

**State of Hawai'i and Maui  
Economic and Fiscal Impacts  
of the Short-Term Rental Industry**

Prepared by Kloninger & Sims Consulting LLC  
for



June 12, 2024

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June 12, 2024

Ms. Laura Chadwick  
President & CEO  
Travel Technology Association  
3033 Wilson Blvd., Suite 700  
Arlington, VA 22201

Dear Ms. Chadwick,

In the aftermath of the tragic August 8, 2023 wildfires that claimed at least 101 lives and destroyed hundreds of structures in West Maui, policy makers in state and county government in Hawaii are considering new regulations on the short-term rental industry. A law recently passed by the state legislature gives each county the authority to phase out short-term rentals.

The Travel Technology Association (“Travel Tech”) represents the leading innovators in travel technology, including global distribution systems, online travel agencies, metasearch companies, travel management companies, and short-term rental platforms. Travel Tech has asked Kloninger & Sims Consulting (“K&S”) to analyze the economic impact of Hawaii’s short-term rental industry, as well as the fiscal impact of Maui County’s proposed phase-out of about 7,000 short-term rental condominium units in Maui County. This report summarizes our approach and findings.

Thank you for the opportunity to study this important issue. Please let me know if you have any questions or would like to discuss our findings further.

Regards,

Erik Kloninger  
Kloninger & Sims Consulting LLC

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## Background

Visitor spending is a major driver of Hawai'i's economy. During 2023, visitors spent \$20.8 billion, according to the State of Hawai'i Department of Business, Economic Development & Tourism ("DBEDT"). Tourism is Hawai'i's largest export sector, representing 17.2% of the state's GDP when including direct and indirect spending, rising to 23.6% when induced spending is included, according to the most recent DBEDT analysis.

In recent years, increasing numbers of Hawai'i visitors have chosen to stay in vacation rentals. While vacation rentals have long been a component of Hawai'i's accommodation mix, the advent of vacation rental platforms such as Airbnb and VRBO has contributed to the growth of Hawai'i's vacation rental market. Our analysis of vacation rental visitors' spending provides an understanding of the role that vacation rentals play in Hawai'i's visitor industry.

In the aftermath of the August 8, 2023 wildfires, Hawai'i's state legislature passed a bill that gives each of the state's counties the authority to eliminate short-term rentals. Shortly after Governor Green signed the law, Mayor Bissen of Maui County proposed legislation that would phase out short-term rental usage of approximately 7,000 condominium units zoned for residential use. Mayor Bissen has stated that the purpose of the proposed legislation is to increase the supply of housing for Maui residents. Units in the condominium projects in question have been operated as legal short-term rentals for decades under a state law, HRS §46-4, prohibiting counties from phasing out this activity. The condominium projects in question are identified on a list known as the "Minatoya List".

Maui County's proposed legislation would eliminate short-term rental usage in the Minatoya List projects located in West Maui effective July 1, 2025. Effective January 1, 2026 short-term rental usage would be eliminated from the balance of the approximately 7,000 units in condominium projects on Minatoya List throughout the rest of the county. You have asked K&S to analyze the fiscal impact of the proposed phase-out of short-term rentals in Minatoya List condominiums as well as a potential total ban on all short-term rentals in Maui County.

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## Key Findings

- Visitors staying in Hawai'i short-term rentals represent a significant share of our state's total tourism market.
  - On any given day in 2023, about 29.6% of the visitors in the state stayed in a short-term rental.
  - In 2023, Hawai'i visitors staying in short-term rentals spent an estimated \$6.1 billion.
  - Spending by short-term rental visitors in 2023 generated an estimated \$675 million in \$554 million in General Excise Tax ("GET") and Transient Accommodations Tax ("TAT"). Of the \$675 million total, \$554 million was tax revenue for the State of Hawaii, while the county surcharges to the GET and TAT generated an estimated \$121 million for the counties.
  - The short-term rental condominium units in projects on the West Maui Minatoya List have a total assessed value of \$2.6 billion. Taxed as short-term rentals, these 2,684 condominium units would generate \$34.7 million in property taxes in 2024. Taxing these units at the various residential property tax rates would generate between \$5.1 million and \$20.3 million in property taxes, resulting in a decrease of between \$14.4 million and \$29.6 million in real property tax collections per year.
  - The 4,264 short-term rental units in projects listed Minatoya List projects outside of West Maui have a total assessed value of \$4.2 billion. These units would generate \$55.2 million in real property taxes in 2024, compared with between \$8.1 million and \$31.4 million in property taxes if taxed at residential rates. This would translate into a decrease in property tax collections of between \$23.8 million and \$47.1 million.
  - Phasing out all of the condominium units in projects on the Minatoya List would result in a decrease in real property tax revenue of between \$38.2 million and \$76.7 million. The total Maui County tax loss including GET and TAT revenue would be between \$53.3 and \$91.8 million.
  - Maui County's 14,475 units currently taxed as short-term rentals have a total assessed value of \$20.6 billion and would generate \$284.5 million based on 2024 tax rates for short-term rentals. If taxed at residential property tax rates, these properties would generate between \$49.1 million and \$201.7 million, resulting in property tax collection decreasing between \$82.8 million and \$235.4 million.
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- In 2023, Maui visitors staying in a short-term rental property spent a total of \$2.2 billion in Maui County. This spending generated \$33.7 million in county TAT and \$11.8 million in county GET or a total of \$45.5 million. Taking into account the county TAT and GET surcharges, elimination of all of Maui's short-term rentals would result in a decrease of county tax collections of between \$128.3 million and \$280.9 million.
  - In 2023, hotels on Maui averaged 66.1% occupancy at an average daily rate ("ADR") of \$591. Based on the total supply of 13,730 hotel rooms, this means that on average there were 4,660 vacant hotel rooms each night. We note that Maui's hotels do not have the capacity to accommodate visitors who would otherwise stay in a short-term rental in a condominium unit in a project on the Minatoya List.
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## 2023 Hawaii Short-Term Rental Visitor Market, Visitor Spending & GET/TAT

In 2023 Hawai'i welcomed about 9.5 million visitors, which translated to about 85.6 million visitor days. Short-Term Rental visitors accounted for 25.4 million visitor days statewide, or 29.6% of the state's visitor market. Short-Term Rental visitors accounted for 17.7% of visitor days on Oahu during the year, the lowest share among the counties. Hawai'i Island had the highest

short-term rental market share in 2023, representing 43.7% of the market. For the purpose of this study, we have defined Short-Term Rental visitors as visitors who indicated that they stayed in either a Rental House, Bed & Breakfast, Private Room in a Private Home, Shared Room in a Private Home or Short-Term Rental Condo.

