: And if we did find something that we missed, we can do an omitted assessment under other sections of the --

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COUNCILMEMBER SUGIMURA: Okay.

MS. MARTIN: -- the Code.

COUNCILMEMBER SUGIMURA: Okay. So, you're saying to leave this, don't make any changes. And then what about the comment about the deadline? So... *(pause)*

MS. STOCKWELL: So --

COUNCILMEMBER SUGIMURA: Instead of two years.

MS. STOCKWELL: -- keeping it for two years, from June 30th...July 1st, '26, through June 30th, 2028. I..you know, as...I do think that we, as a division, can...the June...the two years is a good amount of time. The one year comes really quick.

COUNCILMEMBER SUGIMURA: Oh.

MS. STOCKWELL: And two years, I do think that that is a good time to administer this program, and to make sure that we have time to...as properties come out...go out of this, then we'll be able to just take it out as they get built and everything. Then they're...then they would get out of this, and be taxed at 100 percent market value at that point.

COUNCILMEMBER SUGIMURA: Okay.

MS. STOCKWELL: So, yeah, the two years is...works for Real Property.

COUNCILMEMBER SUGIMURA: The two years. Okay. So, the two years is good, so we won't change that. . . .*(timer sounds)*. . . Okay. thank you.

CHAIR LEE: Member Johnson, did you have questions?

COUNCILMEMBER JOHNSON: Sure. Thank you, Chair. So, my understanding is, we're looking to strike Section F, but all...what about all the subsections underneath that? I would assume you would want those removed as well. I think it's one to seven.

MS. STOCKWELL: Correct, the whole Section F could be stricken out.

COUNCILMEMBER JOHNSON: Okay. That was my only question, is to make sure that we're going to do more than just the F. We're going to take out the one to sevens. You had something more to add, Director?

CHAIR LEE: Go ahead.

MS. MARTIN: Yes. So...and Kari had mentioned under Section E, so it --

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COUNCILMEMBER JOHNSON: The mention of...

MS. MARTIN: -- reads in part, wildfires in its reentry map of impacted areas, and is located within the Historic District. So, that would need to be removed.

COUNCILMEMBER JOHNSON: Okay.

MS. MARTIN: And, you know, for simplicity purposes, and to make it easily administered and to create parity, you know, maybe the words...and this would be a policy decision. I'm --

COUNCILMEMBER JOHNSON: Sure.

MS. MARTIN: -- just making a menu item of things. All of that qualifying language could be removed, and just make it parallel to what it was last year, with the exception of if...if you finish your building and you're able to occupy it, you're not exempt. So, you would take out "and is located within a historic district, special management area, or abuts the shoreline." So, the new wording would be "wildfires in its reentry map of impacted areas is exempt from property taxes."

COUNCILMEMBER JOHNSON: Period? Oh, full stop? I'm sorry.

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

COUNCILMEMBER JOHNSON: Okay. Okay, okay.

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

COUNCILMEMBER JOHNSON: All right. . . .*(laughing)*. . . Okay. So, Corporation Counsel, do you understand that? I'd like to hear your opinions on what their recommended language changes are. It looks like they're thinking.

MS. TOSHIKIYO: That's my thinking face.

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

MS. TOSHIKIYO: Okay. So, I just wanted to...it's going to be similar to Subsection D that had extended the relief to 2026. I'm sorry, Marcy, what did you say again about the areas? Is it just for wildfires in the reentry map of impacted areas? But we're only talking now about the SMA, which I believe does encompass the historic districts in Lahaina, and those properties that abut the shore...the shoreline. So, is that...that part correct?

MS. MARTIN: Yeah. So . . .*(timer sounds)*. . . --

MS. TOSHIKIYO: Yeah.

MS. MARTIN: -- we'll use Lahainaluna for an example. So, if you had a vacant...if you...if that's your criteria, a vacant lot up there would be taxable versus a vacant lot in the

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SMA. So, Staff would have to, you know, do extra work to segregate out and search which properties, where if it just was all properties within that reentry zone, it would be easier to administer.

MS. TOSHIKIYO: Okay. And then we're leaving the Subsections 1, 2, and 3, and deleting the entirety of the new Section F, which I believe was a way to kind of narrow down the...the exemption further as properties are completed...I'm sorry, the improvements are completed?

MS. MARTIN: Well, F reads that the taxes would be recalculated without the exemption if we found one of those. And so, that wouldn't be a qualifying, that would be a retroactive action.

MS. TOSHIKIYO: Oh, okay. So, are we deleting the entirety of F, or just the phrase "and the taxes for the entire year will be recalculated without the exemption?"

COUNCILMEMBER JOHNSON: The whole thing.

MS. MARTIN: I think it all goes together.

COUNCILMEMBER JOHNSON: Section F, as well as the Subsections 1 to 7, is what they're considering. *(pause)* I mean, I understand administratively is what you're trying to do is make a little bit easier. I think if...Corporation Counsel, if you think that's legally...legal for them to do, I have no problem with it. I...maybe the writer of the bill, do you have any issues with that? I mean, we want to make it work for everyone. . . .*(laughing)* . . .

COUNCILMEMBER SUGIMURA: Plus...oh, I have more to say.

COUNCILMEMBER JOHNSON: Okay. *(pause)* Sorry, Chair, I was chairing your meeting just for a moment.

CHAIR LEE: . . .*(laughing)*. . . Go ahead. Please continue.

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

COUNCILMEMBER SUGIMURA: I have, I have.

CHAIR LEE: Okay. Yes, Member Sugimura.

COUNCILMEMBER SUGIMURA: Yeah. So, also...I mean, I agree with that, so delete that Section F. So, also, when we talk about the area located in the Lahaina reentry zone, I...I believe that what I heard also the testifier say is to not exclude areas like the mauka of the highway, yeah, so to have it as a broader scope. Department?

MS. STOCKWELL: Correct. I think that's what the testifiers were --

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COUNCILMEMBER SUGIMURA: Yeah. So, are you...are you --

MS. STOCKWELL: -- speaking about.

COUNCILMEMBER SUGIMURA: -- are you fine?

MS. STOCKWELL: And for us, that would...administratively, it would make it easier --

COUNCILMEMBER SUGIMURA: It would make it...okay.

MS. STOCKWELL: -- for us to include everyone, rather than --

COUNCILMEMBER SUGIMURA: That's been impacted.

MS. STOCKWELL: -- picking...having to go through everyone and look for the SMA...which we can do, but administratively, it would be easier just to --

COUNCILMEMBER SUGIMURA: Okay.

MS. STOCKWELL: -- have everyone who's in that just completely destroyed, which we have already documented.

COUNCILMEMBER SUGIMURA: Yeah, that's where you started off, right?

MS. STOCKWELL: Correct. We have that all --

COUNCILMEMBER SUGIMURA: So...

MS. STOCKWELL: -- 100...all documented.

