


September 10, 2025

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MEMO TO: RPTR-5 File

F R O M: Alice L. Lee, Chair   
Special Committee on Real Property Tax Reform

SUBJECT: **TRANSMITTAL OF INFORMATIONAL DOCUMENT RELATING TO  
BILL 113 (2025), ON THE DEADLINE FOR FILING CLAIMS FOR  
REAL PROPERTY TAX EXEMPTIONS AND STANDARDS FOR  
VALUATION** (RPTR-5)

The attached informational document pertains to Item 5 on the Special Committee's agenda.

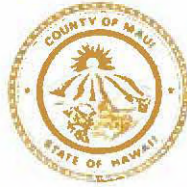
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Attachment

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

**MARCY MARTIN**  
Director

**MARIA E. ZIELINSKI**  
Deputy Director

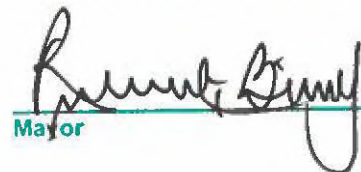


**DEPARTMENT OF FINANCE**  
COUNTY OF MAUI  
200 SOUTH HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.mauicounty.gov](http://www.mauicounty.gov)

August 4, 2025

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

**APPROVED FOR TRANSMITTAL**

 8-6-25  
Mayor Date

For Transmittal to:

Honorable Yuki Lei K. Sugimura, Chair  
Budget, Finance, and Economic Development Committee  
200 South High Street  
Wailuku, Hawaii 96793

Dear Chair Sugimura:

**SUBJECT: A BILL FOR AN ORDINANCE AMENDING SECTIONS 3.48.410 AND 3.48.450, MAUI COUNTY CODE, RELATING TO THE DEADLINE FOR FILING CLAIMS FOR REAL PROPERTY TAX EXEMPTIONS AND STANDARDS FOR VALUATION (BFED-21(28))**

In response to your November 18, 2024 request regarding real property tax exemptions, the Department of Finance is transmitting a proposed bill entitled, "A BILL FOR AN ORDINANCE AMENDING SECTIONS 3.48.410 AND 3.48.450, MAUI COUNTY CODE, RELATING TO THE DEADLINE FOR FILING CLAIMS FOR REAL PROPERTY TAX EXEMPTIONS AND STANDARDS FOR VALUATION."

The purpose of the proposed bill is to amend Section 3.48.410 Maui County Code, to provide a partial exemption for property owners who miss the December 31 filing deadline to file for the home, or long-term rental exemption. The deadline for the partial exemptions will be September 30 each year. Currently, tax relief for the home and long-term rental exemptions is significant. When property owners miss the deadline, the resulting change in taxes creates a hardship. This bill establishes a partial exemption coupled with a penalty to

offset the hardship of a statutorily missed deadline while maintaining an incentive to apply on a timely basis. This also enables the County to mitigate unanticipated real property tax revenue losses. This ordinance also amends Section 3.48.450 to provide clarity on the State of Hawai'i resident income tax filing to facilitate the administration of the partial exemption.

For Fiscal Year 2025-2026, a total of 4,163 Long-Term Rental exemptions were granted. The proposed ordinance would allow late filers to qualify for half of the exemption, and the long-term rental class, subject to a 25% late filing penalty. The average tax relief for the long-term rental exemption is \$5,550 for FY 2025-26. If 50 partial exemptions were granted, the impact on revenue would be about \$200,000. However, the revenue reduction will serve to incentivize long-term rental use which benefits the County.

For Fiscal Year 2025-2026, a total of 1,441 new Homeowner Exemptions were granted. The proposed ordinance would allow late filers to qualify for half of the exemption, and the owner-occupied class, subject to a 25% late filing penalty. The average tax relief for the home exemption is \$8,262. If 50 partial exemptions were granted, the impact on revenue would be about \$300,000. However, the revenue reduction will serve to provide tax relief to new qualifying owner-occupant property owners.

If the committee would like this bill to be effective for the January 1, 2026 assessment year and the 2026-27 fiscal year, it may be necessary for the a onetime initial deadline of October 1, 2025.