Table 1: 2023 State of Hawai'i Visitor Days, Vacation Rental Visitor Days by County & Share of Short-Term Rental Market

County	Total Visitor Days	Vacation Rental Visitor Days	Vacation Rental Visitor Days Percent of Total
Oahu	40,627,690	7,171,614	17.7%
Maui	20,478,555	7,972,472	38.9%
Kauai	10,544,252	4,132,337	39.2%
Hawai'i Island	13,945,651	6,092,977	43.7%
<b>State</b>	<b>85,596,149</b>	<b>25,369,399</b>	<b>29.6%</b>

Source: Kloninger & Sims analysis of DBEDT data

Table 2: 2023 Total State Short-Term Rental Visitor Spending by Category

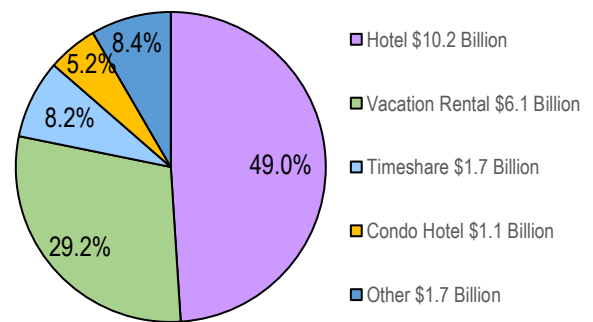
Category	2023 Vacation Rental Visitor Spending
Lodging	\$2,939,800,000
Food & Beverage	\$1,274,700,000
Entertainment	\$570,200,000
Transportation	\$706,700,000
Shopping	\$524,500,000
Other	\$54,700,000
<b>Total</b>	<b>\$6,070,400,000</b>

Source: Kloninger & Sims analysis of DBEDT data

### 2023 Hawai'i Visitor Spending by Accommodation Type

Visitors spent \$20.8 billion in the State of Hawaii in 2023. Visitors staying in hotels accounted for the largest share of the spending, 49.0% of the total. Vacation rental visitors spent an estimated \$6.1 billion, or about 29.2% of all visitor spending for the year. Timeshare visitors accounted for 8.2% of spending, while Condo Hotel visitors accounted for 5.2%.

Figure 1: 2023 Hawai'i Visitor Spending & Share by Accommodation Type



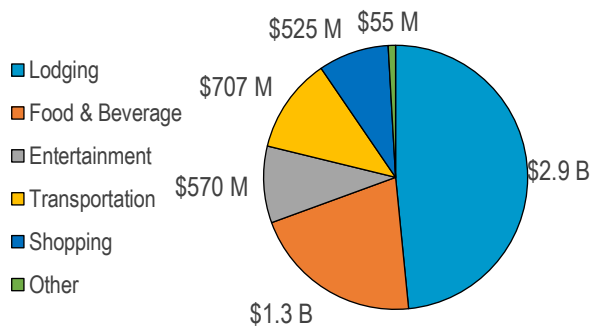
Source: Kloninger & Sims analysis of DBEDT data



### 2023 Hawai'i Visitor Spending by Category

Lodging accounted for the largest share of short-term rental visitor spending, at \$2.9 billion. Short-Term Rental visitors spent \$1.3 billion on food & beverage, followed by \$707 million on transportation and \$570 million on entertainment. Shopping accounted for \$525 million of the \$6.1 billion in total spending.

Figure 2: 2023 Vacation Rental Visitor Spending by Category

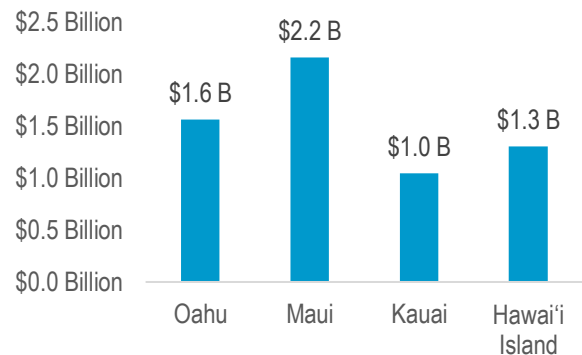


Source: Kloninger & Sims analysis of DBEDT data

### 2023 Hawai'i Visitor Spending by County

Maui County short-term rental visitors spent an estimated \$2.2 billion in 2023, followed by Oahu's short-term rental visitor spending of \$1.6 billion. We note that spending in Maui County achieved the highest short-term rental visitor spending despite the temporary pause in tourism to West Maui following the catastrophic wildfire that destroyed Lahaina on August 8. Governor Josh Green paused West Maui tourism following the fire, with a phased reopening that started in October. Spending by short-term rental visitors topped the \$1 billion mark on both Kauai and Hawai'i Island.

Figure 3: 2023 Total Short-Term Rental Visitor Spending by County



Source: Kloninger & Sims analysis of DBEDT data

## Short-Term Rental Visitor Spending Economic & Fiscal Impact

### Economic Impact

Applying the multipliers developed by DBEDT, \$6.1 billion in 2023 spending by Hawaii visitors staying in short-term rentals generated \$11.3 billion in total economic activity, \$3.1 billion in personal earnings and supported about 66,000 jobs. The calculations of these figures is in the appendix to this report.

### Fiscal Impacts

Based on the high end of our estimates of 2023 spending by visitors staying in Hawaii short-term rentals, we have calculated the associated GET and TAT. According to this analysis, the GET and TAT associated with 2023 spending by visitors staying in Hawaii short-term rentals totaled \$675 million. State GET and TAT generated by short-term rental visitor spending in 2023 totaled \$554 million, while the counties' share totaled \$121 million. The tables below detail the spending and GET/TAT tax generation by category and county.

