

Nov. 13, 2025, 9 a.m.
Kalana O Maui Building

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

Alice Lee, Chair

Keani Rawlins-Fernandez, Vice Chair

From: Grassroot Institute of Hawaii

Jonathan Helton, Policy Analyst

Re: Bill 146 (2025) — A BILL ON THE PRINCIPAL HOME EXEMPTION'S APPLICATION DEADLINES

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

The Grassroot Institute of Hawaii **supports** [Bill 146 \(2025\)](#), which would amend how home exemption applications are processed.

Currently, a Maui homeowner who files for a home exemption cannot receive the exemption until the next tax year. For example, a homeowner who files for a home exemption before Dec. 31, 2025 will not receive the exemption or be moved into the owner-occupied tax class until the tax year beginning July 1, 2026.

This creates a burden for folks who purchase homes that had not been previously owner-occupied. If a Maui resident were to purchase a home valued at \$1 million that was classified as a short-term rental, they would pay an extra \$10,000 in property taxes compared to what they would pay if the home was classified as owner-occupied.¹

Bill 146 (2025) would allow exemptions to go into effect for the tax year in which the application was filed, so if a Maui homeowner filed for a home exemption after Dec. 31, 2025, they could receive at least half of the tax benefits of the exemption for the tax year that began July 1, 2025.

¹ ["Real Property Tax Rates for Tax Year July 1, 2025 to June 30, 2026,"](#) Real Property Assessment Division, Honolulu Department of Budget and Fiscal Services, July 2025.

The proposed [amendment](#) to this bill would limit the situations in which this new filing system would apply. Specifically, it would allow for this amended application process in situations where someone purchased a workforce housing unit or a property that had been classified as a short-term rental within the past five years.

Grassroot prefers the current draft, since it allows all homeowners — regardless of what sort of property they are purchasing — to receive tax relief.

Thank you for the opportunity to testify.

Jonathan Helton
Policy Analyst
Grassroot Institute of Hawaii