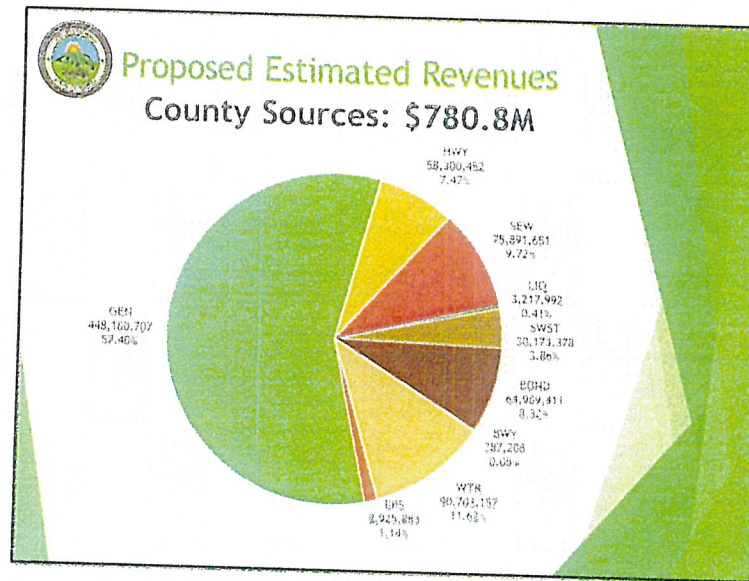




Department of Finance
FY 2020 Budget
Estimated Revenues

April 1, 2019
EDB Committee Meeting

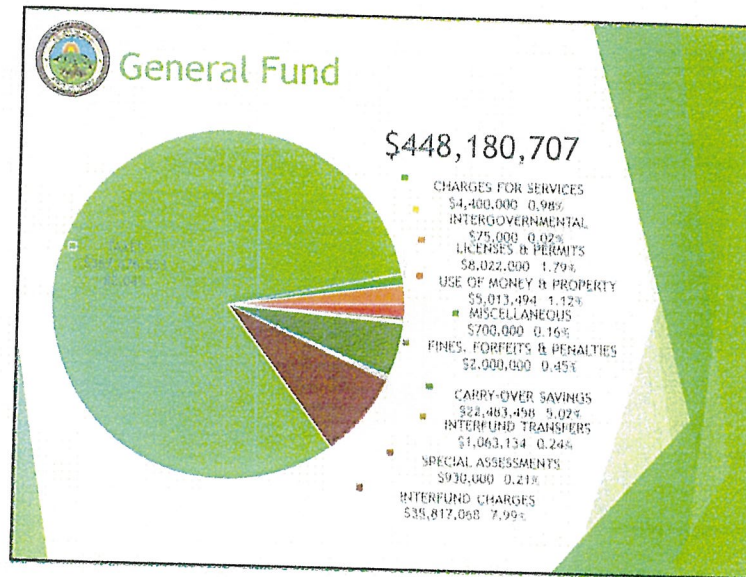
RECEIVED AT EDB MEETING ON 4/1/2019
Budget Director



Total FY 2020 Estimated Revenues from County Sources:
\$780.8 million

Major sources include General Fund, Highway Fund, Sewer Fund,
Solid Waste, and Water Supply Fund