COUNCILMEMBER SUGIMURA: So, Corp. Counsel, can you help with the term...the language here so that we can make it all-encompassing, and not only with the S...SMA?

MS. TOSHIKIYO: Thank you. So, I think to achieve that...and I think there's a couple of ways you could do it. So, one way would be to keep the new Subsection E, but delete the language that starts after the second comma, "and is located within a historic district, special management area, or abuts the shoreline."

COUNCILMEMBER SUGIMURA: Okay. So, delete that part?

MS. TOSHIKIYO: Yes.

COUNCILMEMBER SUGIMURA: Okay.

MS. TOSHIKIYO: And then the taxes would be from July 1st, 2026...well, the exemption, July 1st, 2026 through June 30th, 2028.

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COUNCILMEMBER SUGIMURA: Okay. Okay.

MS. TOSHIKIYO: And then leave the “if the real property’s not occupied,” and you’ve got the three. The other option, I’ll throw this out there, is to amend Subsection D, and just extend it from...no, maybe that won’t work. Sorry. Yeah, I guess that would be my suggestion if you’re going to leave in...in E. So, it would really look like D, the old D that has been passed previously, except that, again, you’re extending it for two years, and then putting more qualifying language on the...the parcels.

COUNCILMEMBER SUGIMURA: Okay. So, if I understand you correctly, then you’re saying...well, D remains, but for E, you’re...you’re suggesting the change of language to encompass greater...greater proximity of these properties that have been impacted, right?

MS. TOSHIKIYO: Right.

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

MS. TOSHIKIYO: So, it would include all of the...the properties that were in D, which were in the red or yellow reentry zones as...as of January 1st, 2024.

COUNCILMEMBER SUGIMURA: Right. And so, E would be real property that was located in a Lahaina reentry zone as established by the County following the August 23rd Maui wildfires in its reentry map of impacted areas is exempt from real property taxes, including the minimum real property tax, for the period July 1, ’26 through June 30th, ’28, if the real property is not occupied and blah, blah, blah. That’s correct? Okay. That’s my motion, at the...at the appropriate time.

CHAIR LEE: It’s coming up. Member Johnson?

COUNCILMEMBER SUGIMURA: Oh, okay.

COUNCILMEMBER JOHNSON: I would second that motion. I have no further discussion.

CHAIR LEE: Okay. So, that’s your motion?

COUNCILMEMBER SUGIMURA: Yeah. Moved and seconded by...

MS. TOSHIKIYO: Oh, sorry, Chair. I was also going to say, if she’s also going to delete Section F.

COUNCILMEMBER SUGIMURA: F. Yeah.

MS. TOSHIKIYO: Yeah. It should also be included in the motion.

COUNCILMEMBER SUGIMURA: Delete Section F.

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CHAIR LEE: Okay. Can you repeat your motion then, please?

MR. KRUEGER: Chair?

CHAIR LEE: Yes.

MR. KRUEGER: Apologies...

COUNCILMEMBER SUGIMURA: Got to do the main motion, yeah?

MR. KRUEGER: Uh-huh.

COUNCILMEMBER SUGIMURA: I move...I move to accept [sic] Bill number 171 (2025), "A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE, EXTENDING MAUI WILDFIRE PROPERTY TAX RELIEF."

COUNCILMEMBER JOHNSON: Second.

CHAIR LEE: Okay. It's been moved by Member Sugimura, seconded by Member Johnson, to recommend passage of Bill 171 (2025), Extending Maui Wildfires Real Property Tax Relief. Okay. Are you going to make an amendment?

COUNCILMEMBER SUGIMURA: Yeah. So --

CHAIR LEE: Okay.

COUNCILMEMBER SUGIMURA: -- amendment...

CHAIR LEE: So, no discussion on that?

COUNCILMEMBER SUGIMURA: No discussion.

COUNCILMEMBER JOHNSON: No discussion.

CHAIR LEE: You're going to make an amendment. Go ahead.

COUNCILMEMBER SUGIMURA: We made the amendment. You want us to say it all over?

CHAIR LEE: Yes.

COUNCILMEMBER SUGIMURA: Okay. So, the amendment to this is, I amend Section E, real property tax that was located in the Lahaina reentry zone as established by the County following the August 23rd Maui wildfire in its reentry map of impacted areas, deleting "and is located within historic districts, special management area, or abuts the shoreline," and continues on with the rest of that sentence, which is, "is exempt from real property taxes, including the minimum real property tax for the period July 1, '26,

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through June 30th, '28, if the real property is not occupied, and,” and then also to delete Section F as discussed.

CHAIR LEE: F...F as in Frank?

COUNCILMEMBER SUGIMURA: F as in Frank, yeah.

CHAIR LEE: Okay. So, just to repeat, in Section E --

COUNCILMEMBER SUGIMURA: E.

CHAIR LEE: -- you are deleting --

COUNCILMEMBER SUGIMURA: And is...

CHAIR LEE: -- “and is located within a historic district, special management area, or abuts the shoreline.”

COUNCILMEMBER SUGIMURA: Correct.

CHAIR LEE: Or abuts the shoreline. Okay.

COUNCILMEMBER SUGIMURA: And delete F.

CHAIR LEE: And then delete F.

COUNCILMEMBER SUGIMURA: Right.

CHAIR LEE: Any discussion on that?

COUNCILMEMBER SUGIMURA: No.

CHAIR LEE: Member Johnson?

COUNCILMEMBER JOHNSON: I'll just add that when we delete Section F, it's also the one to seven as well.

CHAIR LEE: Okay. All right. No more discussion. All those in favor of the amendment...

MR. KRUEGER: Chair, so just to clarify, Councilmember Johnson was the second on that amendment.

CHAIR LEE: I...that's what I understand, yeah. All those in favor of the amendment, raise your hand, say “aye.”

COUNCILMEMBERS: Aye.

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CHAIR LEE: Okay. Three “ayes,” zero “noes,” two excused. Motion carries.

VOTE: AYES: Chair Lee and Councilmembers Johnson and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXCUSED: Vice-Chair Rawlins-Fernandez.

MOTION CARRIED.

ACTION: APPROVE amendment.

COUNCILMEMBER SUGIMURA: Main...main motion.

CHAIR LEE: Yeah, main motion as amendment...and...as amended. I just realized that I’ve been saying one excused, but it’s actually Member...

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

CHAIR LEE: No, it’s just one, one has...I don’t...I don’t know why I thought of her as being a Member all of a sudden. Okay.

COUNCILMEMBER SUGIMURA: I know, I miss her.

CHAIR LEE: One excused.

COUNCILMEMBER JOHNSON: Yeah.

CHAIR LEE: All right. So, the main motion as amended, any more discussion? If not, all those in favor of the motion, raise your hand and say “aye.”

COUNCILMEMBERS: Aye.

CHAIR LEE: Three “ayes,” one excused, Member Rawlins-Fernandez. Motion carries.