Table 3: 2023 Estimated Short-Term Rental Visitor Total State Taxes by Category

**State of Hawai'i**

	<b>2023 Estimated Spend</b>	<b>State TAT</b>	<b>State GET</b>	<b>Total State GET &amp; TAT</b>
Lodging	\$2,939,700,000	\$301,319,250	\$122,487,500	\$423,806,750
Food & Beverage	\$1,274,650,000	\$0	\$53,110,417	\$53,110,417
Entertainment	\$570,200,000	\$0	\$23,758,333	\$23,758,333
Transportation	\$706,640,000	\$0	\$29,443,333	\$29,443,333
Shopping	\$524,600,000	\$0	\$21,858,333	\$21,858,333
Other	\$54,610,000	\$0	\$2,275,417	\$2,275,417
<b>Total</b>	<b>\$6,070,400,000</b>	<b>\$301,319,250</b>	<b>\$252,933,333</b>	<b>\$554,252,583</b>

Source: Kloninger & Sims analysis of DBEDT data

Table 4: 2023 Estimated Short-Term Rental Visitor Total County Taxes by Category

**Oahu**

**3.0%**

**0.545%**

	<b>2023 Estimated Spend</b>	<b>County TAT</b>	<b>County GET Surcharge</b>	<b>Total Oahu GET &amp; TAT</b>
Lodging	\$672,680,000	\$20,180,400	\$3,668,630	\$23,849,030
Food & Beverage	\$358,180,000		\$1,953,425	\$1,953,425
Entertainment	\$148,990,000		\$812,555	\$812,555
Transportation	\$151,710,000		\$827,389	\$827,389
Shopping	\$216,320,000		\$1,179,756	\$1,179,756
Other	\$15,110,000		\$82,406	\$82,406
<b>Total</b>	<b>\$1,562,990,000</b>	<b>\$20,180,400</b>	<b>\$8,524,160</b>	<b>\$28,704,560</b>

**Maui County**

3.0%

0.545%

	2023 Estimated Spend	County TAT	County GET Surcharge	Total Maui GET & TAT
Lodging	\$1,124,500,000	\$33,735,000	\$6,132,744	\$39,867,744
Food & Beverage	\$439,040,000		\$2,394,415	\$2,394,415
Entertainment	\$192,450,000		\$1,049,575	\$1,049,575
Transportation	\$222,170,000		\$1,211,660	\$1,211,660
Shopping	\$158,740,000		\$865,729	\$865,729
Other	\$21,050,000		\$114,801	\$114,801
<b>Total</b>	<b>\$2,157,950,000</b>	<b>\$33,735,000</b>	<b>\$11,768,925</b>	<b>\$45,503,925</b>

**Kauai**

3.0%

0.545%

	2023 Estimated Spend	County TAT	County GET Surcharge	Total Kauai GET & TAT
Lodging	\$551,760,000	\$16,552,800	\$3,009,162	\$19,561,962
Food & Beverage	\$200,860,000		\$1,095,441	\$1,095,441
Entertainment	\$102,840,000		\$560,864	\$560,864
Transportation	\$125,270,000		\$683,192	\$683,192
Shopping	\$56,720,000		\$309,337	\$309,337
Other	\$7,290,000		\$39,758	\$39,758
<b>Total</b>	<b>\$1,044,740,000</b>	<b>\$16,552,800</b>	<b>\$5,697,753</b>	<b>\$22,250,553</b>

**Hawai'i Island**

3.0%

0.545%

	2023 Estimated Spend	County TAT	County GET Surcharge	Total Hawai'i County GET & TAT
Lodging	\$590,760,000	\$17,722,800	\$3,221,859	\$20,944,659
Food & Beverage	\$276,570,000		\$1,508,344	\$1,508,344
Entertainment	\$125,920,000		\$686,736	\$686,736
Transportation	\$207,490,000		\$1,131,599	\$1,131,599
Shopping	\$92,820,000		\$506,217	\$506,217
Other	\$11,160,000		\$60,864	\$60,864
<b>Total</b>	<b>\$1,304,720,000</b>	<b>\$17,722,800</b>	<b>\$7,115,620</b>	<b>\$24,838,420</b>

Source: Kloninger & Sims analysis of DBEDT data

### Method of Analysis

For the 2024 tax year, Maui taxes short-term rental properties at the TVR-STRH (“short-term rental”) tax rates of between \$12.00 and \$15.00 per \$1,000 of assessed value, depending on the value of the property. The proposed action to convert about 7,000 condominium units from short-term rental to residential will result in the properties being taxed at one of the residential tax rates. As the residential property tax rates are lower than the short-term rental rates, the proposed conversion will reduce the real property tax collected by Maui County. We note that the highest property tax rate levied by Maui County is the \$15.00 per \$1,000 of assessed value paid by short-term rentals with assessed values higher than \$3 million. As shown in the table below, Owner-Occupied properties are taxed at between \$1.80 and \$3.25 per \$1,000 of assessed value. Properties that are used as long-term rentals are taxed at a rate of between \$3.00 and \$8.00 per \$1,000 of assessed value. Non-Owner Occupied properties, which includes second homes that are not rented when not being used by the owner, are taxed at rates ranging between \$5.87 and \$14.00 per \$1,000 of assessed value.

We analyzed the proposed conversion of short-term rental condominium units in Minatoya List projects from their current tax classification of Short-Term Rental to three different residential property tax rates. We identified the affected condominium projects using a copy of the Minatoya List dated

March 22, 2024 that was posted on Maui County’s website.

Table 5: Maui County 2024 Tax Rates

Classification	2024 Tax Rate per \$1,000 of Assessed Value
Owner Occupied	\$1.80-3.25
Tier 1 <\$1,000,000	\$1.80
Tier 2 \$1,000,001-\$3,000,000	\$2.00
Tier 3 \$3,000,001>	\$3.25
Non-Owner Occupied	\$5.87-\$14.00
Tier 1 <\$1,000,000	\$5.87
Tier 2 \$1,000,001-\$3,000,000	\$8.50
Tier 3 \$3,000,001>	\$14.00
Apartment	\$3.50
Hotel & Resort	\$11.75
Timeshare	\$14.60
Short Term Rental	\$12.5-\$15.00
Tier 1 <\$1,000,000	\$12.50
Tier 2 \$1,000,001-\$3,000,000	\$13.50
Tier 3 \$3,000,001>	\$15.00
Long Term Rental	\$3.00-\$8.00
Tier 1 <\$1,000,000	\$3.00
Tier 2 \$1,000,001-\$3,000,000	\$5.00
Tier 3 \$3,000,001>	\$8.00
Agricultural	\$5.74

Source: Maui County

After downloading Maui County real property tax data from the county's website, we identified the condominium units located in Minatoya List projects that are currently taxed as short-term rentals.