An increase of \$22.5 million or 3.0% from FY 2019
Adopted Budget



Main operating fund of the County

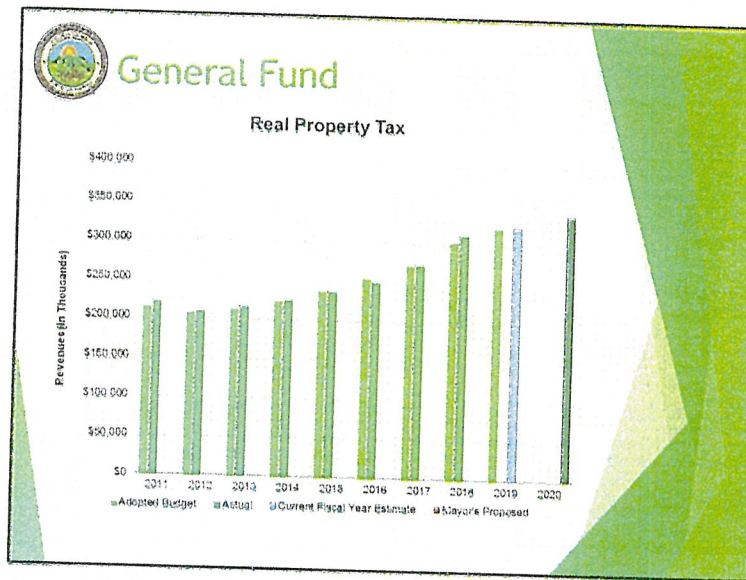
Estimated revenues of \$448.2M or 57.4% of total estimated revenues from County Funds

Estimated to increase by \$30.9 million from FY 2019 Adopted Budget

Major revenues sources:

Real Property Tax

Transient Accommodation Tax (TAT)
Public Service Company Tax (PSC)



The estimated real property tax revenue for FY 2020 is based on the projected certified values of real property of approximately \$50.8 billion – up 4.0% from FY 2019. Real Property Tax revenue continues to show strong and steady gains due to a combination of factors, including rising property values, higher volumes of sales transactions, and the addition of new buildings to the County's property tax roll. Values were established by analyzing sales that occurred between July 1, 2017 and June 30, 2018.

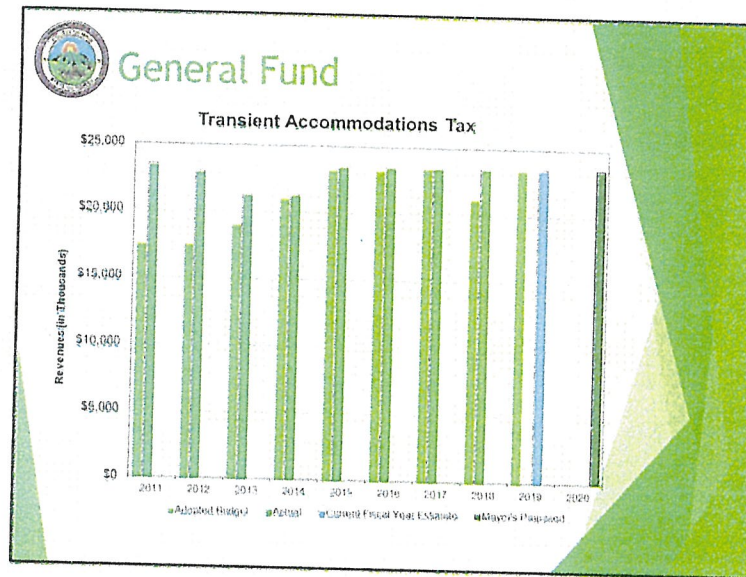
For FY 2020, the estimated revenue on the proposed real property taxes is \$337.0 million, which represents 75.2% of all General Fund revenues, and 47.1% of all county revenues.