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VOTE: **AYES:** **Chair Lee and Councilmembers Johnson and Sugimura.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXCUSED: **Vice-Chair Rawlins-Fernandez.**

MOTION CARRIED.

ACTION: **Recommending FIRST READING of Bill 171, CD1 (2025).**

COUNCILMEMBER SUGIMURA: Thank you, Members.

CHAIR LEE: Now, we actually are on two items that would be...that were proposed by Member Rawlins-Fernandez, and is she on the line? *(pause)* Twenty more minutes. All right. Are either of these controversial? Members, do you have any questions or comments about this in advance?

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

CHAIR LEE: It's what?

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

CHAIR LEE: It's not signed. Oh, okay.

MR. KRUEGER: Oh. Chair?

CHAIR LEE: Yes.

MR. KRUEGER: Apologies, but before proceeding with further discussion on those bills, would you like to take testimony on them?

CHAIR LEE: Not yet, because we're deciding whether or not to call them up or not. I didn't want to, but let's take, out of order, Bill 146. Any objections, Members?

COUNCILMEMBERS: No objections.

CHAIR LEE: Because that's mine, so I'm the only one present. . . .*(laughing)*. . . I was going to defer that one, but we may as well take it up, we can talk about it.

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

CHAIR LEE: Okay. So, let's call that up for testimony.

MR. KRUEGER: Yes, Chair. So, proceeding with testimony on Bill 146, there's one person signed up to testify, that would be Tom Croly.

CHAIR LEE: Mr. Croly?

. . . OPEN PUBLIC TESTIMONY ON RPTR-11 . . .

MR. CROLY: Aloha, Committee. Tom Croly. Just before I jump in to...to 146, I just want to point out that in removing Section F of the last bill, what that appears to me to do is, it will grant this two-year exemption for people who do rebuild in the following year. So, if someone rebuilds their home in 2026, they will continue to get this exemption through the end of 2027 because you removed that...that criteria there about the...the has received a building permit. So, I...I...I want you to consider that as...as part of the idea that you removed everything from Section F there. But that's not what my testimony about, because my testimony right now is on Bill 146. . . .*(laughing)*. . . This bill...as...as for the bill that you just skipped over, does attempt to expand the opportunity to address incorrect tax classifications for newly-acquired properties. What is most important here is understanding how the Tax Department will administrate this exactly. We all know, and we agree, that...that when a property use changes hands, when...when the...the new owner comes in, and maybe they're a homeowner, or the...or the new owner comes in and they're not a homeowner, we now have up to an 18-month delay in correcting that. This attempts to...to address that, I think, for just the homeowner side of things, but this is a broader issue that needs more attention than just this bill brings to it. There are a number of use changes that can take place within a given year. For example, if someone has a permit to make a use, and then they give up that permit, they continue to be taxed at that higher rate that...as...as if they had the permit until the following tax years. So, again, that could be up to 18 months in delay. So, there are a number of things that this bill doesn't address in the broader aspect of trying to match the right classification with the use that is being made at...you know, within the...the tax year. But I do support all of the efforts, Bill 146 as well as Bill 142, in trying to rectify the greater problem, which is incorrect tax classification for up to 18 months on these properties. So, again, I...I don't think either of these bills address it completely. And...and I...I hope that it will remain in this Committee so that we...we can come up with a...with a more comprehensive way to address all of these things. But the real question here is for the Department. How will you be able to administrate this effectively, when ideally, as soon as the new owner takes over a property, you would like the...the classification to change then, at that moment, and...and the taxes be recalculated from that point forward. . . .*(timer sounds)*. . . But that might not be something they can administrate. So, I'm...I'm all ears to hear from the Department as to how they will administrate any of these choices to...to fix what is a problem. Thank you.

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CHAIR LEE: Questions? Member Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. A clarifying question on, you said you'd support other ways to make this work. Because I understand that the 18 months kills some folks. Would you support a special fund that would pay the difference until they caught up to the actual rate?

MR. CROLY: Yeah, exactly. Administratively, you got to deal with it one way or the other. From a budget balancing standpoint, one of the things that I look at is, when...when you guys get your final numbers, the...the appeals are considered in there...50 percent of the...of the...what's appealed. And then you end up getting more money from that as those appeals, in...in many cases, are not granted. So, you already have kind of a fund that builds up in the...in the appeal side. And maybe that can be used...that fund can be used to offset this. Again, it's --

COUNCILMEMBER JOHNSON: Yeah.

MR. CROLY: -- it's really just, how do you want to administrate it internally? And...and that's...that's a question for the Administration, not for me. . . .*(laughing)*. . .

COUNCILMEMBER JOHNSON: Thank you, Mr. Croly. Thank you, Chair.

MR. CROLY: Yeah.

CHAIR LEE: Thank you. Any more questions? If not, thank you, Mr. Croly. Any more testifiers?

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 Bill 146, please identify yourself now. On Teams, you can do that by raising your hand. We'll do a countdown...three, two, one. Chair, there is no one else to testify on this item.

CHAIR LEE: Members, any objections to closing public testimony on Bill 146 and accepting written testimony?

COUNCILMEMBERS: No objections.

CHAIR LEE: So ordered.

. . . CLOSE PUBLIC TESTIMONY RPTR-11 . . .

CHAIR LEE: All right. This bill, I...I realize, is...is not the perfect bill, but what we're trying...what I was trying to do was two things. One, let's say if you...if you buy an STR...yeah, you buy an STR, presumably prices have dropped to affordable levels. And I'm a workforce housing person, and I need a house, and I want to buy one of these

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STRs. The problem with that is, I probably qualify to buy that...that house, or that unit with what I have. In other words, I don't have another spare 10, 15, \$20,000 to pay for taxes, and that would probably serve to disqualify me from a loan to buy the STR unit. So, I was trying to think of a way--probably you too, Mr. Johnson--to help this person not be responsible to carry that liability. So...because when you apply for a home, let's say for \$300,000, and you qualify, it's usually because you just make it, you just make that qualification. You probably are not in any position to find another 10 or \$20,000 to pay the...the rent from STR...the STR tax classification...because now you are owner-occupant, which is way less, like \$2 per 1,000 versus \$15 per 1,000. So, I was trying to figure out how we could help that person. Similarly, somebody...I know there are a lot of affordable housing projects in general in Maui County, and those who apply for these properties are just at the 80 percent, or just at the 90 percent, or just at the 100 percent. So, they have...in other words, they qualify...they barely qualify for it, but they do qualify for these projects until they find out what the taxes are, okay? Because it makes a difference if you move into your house in January, or if you move into your house in November. And a lot of these people who are hoping to get this house, who...and barely qualify, cannot qualify anymore after they find out their tax liability, and they're not going to get the loan from the banks. So, how do we help these people? Right now, there is...there is a proposal which gives them two different deadlines, December 31st, and then June 30th. But still, you have to pay for half a year at least in some cases. So, Member Johnson talked about...talked about having a fund to pay for the difference that...that people have to pay between owner-occupant and something else, whatever it was. The...well, what happens now, for your information, if you're a brand-new occupant, you're going to be an owner-occupant, but you...you didn't meet the deadline because you didn't get your permit from the County until January, so you get to move in in January. But what you're classified as is a non-owner-occupant automatically. Why? I don't know. Because you are an owner-occupant. You're not a non-owner-occupant. Maybe it's as simple as changing that classification sooner, I don't know. But up until now, we haven't been able to come to a satisfactory resolution on this. And maybe this is a good time, since Member Rawlins-Fernandez cannot take on her proposals, we have some extra time to talk about this one, which does not have to be resolved today, but maybe we can come up with some ideas that we haven't yet thought about. So, can I just go into asking them for...Finance, can you give your...your presentation on this?