For each condominium unit we applied the applicable Owner-Occupied, Long-Term Rental and Non-Owner Occupied tax rates, which vary depending on the value of the property. Each of these residential uses has a tiered scale of property tax rates. Tier 1 properties are valued at less than \$1 million; Tier 2 at between \$1 million and \$3 million; Tier 3 properties are valued at more than \$3 million. Calculating each unit's property taxes based on three alternate residential uses results in a range of potential property taxes for each unit. We then calculated the net loss in property taxes that would be generated under each of the three residential uses considered.

We first estimated the impact of the conversion to residential use on property taxes generated by West Maui condominiums in projects on the Minatoya

List, which would convert to residential use on July 1, 2025 under the Mayor's proposal. Secondly we calculated the expected decrease in property tax generation for the non-West Maui Minatoya list projects. We note that our analysis did not consider possible changes in assessed values that could be associated with the transition from short-term rental use to residential use.

We also calculated the decrease in property tax collections if all short-term rentals on Maui were eliminated and taxed at a residential property tax rate. There are currently 14,475 properties in Maui County that are taxed at the Short-Term Rental tax rate. In addition to the estimated decrease in county property tax generation, this analysis also considered the fiscal impact of visitor spending generated by visitors staying in short-term rentals. This visitor spending generates county taxes in the form of the county TAT surcharge of 3.0% and the county GET surcharge of 0.5%. Our estimate of 2023 visitor spending by Maui visitors staying in a short-term rental was based on our analysis of visitor characteristics and spending data provided by DBEDT.

**Estimated Impact on Real Property Taxes – West Maui Minatoya List Properties**

Our analysis shows that the West Maui condominium units in Minatoya List projects have a current assessed value of about \$2.6 billion. Based on the 2024 rates for short-term rentals in Maui County, the West Maui Minatoya List condominium units will generate about \$34.7 million in property taxes this year. If all 2,820 condominium units in West Maui Minatoya List projects were converted to and taxed at the Long-Term Rental tax rates, they would generate about \$11.5 million in 2024 property taxes, or about \$23.1 million less than they would generate if used and taxed as short-term rentals. If all of the West Maui Minatoya List condominium units were converted to owner-occupied units and taxed at the owner-occupied tax rates, they would

generate about \$5.1 million in property taxes, or about \$29.5 million less than they would if taxed at the short-term rental rates. If all the West Maui Minatoya List condominium units were to become second homes taxed at the Non-Owner Occupied tax rates, they would generate about \$20.2 million in property taxes, or about \$14.4 million less than if they were used and taxed as short-term rentals.

It is likely that there will be a mix of long-term rentals, owner occupied units and non-owner occupied units after short-term rental use is terminated as of July 1, 2025. The total decrease in Maui County’s real property tax revenue from these units will depend on what that mix is.

Table 6: West Maui Minatoya List – 2024 Property Taxes at Short-Term and Residential Property Tax Rates

	Unit Count	Total Assessed Value	Average Assessed Value	2024 Property Tax Based on Short-Term Rental Tax Rates	2024 Real Property Taxes, Applying Residential Property Tax Rates		
					Long-Term Rental	Owner-Occupied	Non-Owner occupied
<b>West Maui Minatoya List</b>	2,684	\$2,632,100,000	\$981,000	\$34,700,000	\$11,600,000	\$5,100,000	\$20,300,000
<b>Decrease of RPT due to Residential Conversion</b>					\$ (23,100,000)	\$ (29,600,000)	\$ (14,400,000)

Source: K&S analysis of Maui County RPT Data

Table 7: Summary of West Maui Condominium Projects on the Minatoya List

PROJECT PROPERTY	YEAR BUILT	COUNTY ZONING	COUNT OF LISTINGS	TOTAL ASSESSED VALUE	TOTAL PROPERTY TAX AT SHORT TERM RENTAL RATE
Papakea	1977	A2/H2	364	\$372,100,000	\$5,020,000
Hale Kaanapali	1967	A2/H/OS	258	\$228,700,000	\$2,860,000
Maui Eldorado	1968	A2	205	\$125,600,000	\$1,570,000
Kapalua Golf Villas	1979	A2/AG/OS/GC	186	\$260,300,000	\$3,510,000
The Ridge	1979	A2/PK-4	161	\$247,400,000	\$3,340,000
Kapalua Bay Villas	1977	A2	141	\$285,000,000	\$3,850,000
Wavecrest	1975	A2/Interim	126	\$29,400,000	\$370,000
Kenani Kai	1983	A-1	120	\$32,500,000	\$410,000
Kaanapali Royal	1980	A2	105	\$133,800,000	\$1,810,000
Kuleana	1974	A1	100	\$60,100,000	\$750,000
Kahana Reef	1974	A2	88	\$68,700,000	\$860,000
Paki Maui I & li	1975	A2	80	\$51,200,000	\$640,000
Hale Ono Loa	1969	A2	67	\$49,800,000	\$620,000
Kaleialoha	1973	A2	67	\$56,900,000	\$710,000
Maui Sands I	1966	A2	56	\$57,600,000	\$780,000
Hale Mahina Beach	1981	A2	53	\$59,900,000	\$810,000
Polynesian Shores	1972	A1	52	\$55,900,000	\$760,000
Noelani	1974	A2	50	\$55,200,000	\$750,000
Mahina Surf	1969	A1	44	\$54,800,000	\$740,000
Kahana Village	1978	A1	42	\$58,800,000	\$790,000
Hale Kai I	1967	A2	40	\$31,000,000	\$390,000
Lokelani	1971	A2	36	\$40,000,000	\$540,000
Mahinahina Beach	1979	A1	32	\$21,600,000	\$270,000
Honokowai Palms	1965	A2	30	\$30,500,000	\$410,000
Makani Sands	1974	A2	30	\$11,600,000	\$150,000
Nohonani	1974	A2	28	\$34,600,000	\$470,000
Paki Maui Iii	1978	A2	28	\$35,800,000	\$480,000
Maui Sands li	1969	A2	20	\$10,200,000	\$130,000
Kuleana	1972	A1	18	\$13,800,000	\$170,000
Hoyochi Nikko	1973	A1	17	\$17,100,000	\$230,000
Lahaina Beach Club	1971	A2	12	\$3,700,000	\$50,000
Pikake	1966	A2	12	\$13,000,000	\$180,000
Kahana Outrigger	1981	A1	8	\$11,900,000	\$160,000
Kahana Outrigger	1981	A1	4	\$5,600,000	\$80,000
Kahana Outrigger	1981	A1	4	\$7,900,000	\$110,000
			<b>2,684</b>	<b>\$2,632,100,000</b>	<b>\$34,700,000</b>



