

Dec. 9, 2025, 1:30 p.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 181 (2025) — INCREASING THE AMOUNT OF THE HOME AND LONG-TERM RENTAL EXEMPTIONS

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

The Grassroot Institute of Hawaii **supports** [Bill 181 \(2025\)](#), which would increase Maui County's property tax home exemption from \$300,000 to \$400,000 and its long-term rental exemption from \$200,000 to \$300,000.

Bill 181 (2025) would also increase the home exemption for owner-occupied properties where a rental, such as an accessory dwelling, is also on the property, from \$400,000 to \$500,000.

This is a good bill because it provides tax relief to homeowners and owners of long-term rentals who have seen their property values increase dramatically in recent years.

The values of the home and long-term rental exemptions have not been increased to offset high property assessments. The home exemption was last increased in 2022, and the long-term rental exemption has not been changed since it was created in 2021.<sup>1</sup>

Meanwhile, the average gross assessed value of properties in the owner-occupied tax class has increased by 28% since fiscal 2024, and the average gross assessed value of properties in the long-term rental class has increased by 56% since fiscal 2023.<sup>2</sup>

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<sup>1</sup> [Ordinance 5404](#), Maui County Council, signed into law by Mayor Richard Bissen on Aug. 9, 2022; and "[New Long-Term Rental Exemption and Classification in Effect Jan. 1](#)," Maui Now, July 14, 2021.

<sup>2</sup> "[County of Maui Real Property Tax Valuation for Fiscal Year 2025 - 2026](#)" and "[County of Maui Real Property Tax Valuation for Fiscal Year 2022 - 2023](#)," Real Property Assessment Division, Honolulu Department of Budget and Fiscal Services, July 2025.

Increasing these exemptions by \$100,000 each would help offset the higher assessments caused in part by Maui County's housing crisis, and provide valuable tax relief to local families.

Furthermore, this bill would not cost the county treasury much at current tax rates. Increasing the home exemption by \$100,000 would save Maui residents approximately \$5 million,<sup>3</sup> and increasing the long-term rental exemption by \$100,000 would save Maui rental owners approximately \$1.23 million.<sup>4</sup>

This totals less than 1% of the \$660 million in property tax revenue the county expects to collect in fiscal 2026.

In earlier testimony, Grassroot outlined a further step that the Council could take to provide tax relief: Index the value of these exemptions to changes in the average assessed values of properties in the classes.

This would ensure that exemptions would increase when assessments spike, helping mitigate the burden that higher property taxes can place on county residents.

Thank you for the opportunity to testify.

Jonathan Helton  
Policy Analyst  
Grassroot Institute of Hawaii

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

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