MS. MARTIN: Thank you, Chair. So, real property taxes, which support local governments across the country, you know, are based on appraisals, which are as of a date. So, for Maui County, it's as of January 1. It's how the property existed, and how it is occupied, as of January 1. And that January 1 is used for the period between the following July 1, and then to the end of the year at June 30th. So, the classifications aren't correct. They're always correct as of January 1. And, you know, the reasons for that are the predictability and, you know, for credit ratings, and budgeting, and all of that. But it does create a gap and a lag in tax relief. You know, typically, tax relief is given retroactively, right? You're in for a year, then you get it, then it credits back. That's the way the circuit breaker...that's the way all of our programs work now. But the...as this Owner-Occupied rate has gotten lower and the Non-Owner-Occupied and TVR rates have gotten higher, it is affecting affordability. So, we are in support of Bill 146 to

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address a certain portion of this problem. And Kari has some language modifications that she would like to suggest. When, you know, you're talking about affordable homes, that's...that's different. And that could be addressed differently based upon, you know, maybe once a property is...has a deed restriction to make it affordable or a workforce, maybe at that time is the time that you give it the...the tax benefit, right? And then that would carry on to the new buyers. There's different ways of addressing the different issues. Bill 146 will be administratively difficult because it's going to require a mid-year adjustment. It's going to require taking applications, you know, an additional six months. It's going to double up applications. It's going to require adjusting the tax base. And we know that from the Big Island because they have run this program, and we know it's a very labor-intensive program. But, you know, we...we understand the need for it. So, we've come up with language that we feel we could make this work.

CHAIR LEE: Why don't you share it with us?

MS. STOCKWELL: So, Real Property has worked extensively at looking at different programs and different ways to administer this, and the...you know, we've gone back and forth and did whole different ordinances. But I think what we came up...the one that we can administer is the...would be a half-year, would be that you can apply for the credit either at December 31st or June 30th. So, if you apply on December 31st, you get the credit for the following August payment. If you apply by the June 30th, you would get the...you get to see the credit as early as the February 20th billing. So, basically, in 3.48.410, it would say none of the exemptions from taxation granted in sections 3.48.466, 3.48.475 through 3.48.350, et cetera, a claim for exemption on a form prescribed by the Department. Then we'd add a sentence that says, the exemption from taxation granted in sections 3.48.450 through 3.48.460 must be allowed, provided that the claimant has filed a claim for the home exemption on or before December 31st for the first half payment, or June 30th for the second half payment on such a form as shall be prescribed by the Department. And then in 3.48.450(B)(3), we'd have to add, it would say, that where the taxpayer has acquired a home by a deed made on or after July 1st, 1951, the deed must have been recorded immediately preceding the year for which the exemption is claimed--oh, sorry--that the...that where the taxpayer has acquired a home by a deed made on or after July 1st, 1951, the deed must have been recorded by the respective date set forth in 3.48.410(A). Thank you. *(pause)*

CHAIR LEE: You're asking for a copy? Yeah. Okay. Also, that could, I would say, apply more to...to the STR situation. You know, going back to the other circumstance, where you have a new subdivision, workforce subdivision, and people are not allowed to occupy until after December 31st. Let's talk about that one for a second, okay? What if, from the very beginning, upon permits issued that...for this workforce housing project, which is deed restricted--well, not...not...I take that back, let's not use deed restricted--which is restricted by incomes, okay? So, in other words, those units that are identified as affordable units, and we know it's all going to be Owner-Occupied, they could file that information with the Finance Department so that effectively...that effectively is their date that notifies you of a request for exemption, home exemption, something like that. Now, wouldn't that also be something you could consider to incorporate in your process, rather than after the fact, when there's so many different things that could go wrong

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that's beyond the control of the home buyer? Like for instance, they didn't get their final inspections, or they...there's something that the County is...or the State is holding back on, so they have no...no control whatsoever on their occupancy date. But what is for sure is when the Council passes this project as affordable, and it's going to be owner-occupants within an affordable range, then the time they move in should be relevant because they already are considered affordable owner-occupants. Marcy?

MS. MARTIN: Thank you, Chair. So, currently, there is a program, it's under 3.48.366, and that is for land dedicated for fast-tracked housing. But of course, not all of our workforce housing is dedicated under Chapter...under the fast-tracked housing. So, I would think that maybe mirroring-- . . .*(laughing)*. . . sorry--copying a program like that would...would benefit in two ways. It could be an incentive for the developer, right? Help them save money during construction, and then it would also benefit the new buyers because it would already be...so they would come in exempt, and then the taxes would go up a little bit as they bought for their workforce. And that...that's going to be similar to, say, we just heard about the land trust, right? So, when the land trust owns it, it's exempt and their paying the minimum tax because they're a nonprofit. And then when the owner comes in, they're going to benefit from that lower tax for the portion of the year that the land trust had the exemption. So, it would create kind of that type of situation. So, it would be more preemptive than after the fact.

CHAIR LEE: Okay. Let me ask a real quick question. The developers now pay taxes on the units that are not occupied?

MS. MARTIN: Yes. They pay taxes on the land and the partially-complete buildings as of January 1.

CHAIR LEE: Oh, you mean the units don't have to be completed, and they have to pay taxes on...on...how do they...how do you determine what the units are worth when they're not finished?

MS. MARTIN: Thank you, Chair. That's very difficult, but we use a percent of completion. Our system --

CHAIR LEE: Okay.

MS. MARTIN: -- allows us to do that.

CHAIR LEE: Member Sugimura, then Member Johnson.

COUNCILMEMBER SUGIMURA: So, are you trying to create a bill...thinking about Bill 9? Is that what you're trying to do?

CHAIR LEE: Well, two things. Let's say if Bill 9 passes, yeah? And I feel sorry for the people who want to take advantage of the lower values in condos or other types of units, and find out, although they can qualify to buy it, I'm not sure if they can qualify to pay the tax liability on it. Depending on what time of the year they buy it, of course, but let's

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say they buy it in February. But anyway, the point is, you pay taxes for the previous year. So, the thing is, they're going to have to pay very high taxes. It's 15.75, I think it is, per 1,000 for short-term rentals, and it's \$2 for owner-occupants. So, it's a big liability, and in some cases, they won't be able to qualify.