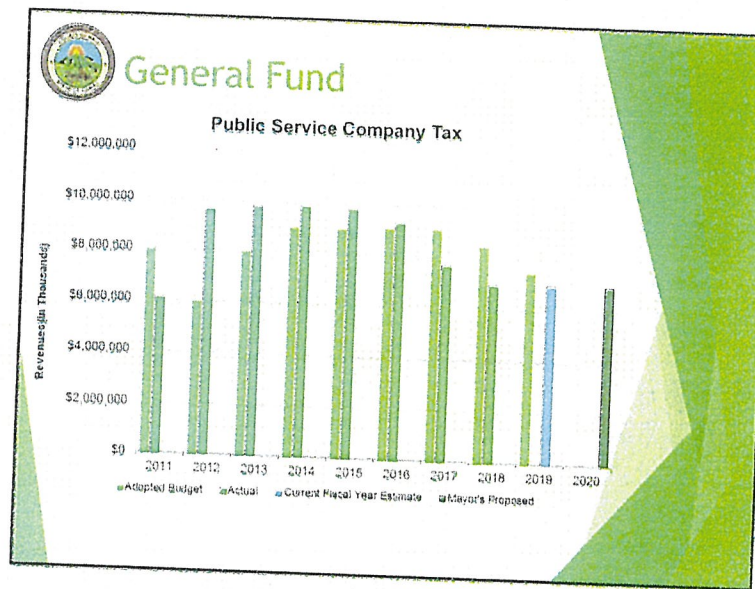
General Fund: RPT Proposed Rates

Classification	FY 2019 Adopted	FY 2020 Proposed	Change \$	Change %
Residential	\$5.52	\$5.52	\$0	0%
Apartment	\$6.31	\$6.31	\$0	0%
Commercial	\$7.25	\$7.39	\$0.14	1.9%
Industrial	\$7.45	\$7.48	\$0.03	0.4%
Agricultural	\$6.00	\$6.00	\$0	0%
Conservation	\$6.35	\$6.35	\$0	0%
Hotel & Resort	\$9.37	\$9.60	\$0.23	2.5%
Time Share	\$15.41	\$13.93	-\$1.48	-9.6%
Short-Term Rental	\$9.28	\$9.55	\$0.27	2.9%
Commercialized Residential	\$4.55	\$4.55	\$0	0%
Homeowner	\$2.85	\$2.85	\$0	0%

The FY 2020 net-estimated revenue of \$337.0 million is based on the proposed rate structure as shown. The revenue also incorporates the Council created classification of short term rental properties. A majority of these properties were formally classified as hotel/resort, with relatively few in the commercial class. The rate set for this new class is a blended rate that reflects what the levy for properties would have been if they remained in their original classification. The estimated revenue also includes an adjustment for the Circuit Breaker Tax Credit Program. This program provides qualified homeowners a credit to their real property tax bill equal to the amount their bill exceeds 2.0% of their adjusted gross income. The circuit breaker program is anticipated to reduce real property tax revenue by approximately \$440,000 in FY 2020.

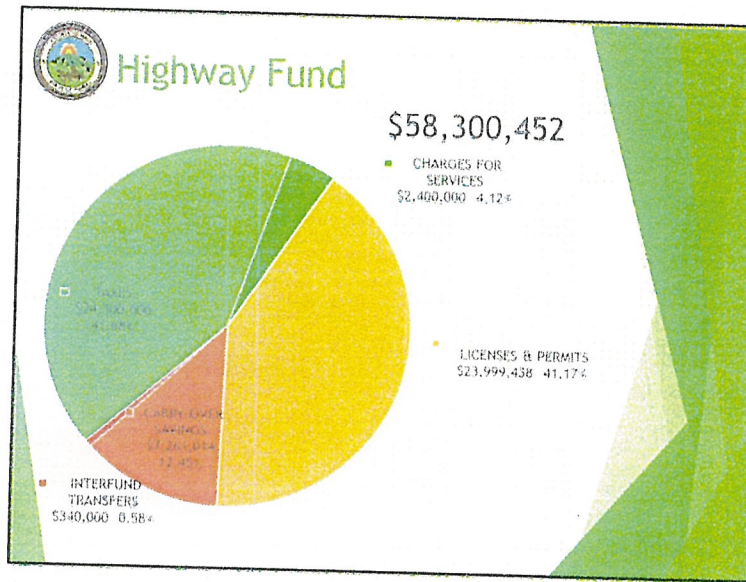


The Transient Accommodations Tax (TAT) is levied by the State of Hawai'i upon every operator and plan manager on the gross rental or gross rental proceeds derived from furnishing transient accommodations such as hotels. The TAT collected by the State of Hawai'i, is distributed amongst the state and the counties. As controlled by the State Legislature, the County of Maui receives 22.8% or \$23.5 million of the total \$103 million distributed to the counties. The TAT for FY 2020 is flat from prior year. The estimated revenues is \$23.5M, which makes up 5.2% of total General Revenue.

