

**Maui County Council**  
**Special Committee on Real Property Tax Reform (RPTR)**  
**January 20, 2026**  
**Agenda Item: RPTR-7 – Bill 142 (2025)**  
**Home Exemption and Long-Term Rental Exemption from Real Property Tax**

Aloha Chair and Members of the Committee,

I submit this testimony to address Bill 142 (2025) as it currently stands following the January 12, 2026 Committee Draft 1 (CD1). I do so plainly and directly because the changes made by CD1 are not merely technical clean-ups. They represent a substantive shift in tax policy, housing policy, and post-Bill 9 implementation strategy that has not been clearly acknowledged or justified in the public record.

My purpose is not to oppose tax relief for resident homeowners. My concern is that this Committee is being asked to advance a materially different ordinance than the one originally introduced, without the findings, fiscal analysis, or policy alignment that such a shift requires—particularly given its interaction with Bill 9 and the County’s stated reliance on enforcement mechanisms such as the Temporary Investigative Group (TIG).

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### **Original intent and policy logic**

As introduced, Bill 142 had a clear and defensible purpose.

First, it corrected an administrative inequity by allowing timely applicants for both the **Home Exemption** and the **Long-Term Rental Exemption** to receive relief on the *next* tax payment, rather than waiting an additional cycle.

Second, it encouraged local owner-occupancy by expanding Home Exemption eligibility to **long-term County residents** who purchased homes transitioning *out* of transient use.

That structure mattered. It explicitly linked tax relief to outcomes the County has publicly promoted in the wake of the fires and Bill 9: long-term residency, owner-occupancy, housing stabilization, and exit from transient accommodation use. In that form, Bill 142 functioned as a rational tax-side companion to Bill 9’s zoning prohibition.

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### **What the January 12, 2026 CD1 actually does**

The January 12 CD1 fundamentally alters that structure.

First, it **removes next-payment acceleration for the Long-Term Rental Exemption**, while preserving it for the Home Exemption. That is not a neutral adjustment. It quietly eliminates a

meaningful incentive for long-term rental participation at a time when rental supply stability is a stated County priority.

Second, it **reduces the residency requirement from 10 years to 5 years**. This is not a drafting correction. It is a substantive policy recalibration that significantly broadens eligibility and shifts fiscal exposure.

Third, it **deletes the requirement that the property have been previously used for transient accommodations**. This is the most consequential change. With that deletion, Bill 142 no longer functions as an STR-to-housing transition tool at all. It becomes a general Home Exemption expansion untethered from prior use, conversion behavior, or Bill 9 compliance.

Fourth, deed-recording and timing flexibility are expanded without corresponding guardrails, introducing administrative ambiguity and enforcement risk.

Taken together, these changes transform Bill 142 from a targeted transition and recovery measure into a broad homeowner tax policy expansion—without updated findings, fiscal analysis, equity analysis, or an honest restatement of legislative intent.

Calling this a “committee substitute” understates what has occurred. This is a policy pivot.

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## Why this matters — especially in the context of Bill 9

Bill 9 is a zoning prohibition. It removes a use right, but it does not, by itself:

- create enforcement capacity
- trigger tax reclassification automatically
- require inter-departmental coordination
- or provide mitigation mechanisms

Those gaps are why the County has publicly discussed the need for the TIG and other enforcement coordination tools.

Originally, Bill 142 helped fill part of that gap. As amended, it no longer does.

As written now, Bill 142:

- does **not** incentivize STR exit or conversion,
- does **not** support long-term rental supply,
- does **not** condition tax relief on zoning compliance, and
- does **not** align with enforcement or TIG activity in any meaningful way.

In practical terms, the County is advancing a zoning prohibition (Bill 9), discussing enforcement capacity (TIG), and simultaneously expanding tax exemptions **without connecting any of these systems**.

That is not implementation. That is siloed policymaking.

Worse, it weakens the County's own narrative that Bill 9 was accompanied by reasonable mitigation tools. This matters not only for housing outcomes, but for legal, equity, and public-trust reasons.

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## Policy, equity, and fiscal risks

Policy changes of this magnitude should not move forward without clear answers to basic questions:

- Who benefits from this expansion, and who does not?
- What is the revenue impact, and over what duration?
- Does this change support or undermine long-term rental availability?
- Why is long-term rental relief reduced while homeowner relief is expanded?
- How does this interact with Bill 9 enforcement and post-STR tax reclassification?

Absent guardrails, this ordinance risks becoming a **permanent structural tax change justified by temporary post-disaster conditions**, a pattern this County has repeatedly struggled to unwind.

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## Recommended amendments and guardrails

If this Committee intends to advance Bill 142 responsibly, I urge consideration of the following before first-reading recommendation:

1. **Restore next-payment acceleration for the Long-Term Rental Exemption**, or explicitly state—on the record—why supporting long-term rentals is no longer a County objective.
2. **Add a sunset or mandatory review clause** (e.g., three tax years) to prevent temporary recovery-era policy from becoming permanent by default.
3. **Rewrite the purpose section honestly**. If the bill is no longer tied to STR conversion, disaster recovery, or Bill 9 mitigation, the ordinance should say so plainly.
4. **Require a fiscal and equity impact statement** prior to final passage, especially given the reduced residency threshold and broadened eligibility.
5. **Consider income-, value-, or use-based guardrails** so the expanded Home Exemption benefits residents most sensitive to property tax burden rather than functioning as an untargeted subsidy.

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## **Conclusion**

Bill 142 began as a thoughtful, targeted effort to correct timing inequities and support housing transition in a post-fire, post-Bill-9 environment. The January 12 CD1 changes that character entirely—without a corresponding explanation, analysis, or policy framework.

This Committee still has the opportunity, at first reading, to correct course. Advancing this bill without acknowledging and addressing these shifts would not be reform; it would be avoidance.

Mahalo for the opportunity to submit testimony and for your consideration of these issues.

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