COUNCILMEMBER SUGIMURA: Okay. So...

CHAIR LEE: That's the STR side.

COUNCILMEMBER SUGIMURA: Okay. So, in general, then, is...we...we...I think that we cannot create an exemption, you know, thinking of a bill that hasn't passed yet, but Real Property Tax, is this fair for all...everybody? I mean, you would be able to do this...we're not doing this for Bill 9 that hasn't passed yet, but I can see the thought process. But what is your comment on this?

CHAIR LEE: Kari?

MS. STOCKWELL: Yeah. Just thinking...you know, all...Real Property's whole goal is to be uniform, and, you know, to administer a program uniformly. Currently, just picking like one, I don't know if that would be a uniform process. If we're looking at just short-term rentals, you know, then you'd have to look at Non-Owner-Occupied, Commercial, Residential, and kind of broaden the scope at that point. Because we...you know, that is our...one of our main objectives is to be uniform and equitable to all parcels.

COUNCILMEMBER SUGIMURA: For going back to what Director said, when you referenced 3.48.366, fast-track housing, can you explain that again as it ties to this, and is there something that we can make it applicable to that so that it's fair for everything?

MS. MARTIN: Okay. I want to clarify that this doesn't...that 3.66 [sic] doesn't...

CHAIR LEE: Let me clarify that, please. Okay. I was talking about two different circumstances. I was talking about, one, STR . . .(timer sounds). . . yeah; and two, a developer of affordable housing, which is separate from STRs. And the developer oftentimes does...cannot guarantee exactly when the people are going to move in. And sometimes, when they move in, it's in January or February or March, so they have to pick up the whole tab from the previous year. But I'm wondering, why can't...why...why do they have to be charged Non-Owner-Occupied, you know, instead of Owner-Occupied? That's one. The other thing is, why do they have to pay for occupancy when they didn't occupy the unit, you know? So, those are the kinds of things. They're similar, but they're not the same. One, probably, we could think of some kind of variation to the land-dedicated bill...I mean, 3 point...I mean, 3.48.66 [sic], maybe we can look at something like that, land dedication, and...and how projects that have been passed by the County Council and designated affordable, they all have to meet all the requirements of, let's say, 2.96, or some of the other requirements. So, why in the...these people, who are already assigned to an affordable unit, why would they be classified as Non-Owner-Occupied? That's my question. So, anyway, at least this is

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improvement, you know, because we've been talking about this for months. And this is the first time I...thank you for thinking of this, the land-dedicated possibility. Maybe we can't do it, but at least it's something that we can try, you know? And then, Kari, you're going to add to this?

MS. STOCKWELL: No, I don't have anything more to add at the moment.

CHAIR LEE: No? Okay. Member Johnson.

COUNCILMEMBER JOHNSON: Thank you, Chair. Well, right off the bat, I don't really support going down this route. The example that you gave is something that I, too, am concerned about. Folks who buy a house that's labeled...or buy a condo that's...or any unit that's labeled short-term rental, and then they're on the hook for that, that's going to...that's going to push people out of that option. And that's a problem when we have a housing crisis, right? So, one of my suggestions was, they have a fund that they could dip into to cover that cost while people actually get taxed at what the use is, which is an Owner-Occupied. That would make sense to me. So, when we have this discussion today, and you mentioned you wanted to defer it, I don't really want to go down this route. It doesn't seem...it's only doing half at best, right? And half at best in good times, maybe can...but half at best in these times, I don't think that's good enough. And that's just how I feel on this. So, that's my two cents. Thank you, Chair.

CHAIR LEE: Don't want to go down this route without keeping the option of a special fund --

COUNCILMEMBER JOHNSON: Well...

CHAIR LEE: -- alive? Is that what you're saying?

COUNCILMEMBER JOHNSON: What I meant is, in the way this bill is written, it only going to give you maybe half of the time that you could be taxed at a...at a better rate. So, how about in the...in the spirit of compromise, there is a fund that covers the other half when they're taxed at that high rate. And I'd like to hear what the Department would have a saying on that. Because I know the idea of the fund might be administratively burdensome, but think of our people when they see that tax bill, it's going to knock them out, they're not going to buy it. They'll...we'll be back at square one for those folks. So, if you had it where half of the year you had...you had to pay a very high rate, and that was covered under a special fund until it kicks in at the rate that they're actually living in, that seems something like a compromise to me. Department, would you...

CHAIR LEE: Finance?

MS. MARTIN: Thank you. And we...we did have the experience of working with Councilmember Gabe Johnson and trying to problem solve regarding the fund. And it seemed very difficult, and I...I took our...our work back to the Administration so we could have more minds problem solving this issue. And another idea that came up, and, you know, might be to have a program kind of similar to what you do for affordable housing, where there's a grant...it's not a fund, it would be a grant that they would apply

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for, and then they could credit in the property taxes. And then I think you would . . . *(timer sounds)* . . . I guess you're always trading one for another, but at least you'd be allevi...alleviate some of those legal and software-type issues that we would have. So, that...that would be, to me, another idea that maybe it would be easier to implement.

COUNCILMEMBER JOHNSON: So, I know the way the Affordable Housing Fund is written is that this money can be used if affordable housing is produced from it. Is that something you think...and maybe Corporation Counsel can speak on the uses of the Affordable Housing Fund? Maybe that...we could pull from that pot to cover the taxes, which is...I don't know. I'd like to hear from them, but it sounds...they nodded their head. Go ahead.

MS. TOSHIKIYO: Thank you, Chair. And thank you, Member Johnson. So, I just wanted to make sure that we're all talking about the...the same thing. So, I mean, we have Chair Lee's bill, and the Department has made some recommended language changes that would basically encompass all applicants for...I guess the big one we're looking at is for the homeowners' exemption. And so, I just want to make sure that I'm talking about the...the correct topic right now, which would be what the Department is recommending. That would be difficult in...for the use of the Affordable Housing Funds. Because again, there are...it's a restricted use fund, and not all applicants under this new provision or revision would qualify because we're also talking about people who are just, you know, over income, who may be wealthy, and not necessarily qualify for the use of the Affordable Housing Fund. So, that's my thought. I mean, basically what they are suggesting is just opening it up to all people who are applying for the homeowners' exemption. And I...I think you might be talking about more those that are going to be more income-qualified, or the residential workforce housing --

COUNCILMEMBER JOHNSON: Right.

MS. TOSHIKIYO: -- type.

COUNCILMEMBER JOHNSON: I'm...I was just trying to find a way that we...if they're concerned about creating a fund, which might be an administrative burden, but it's...I mean, then we get into the grants, and I'm curious what the...the Administration would suggest. I'm...I go and get one of these units. I pay up front, and then you...I write a grant to get reimbursed. Is that how you would envision it?

CHAIR LEE: Ms. Martin?