### Estimated Impact on Real Property Taxes – Other Maui Minatoya List Properties

The balance of the Minatoya List condominium projects, with a total of 4,347 units, would convert from short-term use to residential use by January 1, 2026 under the Mayor’s proposal. Based on 2024 property tax rates, these condominium units will generate an estimated \$48.5 million in

property taxes. When converted to and taxed as residential units, these units would generate between \$7.1 million and \$27.2 million in property taxes. The conversion to residential use and taxation would result in a loss of between \$21.2 million and \$41.4 million in annual property taxes.

Table 8: Other Maui Minatoya List – 2024 Property Taxes at Short-Term and Residential Property Tax Rates

	Unit Count	Total Assessed Value	Average Assessed Value	2024 Property Tax Based on Short-Term Rental Tax Rates	2024 Real Property Taxes, Applying Residential Property Tax Rates		
					Long-Term Rental	Owner-Occupied	Non-Owner occupied
<b>Other Maui Minatoya List</b>	4,264	\$4,217,300,000	\$989,000	\$55,200,000	\$17,700,000	\$8,100,000	\$31,400,000
<b>Decrease of RPT due to Residential Conversion</b>					\$(37,500,000)	\$(47,100,000)	\$(23,800,000)

Source: K&S analysis of Maui County RPT Data

Table 9: Summary of Other Maui Condominium Projects on the Minatoya List

PROJECT PROPERTY	YEAR BUILT	COUNTY ZONING	COUNT OF LISTINGS	TOTAL ASSESSED VALUE	TOTAL PROPERTY TAX AT SHORT TERM RENTAL RATE
Kamaole Sands	1983	A2	440	\$474,800,000	\$6,410,000
Maui Vista	1980	A2	280	\$227,300,000	\$2,840,000
Maui Kamaole Iii	1994	A1	240	\$291,200,000	\$3,930,000
Maui Sunset	1974	A2	225	\$160,000,000	\$2,000,000
Grnd Champ Villas	1989	A2	188	\$266,300,000	\$3,590,000
Hale Kamaole	1974	A1/A2	188	\$188,300,000	\$2,540,000
Kauhale Makai	1976	A2	169	\$116,600,000	\$1,460,000
Palms At Wailea I	1990	A1	150	\$235,400,000	\$3,180,000
Wailea Ekolu	1979	A1/OS-GC/PUD	148	\$271,800,000	\$3,670,000
Maui Hill	1981	A1	140	\$66,600,000	\$830,000
Pacific Shores	1979	A2	136	\$96,900,000	\$1,210,000
Kihei Bay Surf	1980	A1	118	\$49,900,000	\$620,000
Luana Kai	1979	A2	113	\$104,600,000	\$1,310,000

PROJECT PROPERTY	YEAR BUILT	COUNTY ZONING	COUNT OF LISTINGS	TOTAL ASSESSED VALUE	TOTAL PROPERTY TAX AT SHORT TERM RENTAL RATE
Wailea Ekahi Iii	1976	A1/H1/OS/PUD	104	\$182,100,000	\$2,460,000
Wailea Ekahi I	1976	A1/BR/OS/PUD	100	\$191,700,000	\$2,590,000
Wailea Ekahi Ii	1976	A1	92	\$178,800,000	\$2,410,000
Kihei Garden Estates	1979	A1	84	\$61,200,000	\$760,000
Island Sands	1975	A2	83	\$57,200,000	\$720,000
Kanai A Nalu	1977	A2	80	\$55,100,000	\$690,000
Maalaea Kai	1974	A2	79	\$70,900,000	\$890,000
Maalaea Banyans	1987	A2	78	\$59,000,000	\$740,000
Haleakala Shores	1974	A2	76	\$55,300,000	\$690,000
Kihei Resort	1981	A1	64	\$45,800,000	\$570,000
Maui Parkshore	1974	A2	64	\$57,100,000	\$710,000
Kalama Terrace	1972	A2	61	\$30,000,000	\$380,000
Kihei Bay Vista	1989	A1	60	\$39,300,000	\$490,000
Hale Kai O'kihei	1969	A1	59	\$52,800,000	\$660,000
Koa Resort Ii	1980	A1	54	\$47,400,000	\$590,000
Waiohuli Beach Hale	1979	A1/PU	52	\$51,200,000	\$640,000
Shores Of Maui	1975	A1	50	\$34,800,000	\$430,000
Maui Kamaole Ii	1989	A1	48	\$55,400,000	\$750,000
Lauloa Maalaea	1979	A2	47	\$40,800,000	\$510,000
Hono Kai	1972	A2/A1	46	\$26,600,000	\$330,000
Milowai-Maalaea	1977	A2/M1	42	\$26,200,000	\$330,000
Waipuilani	1975	A2	42	\$9,000,000	\$110,000
Kuau Plaza	1973	A2	30	\$14,300,000	\$180,000
Maui Kamaole	1988	A1	28	\$40,200,000	\$540,000
Makani A Kai	1974	A1	24	\$22,700,000	\$280,000
Leinaala	1975	A2	24	\$15,400,000	\$190,000
Hana Kai-Maui	1974	A1	19	\$13,500,000	\$170,000
Keawakapu	1976	A1	18	\$10,300,000	\$130,000
Kanoe Apts	1982	A-1	18	\$2,500,000	\$30,000
Kihei Parkshore	1974	A1	16	\$10,600,000	\$130,000
Punahoa Beach Apts	1970	A1	15	\$18,800,000	\$250,000
Kamaole One	1973	A1	12	\$25,300,000	\$340,000
Leilani Kai	1974	A1	9	\$1,000,000	\$10,000
Lihikai Apts	1963	A1	8	\$4,400,000	\$60,000
Hale Mahialani	1976	A1	7	\$2,300,000	\$30,000
Wailea Inn	1985	A1	6	\$3,900,000	\$50,000
Kihei Cove	1980	A1	6	\$2,300,000	\$30,000
Hale Iliili	1978	A1	4	\$2,100,000	\$30,000
Aloha Villas	1980	A-1	4	\$8,000,000	\$110,000
1444 Halama St	1968	A-1	4	\$7,000,000	\$90,000

