

RICHARD T. BISSEN, JR.
Mayor

JOSIAH K. NISHITA
Managing Director



OFFICE OF THE MAYOR
COUNTY OF MAUI
200 SOUTH HIGH STREET
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TO: Senator Donovan M. Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

FROM: Richard T. Bissen, Jr., Mayor
Marcy Martin, AAS, Director of Finance

DATE: February 25, 2026

SUBJECT: **TESTIMONY IN OPPOSITION OF SB3333, RELATING TO TAXATION**

Chair and Members of the Committee:

The County of Maui Department of Finance respectfully submits testimony in **opposition** to SB3333, SD1 (2026) which requires each county to apply any applicable real property tax exemptions, reduced assessments, or tax classifications for any affordable housing subject to income, resale, or occupancy restrictions as of the date a qualifying owner takes title to the affordable housing for the upcoming tax period, consistent with county procedures. Effective 4/19/2042. (SD1)

While we recognize the Legislature's intent in addressing the underlying policy issue, this measure raises significant constitutional, jurisdictional, fiscal, and administrative concerns that compel the County to oppose the bill as currently drafted.

Constitutional Authority Over Real Property Taxation

Real property taxation in Hawai'i is constitutionally reserved to the counties under Article VIII, Section 3 of the Constitution of the State of Hawaii which states:

"All functions, powers and duties relating to the taxation of real property shall be exercised exclusively by the counties..."

This language is clear. Jurisdiction over assessment, classification, exemptions, rates, billing, and enforcement rests with each county government. Any state-level directive that mandates or restructures how counties administer property taxes impedes this constitutionally established authority and undermines long-standing principles of county home rule.

Maui County Real Property Assessment Division (RPAD) Is Already Taking Targeted Local Action

The County of Maui is not ignoring the issues that this bill seeks to address. The Department of Finance RPAD is actively working in collaboration with the Maui County Council's Special Committee on Real Property Tax Reform (RPTR) along with the Maui County Council as a whole, to evaluate and implement targeted relief measures where appropriate.

This includes:

- Reviewing classifications and rate structures
- Evaluating exemption thresholds
- Conducting fiscal impact analyses
- Holding public hearings

This approach at the County level ensures that any relief is data-driven and reflects local community input, which is essential for County-specific fiscal planning and economic stability.

Conclusion

The proposed legislation risks overriding or disrupting solutions at the County level already under active consideration.

We remain committed to working collaboratively with the Legislature to identify solutions that respect county jurisdiction, preserve fiscal stability, and address community needs through targeted, locally driven action.

For these reasons, we respectfully urge the Committee to defer or reject SB3333.

Thank you for the opportunity to provide testimony.

Mahalo for your consideration.

Richard T. Bissen, Jr., Mayor
Marcy Martin, AAS, Director of Finance
County of Maui

DEPARTMENT OF FINANCE

CHELSIE SAKAI, DIRECTOR OF FINANCE

MICHELLE L. LIZAMA, DEPUTY DIRECTOR OF FINANCE



DEREK S.K. KAWAKAMI, MAYOR
REIKO MATSUYAMA, MANAGING DIRECTOR

February 24, 2026

Testimony of Chelsie Sakai

Director of Finance

Department of Finance, County of Kaua'i

Before the

Ways and Means Committee

Wednesday, February 25, 2026 @ 11:00 a.m.

Conference Room 211 & Videoconference

In consideration of

Senate Bill 3333, SD1

Relating to Application of Real Property Exemptions, Reduced Assessments, or Tax Classifications for Affordable Housing

Dear Chair Dela Cruz and Committee Members:

The County of Kaua'i respectfully submits testimony in **opposition** to SB3333, SD1.

The County supports efforts to promote affordable homeownership. However, SB3333, SD1 would require the County to apply exemptions, reduced assessments, or preferential tax classifications based on the date a qualifying owner records title, rather than in accordance with the County's established assessment date and certification process. Applying preferential treatment after certification would disrupt the County's long-standing real property tax administration framework and create fiscal instability.

Each year, pursuant to the Kaua'i County Charter, the Director of Finance must certify the assessment roll and submit estimated real property tax revenues to the County Council by April 1 to support adoption of a balanced budget for the upcoming fiscal year. Real property taxes comprise more than eighty percent of the County's General Fund revenues and are the primary source of funding for essential public services.

The County's revenue estimates rely on a fixed date of value and a certified assessment roll. Allowing adjustments after certification would reduce revenues that have already been incorporated into the adopted budget. Because the County is required to maintain a balanced annual budget, any such reductions would necessitate corresponding service adjustments.

In addition, implementing adjustments of this nature would require significant manual recalculations, supplemental billing, and ongoing reconciliation outside of the County's automated assessment and billing cycle. The real property tax system is structured around a single annual certification process and is not designed to accommodate rolling, prorated classification changes throughout the fiscal year. The Real Property Division does not currently have staffing capacity to absorb this additional workload

without affecting core assessment and collection functions. Absent additional resources, this measure would create an unfunded administrative mandate.