MS. MARTIN: Thank you. Yes. I wasn't saying we could use the Affordable Housing Fund for this --

COUNCILMEMBER JOHNSON: No, that was me.

MS. MARTIN: -- program.

COUNCILMEMBER JOHNSON: Thank you.

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MS. MARTIN: Yeah. It would have to be, you know, something else. But for example, in Lahaina rebuilding right now, for example, if you needed something, you might be able to apply for a grant, and then that grant would cover that expense. So, there was these grants that you could apply for that would lower certain costs. So, to me, that would be a model that if you...and I said like the...the down payment assist program, right, where someone is looking for a home, right, they kind of pre-apply for the relief, right, and they have that in the bucket, right? So, then, when they go to escrow, that's part of what they have to contribute to their closing and moving forward, which would be to maybe pay down the...the taxes. And then that would partner with Alice's bill, which would be the moving forward piece.

COUNCILMEMBER JOHNSON: Could you imagine them getting the grant quickly? I know this has been kind of a hot topic, in case you guys haven't been here. I've been getting emails, and maybe the Councilmembers, but it's been slow to get reimbursement from the County, and that...that could be a problem when you're just trying to get into a home, paying all those bills, and then you got to come up with the upfront costs, and then you don't get reimbursed for a year, or something really way long. These are, you know, working-class folks that don't have that kind of time that, you know, would...that's the concern I would have.

CHAIR LEE: . . .*(Inaudible)*. . .

MS. MARTIN: Well, then my...you're right, we are busy. So, maybe it would be similar to some of like the wildfire grants, and it would be administered by a private party.

COUNCILMEMBER JOHNSON: Would it...doing it this way, would it...you know how houses go real fast? If there's a good deal on a unit, it'll go quick. If they have to then go and apply, all of a sudden they get pushed out by someone who's got cash, right? And that's a concern I would have too, so...

MS. MARTIN: I think with the Down Payment Assistance Program, I think they...you qualify first, and then you...you shop, but I don't know. We're just --

COUNCILMEMBER JOHNSON: Yeah.

MS. MARTIN: -- problem solving.

COUNCILMEMBER JOHNSON: I know, right? Again, I'm sorry, I don't really support the way it's proposed now, but again, the problem solving is good to have this discussion at this time because a simple fund, where you guys could pull out and kind of, you know, the County paying itself is a...it...it seems to me the fastest way. If we're making processes that are too hard for our own selves, then maybe imagine how it is for John or Susie Q. Public, right?

CHAIR LEE: Okay. And it's apparent that we're not going to solve this today. Any objections to deferring the 146 and the other one, 142?

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COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused: KRF)

ACTION: DEFER pending further discussion.

CHAIR LEE: Okay.

COUNCILMEMBER JOHNSON: Just...I want to say thank you for, you know, and it's a good discussion. I don't look at it as a loss. Thank you for deferring it. Thank you, Chair.

MR. KRUEGER: Chair?

CHAIR LEE: Yes.

MR. KRUEGER: Apologies. Staff's understanding is, the item on the floor was just Bill 146. Perhaps before deferring Bill 142, you might want to just take...briefly take testimony on it.

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

CHAIR LEE: Okay. Let's take testimony so we can defer that too.

MR. KRUEGER: So, Chair, proceeding with testimony for Bill 142, there isn't anyone on the list right now, but perhaps Tom Croly might want to testify on that.

. . . OPEN PUBLIC TESTIMONY ON RPTR-7 . . .

MR. CROLY: Thank you. Tom...Tom Croly always has something to say, right? Bill...Bill 142 goes right along with the discussion that you're having right now. And the...again, I think you really need to work with the Department to come up with a way that they can administrate something like this. They kind of like halfway bought into the idea of the six-month thing, okay? And if that's the best you can do, that's the best you can do. But I...I would hope that we could do better than that, and change tax classifications more than once every six months...because it means you're at least out of...out of sync for six months. And then there's the issue that I know Councilmember Lee and...and Johnson are trying to solve, which is the guy who's trying to apply for a loan, when the underwriter looks at the taxes, they simply look at what's in the...in the record right now. So...so, we really need...would need something that tells them, this tax is going to be less upon the person taking ownership of the house. And that's...that's a more difficult problem to solve. You're going to need some people from the loan industry to try to explain to you how that happens. But it absolutely is true that if there's an STR tax on a particular property, and that's \$15,000, and somebody's trying to buy it and they're going to live in it, and it's only going to be \$1,000 when they buy it, they're...they're going to get knocked right out of the ballpark with that extra \$14,000

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of...of tax that...that the underwriter's going to carry in there. So, that's...that's a problem you...you want to solve in some way that the underwriters would buy off on. And the idea that you were just discussing, of...of creating a fund that would give them back the money, that doesn't solve the problem. They're still not going to qualify for the loan, you know. So, yeah, it's a big, big problem. You really need some cooperation on the part of the Department to say how they can...what they can administrate, and how they can make it work. So, I'm here to help however I can, but I don't have the answer for you just yet. Thanks.

CHAIR LEE: Thank you. Okay. Any more testimony?

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

CHAIR LEE: Any objections to closing public testimony on Bill 142 and accepting written testimony?

COUNCILMEMBERS: No objections.

CHAIR LEE: So ordered.

. . . CLOSE PUBLIC TESTIMONY RPTR-7 . . .

CHAIR LEE: Members, I now would like to ask you if you have any objections to deferring Bills 142 and 146.

COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused: KRF)

ACTION: DEFER pending further discussion.

CHAIR LEE: So ordered. Okay. the reason why I'm kind of rushing this is because we now have Member Rawlins-Fernandez back online, and she has two items. And I'm not sure if we can...it's quite possible we could take them up very quickly. Is she on...is she back on?

COUNCILMEMBER JOHNSON: Are we breaking for lunch at 12:00, or do we plan to stay a little longer for this?

CHAIR LEE: I was...I was...if she can take these quickly, and there are no, you know, complications, then these will be the last two, and then we'll take lunch. I mean, not lunch, but adjourn.

COUNCILMEMBER JOHNSON: Oh, okay.

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CHAIR LEE: Where is she?

MR. KRUEGER: So, Chair, apologies. I believe Councilmember Rawlins-Fernandez was online, but I think she encountered technical difficulties.

CHAIR LEE: Where is she? On Molokai? In Honolulu. Okay. Is...is there any particular rush for this...these two? *(pause)* Okay. All right. Let's call for public testimony.

MR. KRUEGER: Chair, proceeding with public testimony on just Bill 169.

CHAIR LEE: How about taking two, can we take two?

ITEM 15: BILL 169 (2025), TO ESTABLISH VALUATIONS FOR SHARED-EQUITY DEED-RESTRICTED REAL PROPERTY ADMINISTERED BY A QUALIFIED ENTITY

ITEM 16: BILL 168 (2025), TO ESTABLISH A REAL PROPERTY TAX EXEMPTION TO INCREASE AND MAINTAIN ACCESS TO AFFORDABLE HOUSING

. . . OPEN PUBLIC TESTIMONY ON RPTR-15 AND RPTR-16 . . .