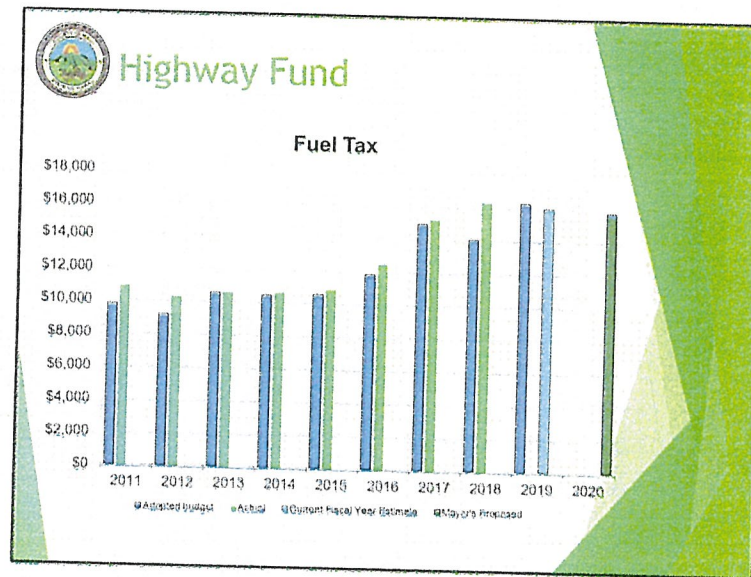


This tax, which is levied against public utilities, provides for a tax of 1.885% of the gross income in lieu of real property tax. Collections of the PSC tax started in FY 2002.

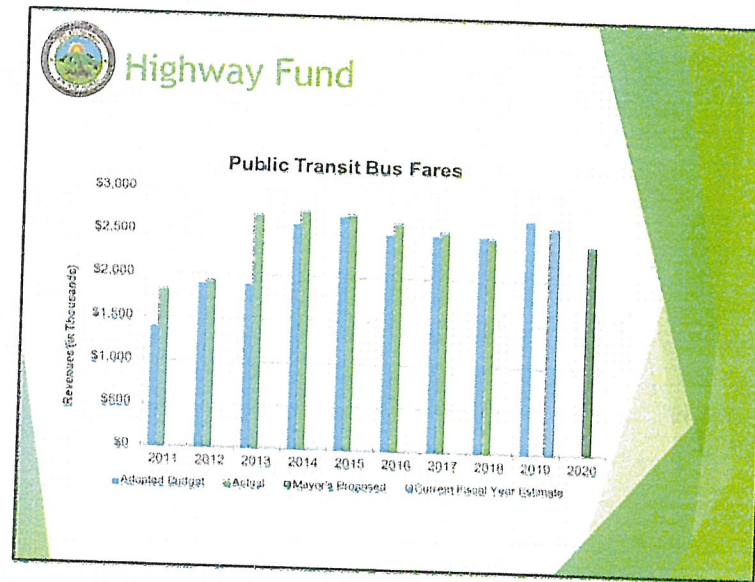
The estimated PSC Tax revenue is \$7.0 million for FY 2020; is a slight decrease of \$500,000 or 6.7% from the FY 2019 Adopted Budget. This is based on continued decreased in sales of electricity.



The estimated \$58.3 million in revenue for the Highway Fund for FY 2020 represents 8.1% of the estimated revenues from county sources. Revenue for the Highway Fund is derived from fuel, weight and franchise taxes as well as public transit fares.