<b>PROJECT PROPERTY</b>	<b>YEAR BUILT</b>	<b>COUNTY ZONING</b>	<b>COUNT OF LISTINGS</b>	<b>TOTAL ASSESSED VALUE</b>	<b>TOTAL PROPERTY TAX AT SHORT TERM RENTAL RATE</b>
1194 Uluniu Rd	1964, 1979	A-1	2	\$4,000,000	\$50,000
Kapu Townhouse	1980	A1	2	\$3,700,000	\$50,000
Waiohuli Bch Duplex	1977	A1	2	\$2,100,000	\$30,000
My Waii Beach Cottage	1970	A1	1	\$6,900,000	\$100,000
Indo Lotus Beach Hse	1970	A1	1	\$4,200,000	\$60,000
2131 Iiili Rd	1946	A-1	1	\$1,300,000	\$20,000
Moana Villa	1973	A1	1	\$3,200,000	\$50,000
1440 Halama St	1946	A-1	1	\$4,900,000	\$70,000
1470 Halama St	1960	A-1	1	\$5,000,000	\$70,000
			<b>4,264</b>	<b>\$4,217,300,000</b>	<b>\$55,200,000</b>

Source: K&S analysis of Maui County RPT Data

**Estimated Fiscal & Economic Impacts – TOTAL Minatoya List Properties**

**Property Taxes:** Our analysis indicates that conversion of all Minatoya List properties to residential use and taxation would result in decreased property tax revenue ranging from \$38.2 million to \$76.7 million, as summarized below.

Table 10: Total Minatoya List – 2024 Property Taxes at Short-Term and Residential Property Tax Rates

	Unit Count	Total Assessed Value	Average Assessed Value	2024 Property Tax Based on Short-Term Rental Tax Rates	2024 Real Property Taxes, Applying Residential Property Tax Rates		
					Long-Term Rental	Owner-Occupied	Non-Owner occupied
<b>Full Minatoya List</b>	6,948	\$6,849,400,000	\$986,000	\$89,900,000	\$29,300,000	\$13,200,000	\$51,700,000
<b>Decrease of RPT due to Residential Conversion</b>					\$ (60,600,000)	\$(76,700,000)	\$(38,200,000)

Source: K&S analysis of Maui County RPT Data

**County GET & TAT Surcharges:** We estimated the county GET & TAT Surcharges generated by visitors staying in Minatoya List short-term rentals to be \$15.1 million in 2023. We allocated the estimated total Maui County GET & TAT surcharges to the Minatoya List properties based on total assessed value. The total Maui County tax loss including GET and TAT revenue would be between \$53.3 and \$91.8 million.

**Economic Impacts:** We estimate the following economic impacts of the Minatoya List short-term rentals, again based on an allocation of the estimates for all Maui County short-term rentals:

- \$1.3 billion in economic output,
- \$370 million in earnings,
- 7,800 jobs.

**Estimated Fiscal & Economic Impacts – All Maui Short-Term Rental Properties**

**Property Taxes:** According to our analysis of Maui County RPT data, the 14,475 properties taxed at the short-term rental rate will generate about \$284.5 million in property taxes this year. The decrease in

property tax collections associated with the conversion of *all* Maui County short-term rentals to residential use would range between \$82.8 million and \$235.4 million.

**Table 11: All Maui County Short-Term Rentals – 2024 Property Taxes at Short-Term and Residential Property Tax Rates**

	Unit Count	Total Assessed Value	Average Assessed Value	2024 Property Tax Based on Short-Term Rental Tax Rates	2024 Real Property Taxes, Applying Residential Property Tax Rates		
					Long-Term Rental	Owner-Occupied	Non-Owner occupied
<b>RPT List Maui Total</b>	14,475	\$20,636,700,000	\$1,426,000	\$284,500,000	\$114,900,000	\$49,100,000	\$201,700,000
<b>Decrease of RPT due to Residential Conversion</b>					\$(169,600,000)	\$(235,400,000)	\$(82,800,000)

Source: K&S analysis of Maui County RPT Data

**County GET & TAT Surcharges:** The 7,167 units located in condominium projects on the Minatoya List represent about one half of the total number of properties taxed at the short-term rental tax rate. For the purposes of this study we have assumed that the 14,475 units taxed by Maui County at the short-term rental tax rate represent the entirety of the short-term rental market. In addition to estimating the lost RPT revenue attributable to the decrease in property tax rates associated with conversion of short-term rentals to residential use, we have also estimated the 2023 spending by visitors staying in a Maui County short-term rental.

We estimate that short-term rental visitors to Maui spent about \$2.2 billion during 2023, as presented in the table below. About half of the short-term rental visitor spending in 2023 was for accommodations. That \$1.1 billion in lodging spending generated \$33.7 million in county TAT via Maui County’s 3.0% county TAT and an additional \$6.1 million in GET via the county GET surcharge. Visitor spending generated by short-term rentals in Maui County

generated a total of \$11.8 million in GET for the year. Combined, the county TAT and GET associated with 2023 spending by Maui visitors who stayed in a short-term rental was \$45.5 million.