MR. KRUEGER: For both items. So, for both Bill 169 (2025), and Bill 168 (2025), proceeding with public testimony. We'll first call on Tom Croly.

CHAIR LEE: Hi, Tom.

MR. CROLY: Hello. Hi, Chair. I'm disappointed that we're...that we're not going to get to Bill 169 because this is the one that I was most in support of. So, I...I...I'm fully in support, and Autumn gave you good testimony about why this bill makes sense, that these properties that are held in a community land trust...

CHAIR LEE: Tom, we are planning to take up 169 and 168.

MR. CROLY: After lunch?

CHAIR LEE: No, after you testify.

MR. CROLY: Yeah. Oh, after I testify. Okay. Great. . . *(laughing)*. . . Well, all right. Oh, sorry, someone was calling me. Okay. Well, I'm...I'm in full support of Bill 169. It would help...darn. I'm...I'm sorry, people keep calling me, and it keeps interrupting me. This makes a lot of sense for these properties that are in community land trust, as Autumn Ness pointed out. The owner of the property does not own the full equity of the property, and the community land trust owns the land in general. And in general, these nonprofits are not taxed on the land. So, it...it makes a lot of sense, the...the way that

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this has been proposed. Again, the devil's in the details and how it would be administrated by the Department. But I'm in full support of the intent of Bill 169. And if the Administration says they can...they can administrate this, then please pass it out of Committee today. . . .(laughing). . . Thanks.

CHAIR LEE: And do you have any testimony on Bill 168?

MR. CROLY: 168 seems to be a defective bill. As I read through it, it does not seem to comport. Maybe I don't fully understand it, and maybe Councilmember Rawlins-Fernandez can explain it. But what it appears to do is, it appears to remove the \$100,000 tax exemption for Owner-Occupied properties that also have a long-term rental. And then it appears to say that if the property is valued at less than 500,000, you get it fully exempt. But if it's valued at more than 500,000, then you only get a \$100,000 exemption. There...there seems to be something wrong with the bill. I...I understand what they're trying to do with this bill, which is, let's give an even more generous tax incentive to someone who's going to rent at less than 70 percent of the...of the area average rental or median rental price. Again, the devil's in the details here too. Even if...even if you fix what's wrong with the bill and...and put the right exemption amounts, I don't know how you administrate it. I mean, asking the Department to monitor the rental amounts that...that people are renting for, I think, is going to be very difficult for the Real Property Tax Department to...to do. So, I...I...I understand what they're trying to do, I think it's a good idea, but I think this bill, as proposed, is defective and incomplete. Thanks.

CHAIR LEE: Thank you. Questions, Members, for the testifier? If not, thank you very much. Do we have anybody else?

MR. KRUEGER: Chair, there's currently no one else signed up to testify on either Bills 168 or 169, so we'll do a last call. If there is anyone else online or in the Chambers who'd like to testify on either of these items, 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 on either of these items

CHAIR LEE: Members, any objections to closing public testimony on Bills 168 and 169?

COUNCILMEMBERS: No objections.

CHAIR LEE: Okay. So ordered.

. . . CLOSE PUBLIC TESTIMONY RPTR-15 AND RPTR-16 . . .

CHAIR LEE: Let's get started on this. I see...I see Member Rawlins-Fernandez. Member Rawlins-Fernandez, welcome. Can you speak to the group regarding 168 and 169?

VICE-CHAIR RAWLINS-FERNANDEZ: Aloha, Chair. Mahalo, Chair. I am on O'ahu in a public place. Okay. You want me to provide comments on both bills right now?

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CHAIR LEE: Well, do you...since we're up against...you know, past 12:00 now, it's...it's quite possible that 169 is not an issue, but 168 may have some issues. Are you wanting for us to consider passing both today out of Committee?

VICE-CHAIR RAWLINS-FERNANDEZ: Yeah, that was my intention.

CHAIR LEE: Okay. Why don't you give us a rundown on both?

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Chair. So, Members, Bill 168 intends to provide two...it's an add-on to our current Long-Term Rental classification and exemption. It would provide more of an exemption for properties that rent at 70 percent of fair-market value as set by HUD. Fair-market value as set by HUD is...at 100 percent is pretty out of reach for a lot of our family members, for our residents in Maui County. Sorry, I don't have the chart right now to share. I'm on my phone. But basically, the...the Long-Term Rental classification would continue as we set it during budget session every year. And the exemption would be, as I proposed, \$300,000 exemption for the property if it's just a long-term rental, and 500,000 if it's rented at 70 percent of fair market value. And we can discuss those exemption amounts at the rate that it is. Oh, shoot. I looked at the wrong rate, I just realized. But basically, Tier 1 rate, if it's \$2 per 100,000, then it would be \$200 per \$100,000 exemption off of the property...the assessed value of the property. For 169, this is a codification of a practice that the Real Property Tax Division already does in assessing a property at the original value at...at time of purchase or move-in for deed restrictions...or for properties that have deed restrictions on...on price restrictions. So...and so, if...if a deed restriction is enforced by the County or the Government, then we already have a process for holding the value at that original amount. But for properties that are...the deed restrictions aren't enforced by the County Government, and is rather enforced by a nonprofit, that's why this Bill 169 was proposed. So, that that practice that's already done for the deed restrictions on the value of the property for a County-enforced deed restrictions can also apply to nonprofits with the...that's enforcing those deed restrictions. Okay. Mahalo, Chair.

CHAIR LEE: Thank you. Okay. So, Finance, response? On...is it correct to say that 169 is merely codifying a current practice of Real Property anyway? So that we don't get into any long discussions, and you can...

MS. STOCKWELL: Thanks, Chair.

CHAIR LEE: Go ahead.

MS. STOCKWELL: The Real Property Assessment Division and the Director has worked with Chair [sic] Rawlins extensively on this ordinance and this bill, and it is...it's just to make it parity with the other workforce housing that we have.

CHAIR LEE: Okay. So, it seems to be something that's already being done. So, what about Bill 168?

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MS. MARTIN: Thank you, Chair. So, we've reviewed 168. And so, just to clarify, this is...is this only intended for those properties that have...that are Owner-Occupied, and not for just long-term rentals would be a question?

CHAIR LEE: Member Rawlins-Fernandez, did you hear the question?

VICE-CHAIR RAWLINS-FERNANDEZ: Yeah. Mahalo, Director Martin. So, this is for long-term rentals...for the Long-Term Rental classification, the long-term rental program. So, currently, you know, like we talked about, if anyone does long-term rental, then they...they qualify if they apply, I believe. But there's no mechanism to enable or to incentivize that cost savings that we're providing to the tenants. And so, by creating this mechanism, it provides more of an incentive for a landowner or landlord to rent to tenants at an affordable rate.