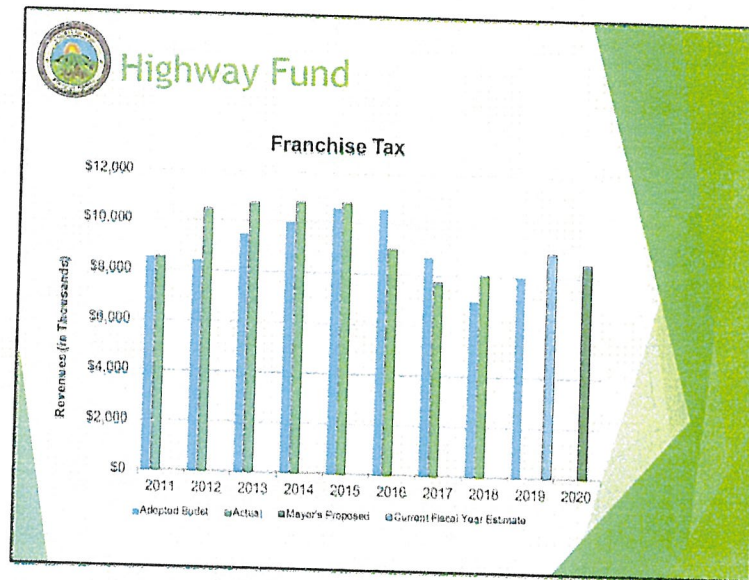


Fuel Tax collection in FY 2020 is estimated to contribute \$15.8 million in revenue to the Highway Fund, making up 27.1% of all Highway Fund revenue. The Fuel Tax is based on the number of gallons of fuel purchased. In FY 2020, the Fuel Tax is estimated to decrease slightly by \$511,000 or 3.1% from the FY 2019 Approved Budget. The biodiesel fuel tax is based on a 370,000 gallons.



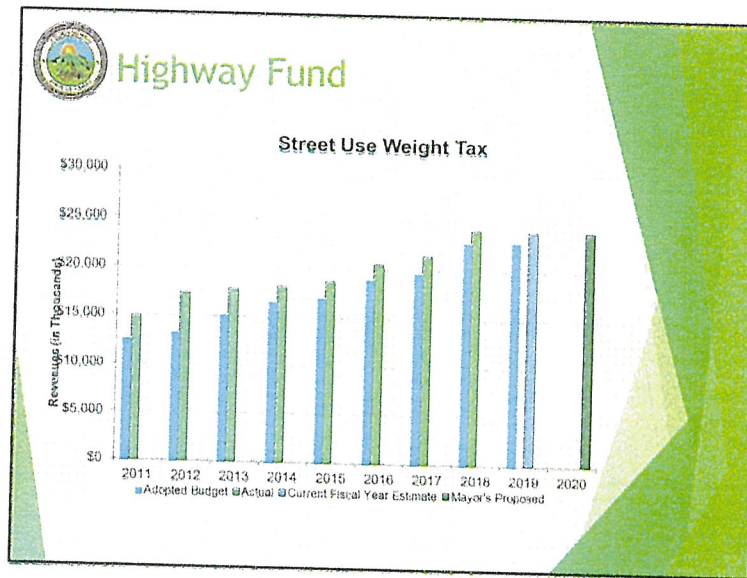
Public transit fare collection is estimated to contribute \$2.4 million to the Highway Fund in FY 2020. There are four types of monthly passes available to the public: General Boarding at \$45 per month for Fixed and Commuter routes; \$25 per month for passengers 55 years and older on fixed routes; \$30 for passengers 55 years and older on paratransit routes; and \$45 for students with valid ID on fixed and paratransit routes. In addition to monthly passes, daily passes for all routes are available for \$4 and one-way rates are \$2 per boarding.

The estimated revenue of \$2.4 million from public transit bus fare collection is a slight decrease by \$300,000 or 11.1% from the FY 2019 Adopted revenues with no fare increase proposed. The Public Transit Fare is anticipated to contribute 4.1% in revenue to the Highway Fund.