The amendment to Section 3.48.450 clarifies that to qualify for the partial or full home exemption, one must be a State of Hawaii resident income tax filer prior to January 1 of the exemption effective year. The timeline is essential for sustaining the program, which is the most significant in the State. The filing requirement enables compliance and incentivizes new residents to file income taxes in the State of Hawaii who might otherwise continue filing in other states or countries.

Should you have any questions, please feel free to contact me or Deputy Director Maria Zielinski at extension 7722.

Sincerely,



MARCY MARTIN  
Director of Finance

Attachment

ORDINANCE NO. \_\_\_\_\_

BILL NO. \_\_\_\_\_ (2025)

A BILL FOR AN ORDINANCE AMENDING SECTIONS 3.48.410 AND 3.48.450, MAUI COUNTY CODE, RELATING TO THE DEADLINE FOR FILING CLAIMS FOR REAL PROPERTY TAX EXEMPTIONS AND STANDARDS FOR VALUATION

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

SECTION 1. This Ordinance's purpose is to provide a partial exemption for property owners who miss the December 31 filing deadline to file for a home exemption, or long-term rental exemption, by September 30 of the tax year, subject to a penalty for late filing.

This Ordinance also provides clarity on the State of Hawai'i resident income tax filing requirement.

SECTION 2. Section 3.48.410, Maui County Code, is amended to read as follows:

**"3.48.410 Claims – filing required.** A. None of the exemptions from taxation granted in sections 3.48.450 through 3.48.466, 3.48.475 through 3.48.500, 3.48.552, 3.48.554, 3.48.557, and 3.48.558 will be allowed unless the claimant has filed with the department of finance, on or before December 31 preceding the tax year for which the exemption is claimed, a claim for exemption in a form prescribed by the department. The exemption from taxation granted in section 3.48.556 must not be allowed unless the claimant has filed with the department of finance, on or before June 30 of the tax year for which the exemption is claimed, a claim for exemption in a form prescribed by the department.

B. [Notwithstanding] Despite subsection A, the exemption from taxation granted in section 3.48.466(B) must not be allowed unless the claimant has filed with the department of finance, on or before January 31, 2024, for tax year 2025, a claim for exemption in a form prescribed by the department.



C. Claimants who file for the exemption granted in section 3.48.466 after December 31 preceding the tax year, and by September 30 of the tax year, may qualify for half of the exemption and the long-term rental classification, subject to a 25 percent late filing penalty on the amended taxes, provided the claimant meets the requirements of section 3.48.466 as of January 1 preceding the tax year. Approved claims received prior to June 1 preceding the tax year will be effective in July of the tax year. Approved claims received between June 1 preceding the tax year, and September 30 of the tax year, will be effective in January of the tax year.

D. Claimants who file for the exemption granted in section 3.48.450 after December 31 preceding the tax year, and by September 30 of the tax year, may qualify for half of the exemption and the owner-occupied classification, subject to a 25 percent late filing penalty on the amended taxes, provided the claimant meets the requirements of section 3.48.450 as of January 1 preceding the tax year. Approved claims received prior to June 1 preceding the tax year will be effective in July of the tax year. Approved claims received between June 1st preceding the tax year and September 30 of the tax year will be effective in January of the tax year.”

SECTION 3: Section 3.48.450, Maui County Code, is amended to read as follows:

**“3.48.450 Homes – standards for valuation.** A. Real property owned and occupied only as a principal home, as of the date of assessment, by an individual or individuals, will be exempt only to the following extent from property taxes:

1. For tax year ending June 30, 2023:
  - a. Totally exempt where the value of the property is not in excess of \$200,000; or
  - b. Where the value of the property is in excess of \$200,000, the exemption will be in the amount of \$200,000.
2. For tax years beginning on or after July 1, 2023:
  - a. Totally exempt where the value of the property is not in excess of \$300,000; or
  - b. Where the value of the property is in excess of \$300,000, the exemption will be in the amount of \$300,000.