CHAIR LEE: Finance?

MS. MARTIN: I think this would be a question then for Corporation Counsel. Would the bill need to be...would language need to be added to 3.48.466(A)?

CHAIR LEE: Corp. Counsel?

MS. TOSHIKIYO: Sorry. Marcy, can you clarify your question?

MS. MARTIN: Okay. So, it looks like Bill 168 is amending 3.48.466(C). And that section applies to a property where the homeowner resides and qualifies for the home exemption . . . *(timer sounds)* . . . where I think 3.48.466(A) refers to properties that aren't owner-occupied. So, I was just concerned that...that's what I was wondering, is the intent just to give it to those properties that are owner-occupied, or is it to give that exemption to both groups of properties?

CHAIR LEE: Corp. Counsel?

MS. TOSHIKIYO: Yeah. Sorry, I think that I'm reading it differently because the...the section that talks about the property owners that also qualify for a home exemption is under C(2), correct? Right? Am I reading that correctly? And this is a new Subsection 8, which means that the sect...the section above...so A is conditioned on the list on C. So, it's not adding a new subsection to C(2), it's adding a new subsection to C.

CHAIR LEE: Marcy? So, you...do you support this, you don't support this, you have ideas, suggestions?

MS. MARTIN: Yeah. C(2) is for people who have the home exemption.

VICE-CHAIR RAWLINS-FERNANDEZ: Oh, I...I can answer the question.

CHAIR LEE: Okay. Member Rawlins-Fernandez?

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VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. So, like the existing Code allows, if there are two properties, or multiple properties...more than one property, or more than one dwelling unit on a property, and the owner lives on that property, the owner can also qualify for the long-term rental exemption for the second property. And so, that's...that's what that section was intended to address. But if you see issues with the language, let me know, and I can...I can amend it. I want it to read the way that I'm...I'm explaining it to you...to you now. But if it doesn't, then let me know, and I can amend it.

CHAIR LEE: Before I call on Mr. Johnson, do you have a comment or a reply to the Councilmember?

MS. MARTIN: Yes. I guess I was wondering if a property doesn't have the home exemption, would they be entitled to a larger exemption if they were renting to someone who was at 70 percent, or is it just for properties that are owner-occupied?

CHAIR LEE: Member Rawlins-Fernandez?

VICE-CHAIR RAWLINS-FERNANDEZ: No, the intention...mahalo, Chair. The intention was to give more of an exemption to properties that are...I think it's like an additional \$100,000 to properties that are renting at the 70 percent.

MS. MARTIN: Okay. So, then my question would be to...

VICE-CHAIR RAWLINS-FERNANDEZ: Whether...whether it's...whether it's a property that only has, you know, a long-term rental unit on it, or whether it's a property that has both owner-occupied dwellings and a long-term rental unit.

MS. MARTIN: Okay. Then my question to Corporation Counsel would be, does Section A need to be amended?

CHAIR LEE: Ms. Toshikiyo?

VICE-CHAIR RAWLINS-FERNANDEZ: You mean...Chair. Director Martin, do you mean in order to add owner-occupied property, or a property that has both an owner-occupied unit and a long-term rental unit, that Section 8 is missing that section? Is that what you're saying?

CHAIR LEE: Ms. Martin?

MS. MARTIN: No. I thought this amends Section C, which is just for Owner-Occupied property.

CHAIR LEE: Ms. Toshikiyo?

MS. TOSHIKIYO: Well...yeah, sorry, Chair. I believe the section...

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. Chair, we can defer. It's fine.

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MS. TOSHIKIYO: Yeah. Well, I believe that Section C...okay. Sorry, I'm going to have to think about that one for just a bit.

CHAIR LEE: Okay.

MS. TOSHIKIYO: Yeah.

CHAIR LEE: Why don't we defer this one?

VICE-CHAIR RAWLINS-FERNANDEZ: I...I hear what...I hear what Director Martin is saying, and I can...I can look at it again.

CHAIR LEE: Okay. Then we need a motion for Bill 169.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. I move to recommend passage of Bill 169 (2025).

CHAIR LEE: Okay.

COUNCILMEMBER JOHNSON: Second.

CHAIR LEE: Okay. Moved by Member Rawlins-Fernandez, seconded by Member Johnson, to recommend first reading on Bill 169. Discussion? No discussion? Everybody understood this?

COUNCILMEMBER JOHNSON: Yeah.

CHAIR LEE: All those in favor of the motion, please raise your hand and say "aye."

COUNCILMEMBERS: Aye.

CHAIR LEE: One...two...three...four "ayes."

VICE-CHAIR RAWLINS-FERNANDEZ: Aye.

CHAIR LEE: Four "ayes." Motion carries.

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VOTE: **AYES:** **Chair Lee, Vice-Chair Rawlins-Fernandez, and Councilmembers Johnson and Sugimura.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXCUSED: **None.**

MOTION CARRIED.

ACTION: **Recommending FIRST READING of Bill 169 (2025).**

CHAIR LEE: So, Bill 169 is done. Any objections to deferring Bill 168 for further discussion?

COUNCILMEMBERS VOICED NO OBJECTIONS.

ACTION: **DEFER pending further discussion.**

CHAIR LEE: Yes, Member Sugimura?

COUNCILMEMBER SUGIMURA: So, 169 and 168 are not signed by Corp. Counsel. Oh, 168...168 is deferred, but...

CHAIR LEE: Ms. Toshikiyo, do you have the question?

MS. TOSHIKIYO: Yes, Chair, thank you.

VICE-CHAIR RAWLINS-FERNANDEZ: Explain.

MS. TOSHIKIYO: . . . *(laughing)*. . . Yeah. So for Bill 169, and we did not receive it yet for review, but I did a cursory review, and I've listened to the testimony. I don't believe we're going to have any legal issues. We are going to review for formatting --

COUNCILMEMBER SUGIMURA: Formatting.

MS. TOSHIKIYO: -- and et cetera.

COUNCILMEMBER SUGIMURA: Okay. Thank you.

MS. TOSHIKIYO: But...and...and if there were any changes, it would be in time for first reading.

COUNCILMEMBER SUGIMURA: Okay.

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MS. TOSHIKIYO: And Bill 168, I did review this, but I only signed it yesterday.

CHAIR LEE: Okay.

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR LEE: Very good, everybody. Thank you. Thank you, Member Rawlins-Fernandez for joining in long distance. Yes, we have more work to do on 146 and 142. And if you go home and think of some great ideas, feel free to write them down for our next meeting because this meeting is adjourned. Thank you. . . .*(gavel)*. . .

ADJOURN: 12:16 p.m.

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Transcribed by: Daniel Schoenbeck

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CERTIFICATION

I, Daniel Schoenbeck, hereby certify that pages 1 through 50 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 4th day of December 2025, in Wailuku, Hawai'i



Daniel Schoenbeck