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February 17, 2026

The Honorable Glenn Wakai, Chair

Senate Committee on Energy and Intergovernmental Affairs

The Honorable Stanley Chang, Chair

Senate Committee on Housing

State Capitol, Conference Room 224 & Videoconference

RE: Senate Bill 3333, Relating to Taxation

HEARING: Tuesday, February 17, 2026, at 3:01 p.m.

Aloha Chair Wakai, Chair Chang, and Members of the Joint Committees:

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, 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.

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.





Committee on Housing

Senator Stanley Chang, Chair

Senator Troy N. Hashimoto, Vice Chair

February 15, 2026

Support for SB3333 – Relating to Real Property Tax Relief for Affordable Housing

Aloha Chair Chang, Vice Chair Hashimoto, and Members of the Committee,

My name is Carrie DeMott and I serve as the Executive Director of Nā Hale O Maui (NHOM), a nonprofit Community Land Trust (CLT) providing permanently affordable homeownership opportunities for low- and moderate-income families in Maui County since 2006.

I write in strong support of SB3333

This bill advances a simple principle of fiscal fairness: real property taxes should reflect the legal realities of the property being taxed. For deed-restricted affordable housing, like those in our CLT, that legal reality is permanent resale limitation.

Community Land Trust homeowners do not own the land beneath their homes. The land is retained by the nonprofit to ensure permanent affordability. In addition, resale prices are capped by a recorded formula that limits appreciation in order to preserve affordability for the next family.

While our homes can never sell at market rate, they are currently assessed and taxed as if they were unrestricted market-rate properties. Homeowners of resale restricted properties are paying taxes that do not match what they could ever realize at resale.

A recent resale demonstrates this example. In Fall of 2025 Nā Hale O Maui repurchased a deed-restricted home. The property was appraised on the open market at approximately \$1,160,000. Under our recorded resale formula, we were legally required to repurchase it for \$492,000, and it will resell to the next qualified family for approximately \$495,000. Yet the County's 2025 assessed value for taxation is \$960,300.

In other words, the homeowner can legally realize less than half of the property's market value, but the tax assessment reflects nearly full market appreciation. This structural



inequity means that CLT homeowners are taxed on value they are legally prohibited from capturing, including land value they do not own.

SB3333 moves us toward alignment between affordable housing policy and tax policy. It ensures that tax relief and appropriate classifications apply when qualified owners take title, recognizing the recorded restrictions on these properties.

As this bill advances, we respectfully encourage counties to adopt administratively simple methods for recognizing deed-restricted housing, such as relying on recorded ground leases and resale formulas, or capping assessments consistent with legally enforceable resale prices. Implementation should not require costly individual appraisals or burdensome processes for low- and moderate-income homeowners who are already living in resale restricted homes.

Nā Hale O Maui would welcome the opportunity to work collaboratively with the State and County to develop a clear and practical implementation approach.

Permanent affordable housing, through a CLT model, is one of the tools our state can use to stabilize our communities and protect workforce housing. Our tax structure should reflect the resale realities.

Mahalo for your leadership and for supporting policies that promote fairness and long-term housing security for our community.

Respectfully,

Carrie DeMott
Executive Director
Nā Hale O Maui

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

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

BILL NUMBER: SB 3333

INTRODUCED BY: KIM, CHANG, HASHIMOTO, Richards, San Buenaventura

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: Upon approval.

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: 2/15/2026

SB-3333

Submitted on: 2/16/2026 9:37:36 AM

Testimony for EIG on 2/17/2026 3:01:00 PM

Submitted By	Organization	Testifier Position	Testify
Honorato Martinez	Individual	Support	Written Testimony Only

Comments:

To whom it may concern:

Aloha,

My family bought an affordable home from Nahale O Maui six years ago and it helps us a lot. Maui really needs more affordable housing especially to low income residents. I'm reaching out because I'm in support of this bill in lessening the property tax burden on homeowners of sale restricted affordable homes.

Nahale O Maui is doing a good job in providing affordable homes to the island of Maui . I hope they have more inventory of homes to sell to our local people.

Mahalo.

Honorato Martinez

174 Poniu Cir

Wailuku, Hi 96793

SB-3333

Submitted on: 2/16/2026 1:23:51 PM

Testimony for EIG on 2/17/2026 3:01:00 PM

Submitted By	Organization	Testifier Position	Testify
Dale Nakamoto	Individual	Support	Written Testimony Only

Comments:

Chair Wakai and Chair Chang, Vice Chair Hashimoto, and Members of the Committee:

Thank you for the opportunity to testify in strong support of SB3333.