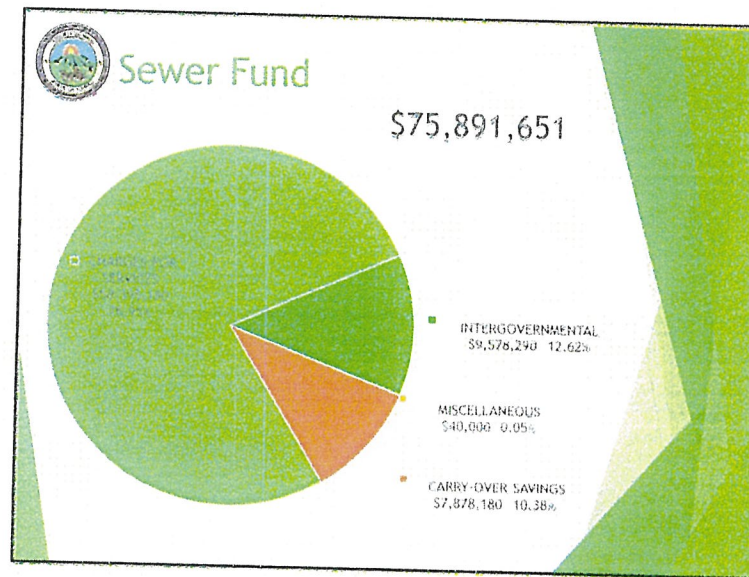


The Franchise Tax is collected from a tax on 2.5% of annual gross receipts from electric and gas companies operating as public utilities in the County of Maui. Similar to the Public Service Company Tax, fluctuations in Franchise Tax collections may be due to the increased cost of fuel and energy conservation measures.

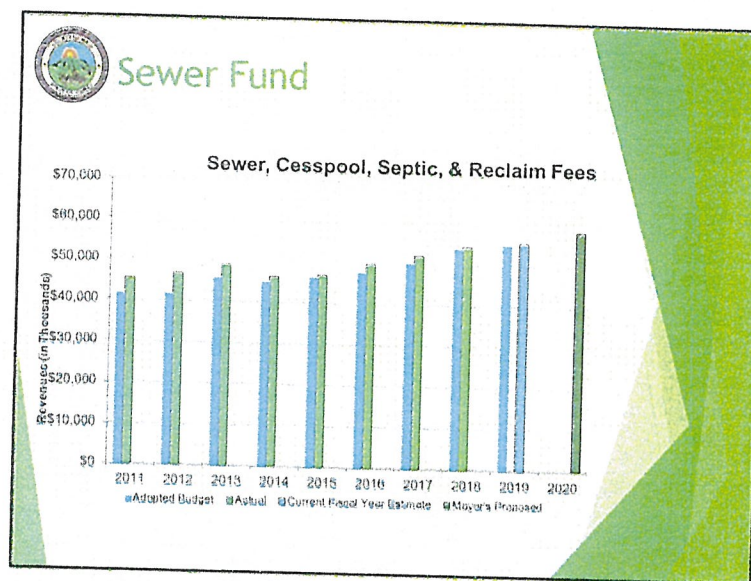
The estimated revenue from the Franchise Tax for FY 2020 is \$8.5 million, a slight increase of \$500,000 or 6.3% from FY 2019 adopted revenues, due to higher collections from Maui Electric. The Franchise Tax represents 14.6% of the total Highway Fund revenues.



The FY 2020 estimated revenue of \$24.0 million for the Weight Tax is an increase of \$1.0 million or 4.3% from the FY 2019 Adopted Budget. At this level, the Weight Tax will contribute approximately 41.2% of the estimated FY 2020 Highway Fund revenue.

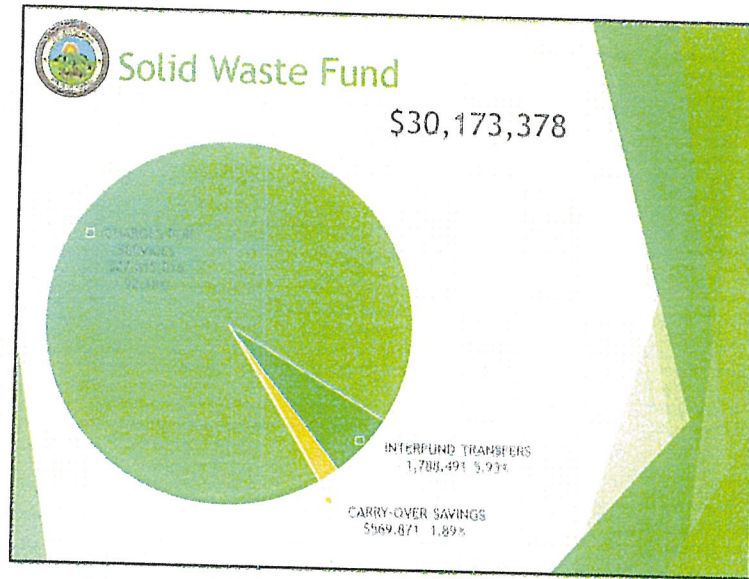


Sewer Fund's FY 2020 estimated revenue is \$75.9 million, an increase of \$6.4 million or 9.2% from the FY 2019 Adopted Budget. This fund represents 10.6% of the county's total estimated revenues. This fund's main source of revenue is derived from sewer and recycled water fees. Wastewater billing is directly tied to Water Supply billing.