B. The provisions of subsection A will apply, subject to the following conditions:

1. That no such exemption will be allowed to any corporation, copartnership, or company.
2. That the exemption will not be allowed on more than one home for any one taxpayer.

3. That where the taxpayer has acquired a home by a deed made on or after July 1, 1951, the deed must have been recorded on or before December 31 immediately preceding the year for which the exemption is claimed.

4. That married persons will not be permitted an exemption of separate homes, unless they are living separate and apart, and provide a copy of a decree of separation from the appropriate court having jurisdiction that is in effect prior to the effective date of the exemption; and each file a separate income tax return as a resident of the State of Hawai'i with a reported address in the County the year prior to the effective date of the exemption; in which case they will be entitled to one exemption, to be apportioned equally between each of their respective homes.

5. That a person living on premises, a portion of which is used for commercial purposes, will not be entitled to an exemption for that portion, but will be entitled to an exemption for the portion used exclusively as a home.

6. That no such exemption will be allowed for any real property that is classified as "commercialized residential" or "short-term rental."

C. Upon proper application, a taxpayer is entitled to a home exemption if the taxpayer:

1. Occupies the home in the County for which the exemption is being filed for more than [two hundred seventy] 270 calendar days of a calendar year, does not rent the entire premises for any portion of the year, and files [an income tax return as a resident of the] a State of Hawai'i resident income tax return with a reported address in the County the year prior to the January 1 effective date of the exemption. The following chart illustrates what prior to the January 1 effective date means:

<b><u>Example of "prior to the January 1 effective date"</u></b>	
<b><u>Application received by:</u></b>	<b><u>December 31, 2025</u></b>
<b><u>Effective date of exemption:</u></b>	<b><u>January 1, 2026</u></b>
<b><u>Effective tax year:</u></b>	<b><u>July 1, 2026 through June 30, 2027</u></b>
<b><u>State of Hawai'i resident tax return year:</u></b>	<b><u>2024</u></b>
<b><u>State of Hawai'i resident tax return filed by:</u></b>	<b><u>December 31, 2025</u></b>

Non-resident and part-year resident State of Hawai'i income tax returns do not qualify for the home exemption[; or].

2. Is stationed in the County under military orders of the United States.

D. The director may demand documentary evidence such as a tax clearance from the State of Hawai'i indicating that the taxpayer filed an income tax return as a full-time resident for the year prior to the effective date of the exemption, from a property owner applying for an exemption, or from an owner as evidence of continued qualification for an exemption. Failure to respond to the director's demand in [thirty] 30 days is grounds for denial of a claim for an exemption.

E. If the director obtains evidence that an individual resides in a home outside the County, the evidence is prima facie proof that the individual does not own and occupy real property in the County as a principal home, and the director must provide written notice to the individual by mail that the individual is not qualified for an exemption or continued exemption under this section. Evidence may include documentation that homes that are being advertised for occupancy by transient tenants for periods of less than six consecutive months for any period during the course of any assessment year.

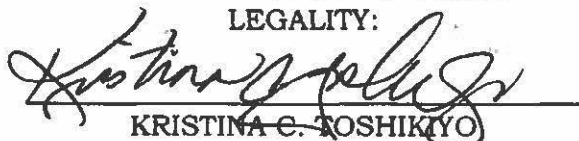
F. If during the course of any tax year, the home exemption of a property is revoked, the taxes for the entire tax year must be recalculated without the exemption.

G. No home exemption is allowed if taxes on the property are delinquent for a period of more than one year; except a home exemption is allowed for those tracts leased under section 207 of the Hawaiian Homes Commission Act, 1920, as amended, regardless of delinquency status."

SECTION 4. Material to be repealed is bracketed. New material is underscored. In printing this bill, the County Clerk need not include the brackets, the bracketed material, or the underscoring.

SECTION 5. This Ordinance takes effect on approval.

APPROVED AS TO FORM AND  
LEGALITY:



KRISTINA C. TOSHIKIYO

Department of the Corporation Counsel  
County of Maui

LF 2025-0400