This measure addresses a clear and unintended inequity affecting first-time affordable homebuyers purchasing units managed by the City & County of Honolulu. Under current county ordinance, homeowners must submit an application for the homeowner’s exemption by September 30 to qualify for the upcoming tax year. Buyers who close on an affordable unit after that deadline are forced to wait nearly a full year before receiving the exemption—even though the home is their primary residence.

These are precisely the families the City and State of Hawai‘i are working to help—first-time buyers striving for stability and homeownership. Yet because of a rigid administrative deadline, they are effectively penalized with higher property taxes during their first year of ownership. For many working families, that first year carries the heaviest financial burden: closing costs, moving expenses, furnishing a home, and adjusting to mortgage payments. Delaying the exemption undermines affordability at the very moment support is most needed.

SB3333 ensures that qualified affordable homebuyers receive the homeowner’s exemption in a timely manner, consistent with the policy intent of our affordable housing programs. This bill does not expand eligibility beyond owner-occupants; it simply aligns tax administration with the State’s commitment to housing affordability.

If we are serious about promoting homeownership and supporting local families, we must remove unnecessary barriers that work against them. SB3333 corrects an inequity and strengthens the integrity of our affordable housing efforts.

For these reasons, I respectfully urge passage of SB3333.

Thank you for the opportunity to testify.

SB-3333

Submitted on: 2/16/2026 1:35:45 PM

Testimony for EIG on 2/17/2026 3:01:00 PM

Submitted By	Organization	Testifier Position	Testify
Anthony Serra	Individual	Support	Written Testimony Only

Comments:

Thank you for the opportunity to testify in strong support of SB3333.

I am a first-time homebuyer who purchased an affordable condominium. I barely qualified for this unit and worked incredibly hard to meet the mortgage requirements. After closing and taking occupancy in early January, I learned that I would not qualify for the homeowner's exemption for this tax year—not because I do not live in the unit, but because I did not submit an application by September 30.

But how could I have submitted an application before September 30 when I did not even own the unit until months later?

This is exactly the type of unintended consequence that discourages first-time buyers. The State and City promote affordable housing, encourage families to become homeowners, and celebrate increasing access to housing—yet the very people who struggle to qualify are denied a basic homeowner tax exemption simply because of a rigid deadline in a city ordinance.

Being a first-time owner, the first year is the hard on my finances. I had to pay closing costs, escrow fees, loan fees, title insurance, moving expenses, and monthly mortgage payments that stretch my budget to the limit. The homeowner's exemption would provide modest but meaningful relief during that critical period. Instead, I am told I got to wait a year.

This bill does not create a new benefit. It simply allows qualified owner-occupants of affordable units to receive the same homeowner's exemption that every other homeowner receives—without being penalized by timing.

Many affordable units also carry long-term affordability restrictions, sometimes 30 years or more. Buyers accept those limits because we want stability and a chance at homeownership. At a minimum, the system should not create additional financial hurdles in the first year of ownership.

SB3333 is about fairness, common sense, and aligning our tax policies with our housing policies. It will not have a significant impact on the State budget, but it will make a real difference to families who are doing everything right.

We often say we support affordable housing. This bill is an opportunity to prove it.

I respectfully urge your support of SB3333.

Thank you.

LATE

SB-3333

Submitted on: 2/16/2026 10:19:37 PM

Testimony for EIG on 2/17/2026 3:01:00 PM

Submitted By	Organization	Testifier Position	Testify
Thomas Croly	Individual	Support	Remotely Via Zoom

Comments:

Thomas Croly

Testimony for SB3333

I speak in support of this measure to require County's to provide the lowest tax rate to purchasers of affordable housing subject to deed and resale restrictions.

I served as chair of the Maui County Real Property tax Board of review in 2020. The board recieved four tax appeals from new first time homeowners who had the good fortune to have been selected to purchase deed restricted.affordable homes. These new homeowners had failed to file for a homeowner exemption prior to December 31 of the prior year. As a result these new homeowners were classified as non owner occupied, instead of owner occupied and were not granted the \$300,000 homeowner exemption nor the lower tax rate associated with the owner occupied tax classification. In combination this meant that these new homeowners faced a tax bill that was 5 times greater than it would have been if they had filed a timely homeowner exemption.

As a board we all wanted to grant them the homeowner exemption and associated owner occupied tax rate. However, State and County law handcuffed us and we were advised that the board must uphold the law that requires a timely filing to be granted this exemption and lower tax rate.

I have worked for years to encourage a change in County Code to allow the Real Property tax board of review the authority to grant an exemption like this only to be told that State HRS forbid it. Please pass this law to ensure this injustice never happens again.