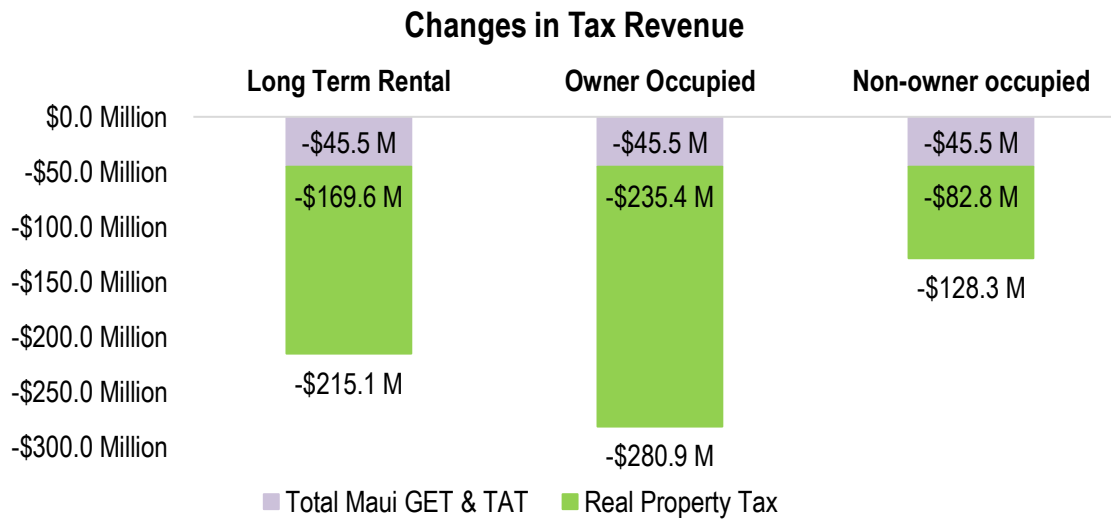
The total decrease in property tax revenues that would be expected if the county eliminated all vacation rentals ranges between \$82.8 million and \$235.4 million. Adding the county TAT and GET surcharges results in a total fiscal impact of between \$128.3 million and \$280.9 million.

Table 12: Estimated Vacation Rental Visitor Total County Taxes by Category

Maui County		3.0%	0.545%	
	2023 Estimated Spend	County TAT	County GET Surcharge	Total Maui GET & TAT
Lodging	\$1,124,500,000	\$33,735,000	\$6,132,744	\$39,867,744
Food & Beverage	\$439,040,000		\$2,394,415	\$2,394,415
Entertainment	\$192,450,000		\$1,049,575	\$1,049,575
Transportation	\$222,170,000		\$1,211,660	\$1,211,660
Shopping	\$158,740,000		\$865,729	\$865,729
Other	\$21,050,000		\$114,801	\$114,801
<b>Total</b>	<b>\$2,157,950,000</b>	<b>\$33,735,000</b>	<b>\$11,768,925</b>	<b>\$45,503,925</b>

Source: K&S Analysis of DBEDT Data

Figure 4: Decreases in Maui County Tax Revenue Based on Conversion of Short-term Rentals to Residential



Source: K&S analysis of Maui County RPT Data

**Economic Impacts:** According DBEDT’s multipliers, Maui County’s \$2.2 billion in spending by visitors staying in a short-term rental results in:

- \$4.0 billion in economic output,
- \$1.1 billion in earnings,
- 23,000 jobs.

We have included the worksheet calculating the output, earnings and jobs supported by spending by visitors staying in a Maui short-term rental in the Appendix.

### Hotel Market Analysis

In 2023, hotels on Maui averaged 66.1% occupancy at an average daily rate (“ADR”) of \$591. Based on the total supply of 13,730 hotel rooms, this means that on average there were 4,660 vacant hotel rooms each night. There were on average 2,381 vacant hotel rooms each night in West Maui, where hotel occupancy averaged 63.6%.

It is reasonable to assume that some of the demand for accommodations that would be displaced by the residential conversion of Minatoya List condominium units would be accommodated by Maui hotels. There are not enough hotel rooms in Maui County to accommodate visitors who would otherwise stay in a short-term rental property. In addition, since short-term rentals have kitchens and often multiple bedrooms, hotel rooms will not meet the needs of some visitors.

Table 13: Summary of 2023 Maui Hotel Room Supply and Demand

	<b>Daily Supply</b>	<b>Daily Demand</b>	<b>Occupancy Rate</b>	<b>ADR</b>	<b>Daily Vacant Rooms</b>
West Maui	7,473	5,092	68.1%	\$525	2,381
Other Maui	6,257	3,978	63.6%	\$676	2,279
Total Maui	13,730	9,070	66.1%	\$591	4,660

Source: STR, Inc. data published by DBEDT

## Conclusion

The proposed conversion of units in condominium projects on the Minatoya List from short-term rental to residential use would reduce Maui County's tax revenue. The expected impact on real property tax revenues have been presented as ranges, because residential real estate on Maui is taxed at different rates depending on whether the property is owner-occupied, a long-term rental or a second home. We note that the residential use that would have the smallest negative impact on the county's property tax collections, the Non-Owner Occupied classification, does not increase Maui County's housing supply. Rather than being rented out short-term during periods when owners are not using them, these units would sit empty, generating none of the visitor spending that is the lifeblood of Maui's economy. Conversion to owner-occupied units would increase the available housing supply but result in the greatest decrease in property tax revenue.

Our analysis of the impact on real property taxes is based on no changes in the assessed value of the units. Any decreases to the assessed values of Minatoya List units would further reduce the county's property tax revenue. Since the intent of the proposed legislation is to increase the supply of housing on Maui, the suitability of Minatoya List properties to address Maui's housing shortage should also be considered. Papakea, a 364-unit project on 13 oceanfront acres in West Maui built in 1977, has a mix of studios, one-, two- and three-bedroom units. Units in Papakea would generate about \$5 million in 2024 based on being taxed at the Short-Term Rental tax rates. While the studio units could house individuals or couples, families with children will require multiple bedrooms. Whether the mix of unit types in Papakea and other projects matches the residential needs of the community should be evaluated.