The County maintains a consistent position against adjustments to classifications or exemptions after the assessment roll has been certified. Once revenues have been established to support a balanced budget, modifications introduce uncertainty into the County's primary revenue source. While limited prorrations exist in narrowly defined circumstances involving changes in governmental ownership, use, or lease status that affect taxability, those situations reflect clear changes in whether property is subject to taxation and are part of an established statutory framework. Expanding that approach to private property transfers would significantly alter the administration of the real property tax system.

The County respectfully acknowledges the good intent of SB3333, SD1. However, the measure raises important constitutional considerations for the Committee to evaluate. Under Article VIII, Section 3 of the Constitution of the State of Hawai'i, the authority to tax real property rests exclusively with the counties. To the extent SB3333, SD1 directs the County to apply certain tax relief to qualifying affordable housing properties, the County would be left to interpret whether the Constitution or this measure governs. In such a scenario, the County is obligated to adhere to the Constitution.

For these reasons, the County respectfully **opposes** SB3333, SD1.

Thank you for the opportunity to testify.



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 1259 A'ala Street, Suite 300
Honolulu, HI 96817

February 25, 2026

The Honorable Donovan M. Dela Cruz, Chair

Senate Committee on Ways and Means
State Capitol, Conference Room 211 & Videoconference

RE: Senate Bill 3333, SD1, Relating to Taxation

HEARING: Wednesday, February 25, 2026, at 10:57 a.m.

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 10,000 members. HAR **supports the intent** of Senate Bill 3333, SD1, which requires each county to apply any applicable real property tax exemptions, reduced assessments, or tax classifications for any affordable housing subject to income, resale, or occupancy restrictions as of the date a qualifying owner takes title to the affordable housing for the upcoming tax period, consistent with county procedures. Effective 4/19/2042.

As an example, on Oahu, homeowners must file a home exemption for property taxes by September 30 to apply to the following tax year. Additionally, taxpayers may file an appeal by January 15 after assessment notices are issued on December 1. As a result, homeowners who purchase an affordable housing unit between these periods may be subject to higher property tax rates until they are able to file for the homeowner exemption in September for the following year. As such, this measure can help homebuyers of affordable housing units by ensuring that the appropriate tax rate is applied at the time of purchase.

Mahalo for the opportunity to testify on this measure.



TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: REAL PROPERTY, Specifies Effective Date for Exemptions When Property Transferred

BILL NUMBER: SB 3333 SD1

INTRODUCED BY: EIG/HOU

EXECUTIVE SUMMARY: Requires each county to apply any applicable real property tax exemptions, reduced assessments, or tax classifications for any affordable housing subject to income, resale, or occupancy restrictions as of the date a qualifying owner takes title to the affordable housing for the upcoming tax period, consistent with county procedures.

SYNOPSIS: Adds a new section to chapter 46, HRS, stating that each county shall apply any applicable real property tax exemptions, reduced assessments, or tax classifications for any affordable housing subject to income, resale, or occupancy restrictions as of the date a qualifying owner takes title to the affordable housing for the upcoming tax period, consistent with county procedures.

EFFECTIVE DATE: April 19, 2042.

STAFF COMMENTS: This bill might not be effective to accomplish anything. *State ex rel. Anzai v. City and County of Honolulu*, 99 Hawai‘i 508, 57 P.3d 433 (2002), established that any county is “free to exercise its exclusive authority to increase, diminish, enact, or repeal any exemptions involving real property taxes without interference by the legislature.” *Id.*, 57 P.3d at 446. Real property taxes are the exclusive province of the counties, under the Hawaii Constitution, and the counties would have the right to ignore any state constraints on real property taxation.

Digested: 2/23/2026

DEPARTMENT OF BUDGET AND FISCAL SERVICES
KA 'OIHANA MĀLAMA MO'OHELU A KĀLĀ
CITY AND COUNTY OF HONOLULU

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RICK BLANGIARDI
MAYOR
MEIA



ANDREW T. KAWANO
DIRECTOR
PO'O

CARRIE CASTLE
DEPUTY DIRECTOR
HOPE PO'O

February 24, 2026

The Honorable Donovan M. Dela Cruz, Chair
The Honorable Sharon Moriwaki, Vice-Chair
and Members of the Senate Committee on Ways and Means
415 South Beretania Street
Honolulu, Hawai'i 96813

Dear Chair Dela Cruz, Vice-Chair Moriwaki, and Committee Members:

SUBJECT: Testimony on Senate Bill 3333, SD1 (2026)
Hearing: February 25, 2026 at 10:57 a.m., Conference Room 211
and via Videoconference

The Department of Budget and Fiscal Services, City and County of Honolulu ("City"), expresses **strong concerns** with Senate Bill ("SB") 3333, SD1 (2026), which directs each county to apply certain tax relief to qualifying affordable housing properties.

While the City acknowledges the proposed intent, the City will continue to comply with the Constitution of the State of Hawai'i, Article VIII, § 3, which states the powers and duties relating to the taxation of real property shall be exercised exclusively by the counties. In this interpretation of the Constitution, the City believes that this measure will be ineffective if passed. We do, however, understand the concerns and will meet internally to discuss and consider.

For these reasons, the City respectfully expresses **strong concerns** with SB 3333, SD1 (2026). Thank you for the opportunity to provide testimony on this measure.

Sincerely,


Andrew T. Kawano
Director