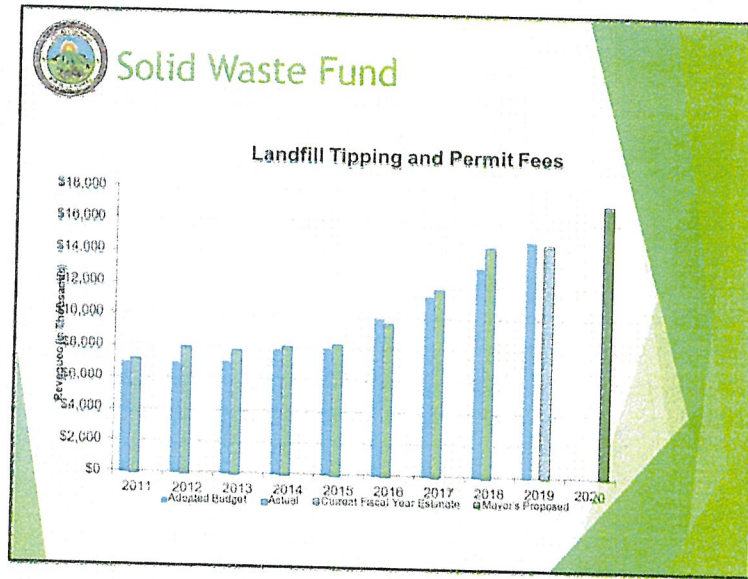


Sewer fees are collected as charges for current services and used to fund the operations and capital improvement projects of the Department of Environmental Management, Wastewater Division. Residential users are charged a monthly base charge and a water usage charge per dwelling unit in accordance with amounts set in the annual budget. Non-residential wastewater system service charges are also charged a monthly base charge, plus a variable charge based on the total amount of water used each billing period.

The \$58.4 million in estimated revenue from sewer user fees for FY 2020 is an increase of \$3.3 million or 5.9% from the FY 2019 Adopted Budget. The sewer user fees will contribute to approximately 79.3% of the estimated FY 2020 Sewer Fund revenue and 8.2% of the county's total revenue.

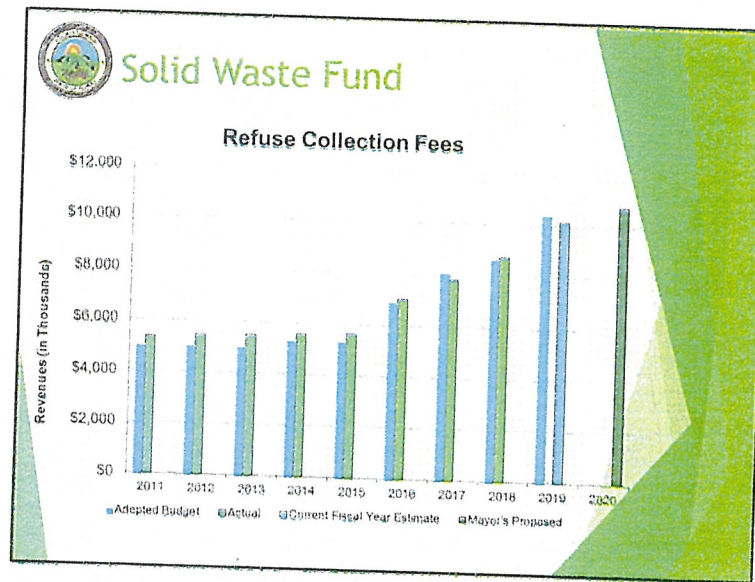


The FY 2020 estimated revenue for the Solid Waste Management Fund is \$30.2 million, which represents 4.2% of the county's total estimated revenues. Fees associated with landfill disposal and refuse collection are the major sources of revenue for this fund.