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APPENDIX

2017 Condensed Input-Output Transactions Table for Hawaii (in \$million except for employment, which is number of jobs)

Industry	Visitor expenditures	Expenditures Shares	Expenditures (\$)	Type II final-demand multipliers (from Table 2.4)			Economic Impacts		
				Output	Earnings	Jobs	Output (\$ Millions)	Earnings (\$ Millions)	No. of Jobs
1 Agriculture	26.0	0.14	8.28	2.08	0.70	24.00	17.22	5.79	198.66
2 Mining and construction	0.0	-	-	2.12	0.69	10.70	-	-	-
3 Food processing	65.0	0.34	20.69	2.21	0.50	12.40	45.73	10.35	256.60
4 Other manufacturing	63.0	0.33	20.04	1.34	0.20	4.00	26.85	4.01	80.16
5 Transportation	3,434.7	18.00	1,092.66	1.89	0.50	9.70	2,065.12	546.33	10,598.78
6 Information	21.5	0.11	6.85	1.84	0.39	6.90	12.60	2.67	47.24
7 Utilities	0.0	-	-	1.69	0.31	4.60	-	-	-
8 Wholesale trade	125.0	0.66	39.77	1.88	0.50	8.90	74.77	19.88	353.95
9 Retail trade	2,396.3	12.56	762.29	1.85	0.55	14.10	1,410.24	419.26	10,748.33
10 Finance and insurance	0.0	-	-	2.16	0.54	10.60	-	-	-
11 Real estate and rentals	1,668.6	8.74	530.80	1.55	0.23	4.70	822.74	122.08	2,494.75
12 Professional services	143.0	0.75	45.51	2.21	0.81	13.90	100.57	36.86	632.54
13 Business services	371.7	1.95	118.24	2.18	0.80	16.90	257.76	94.59	1,998.26
14 Educational services	162.7	0.85	51.76	2.00	0.86	23.40	103.52	44.51	1,211.22
15 Health services	172.2	0.90	54.78	2.21	0.77	14.10	121.06	42.18	772.37
16 Arts and entertainment	604.9	3.17	192.42	1.89	0.74	23.30	363.67	142.39	4,483.29
17 Accommodation	6,461.2	33.86	2,055.44	2.17	0.57	10.20	4,460.31	1,171.60	20,965.52
18 Eating and drinking	1,854.4	9.72	589.91	2.17	0.66	16.80	1,280.10	389.34	9,910.47
19 Other services	152.2	0.80	48.41	2.37	0.80	17.10	114.73	38.73	827.76
20 Government	96.8	0.51	30.79	1.84	0.79	12.80	56.66	24.33	394.15
Total intermediate input	17,819.2	93.4	5,668.6				11,333.6	3,114.9	65,974.1
Imports	1,261.7	6.6	401.4						
Earnings (Labor income)									
Compensation of employees									
Proprietor's income									
TOPILS									
Other capital costs									
Total Value added									
Output	19,080.9	100.00	6,070.00						
Wage and salary jobs									
Proprietors' jobs									
Total jobs									
Earnings (RIMS II)									
State total taxes									
State individual income tax									
State GET									
State TAT									
State other taxes									

Note. TOPILS = Taxes on production and imports less subsidies.

**2017 Condensed Input-Output Transactions Table for Hawaii (in \$million except for employment, which is number of jobs)**

Industry	Visitor expenditures	Expenditure Shares	Expenditure (\$)	Type II final-demand multipliers (from Table 2.4)			Economic Impacts		
				Output	Earnings	Jobs	Output (\$ Millions)	Earnings (\$ Millions)	No. of Jobs
1 Agriculture	26.0	0.14	2.94	2.08	0.70	24.00	6.12	2.06	70.63
2 Mining and construction	0.0	-	-	2.12	0.69	10.70	-	-	-
3 Food processing	65.0	0.34	7.36	2.21	0.50	12.40	16.26	3.68	91.22
4 Other manufacturing	63.0	0.33	7.12	1.34	0.20	4.00	9.55	1.42	28.50
5 Transportation	3,434.7	18.00	388.45	1.89	0.50	9.70	734.17	194.23	3,767.98
6 Information	21.5	0.11	2.43	1.84	0.39	6.90	4.48	0.95	16.80
7 Utilities	0.0	-	-	1.69	0.31	4.60	-	-	-
8 Wholesale trade	125.0	0.66	14.14	1.88	0.50	8.90	26.58	7.07	125.83
9 Retail trade	2,396.3	12.56	271.00	1.85	0.55	14.10	501.36	149.05	3,821.15
10 Finance and insurance	0.0	-	-	2.16	0.54	10.60	-	-	-
11 Real estate and rentals	1,668.6	8.74	188.70	1.55	0.23	4.70	292.49	43.40	886.91
12 Professional services	143.0	0.75	16.18	2.21	0.81	13.90	35.75	13.10	224.87
13 Business services	371.7	1.95	42.04	2.18	0.80	16.90	91.64	33.63	710.40
14 Educational services	162.7	0.85	18.40	2.00	0.86	23.40	36.80	15.83	430.60
15 Health services	172.2	0.90	19.47	2.21	0.77	14.10	43.04	15.00	274.58
16 Arts and entertainment	604.9	3.17	68.41	1.89	0.74	23.30	129.29	50.62	1,593.86
17 Accommodation	6,461.2	33.86	730.73	2.17	0.57	10.20	1,585.69	416.52	7,453.47
18 Eating and drinking	1,854.4	9.72	209.72	2.17	0.66	16.80	455.09	138.41	3,523.28
19 Other services	152.2	0.80	17.21	2.37	0.80	17.10	40.79	13.77	294.28
20 Government	96.8	0.51	10.95	1.84	0.79	12.80	20.14	8.65	140.12
Total intermediate input	17,819.2	93.39	2,015.26				4,029.23	1,107.38	23,454.48
Imports	1,261.7	6.61	142.69						
Earnings (Labor income)									
Compensation of employees									
Proprietor's income									
TOPILS									
Other capital costs									
Total Value added									
Output	19,080.9	100.00	2,157.95						
Wage and salary jobs									
Proprietors' jobs									
Total jobs									
Earnings (RIMS II)									
State total taxes									
State individual income tax									
State GET									
State TAT									
State other taxes									

Note. TOPILS = Taxes on production and imports less subsidies.

Source: DBEDT

Source: DBEDT