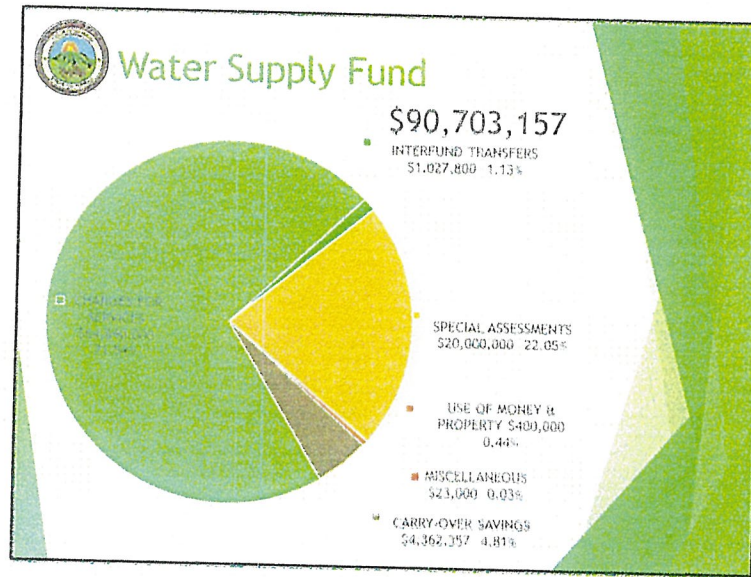
Landfill disposal fees (landfill tipping and permit fees) are collected as charges for current services. The estimated revenue of \$17.1 million in FY 2020 for landfill disposal fees is an increase of \$2.2 million or a 14.5% increase from the FY 2019 Adopted Budget. This revenue source generates 56.7% of the Solid Waste's total fund.

The projected increase in landfill disposal fee revenue is mainly due to the increase in the commercial tipping fee from \$97 to \$103 per ton.

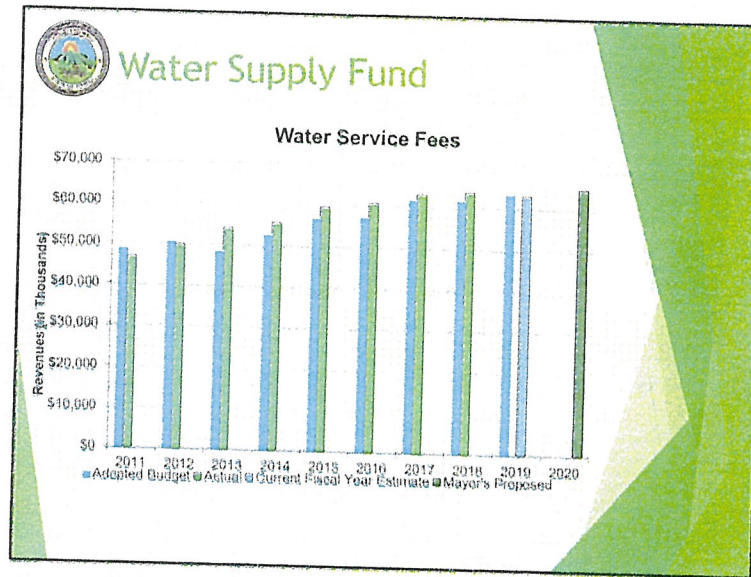


Refuse collection fees are collected as charges for current services. In FY2020, the proposed rate for this service increases from \$32 to \$33 per refuse collection unit per month on the islands of Maui and Moloka'i, where once-a-week manual or twice-a-week automated service is provided. On the island of Lana'i, the proposed rate increased from \$16 to \$18 per refuse collection unit per month, where only once-a-week services is provided.

This service is projected to generate \$10.7 million in annual revenue in FY 2020, a slight increase of \$0.4 million from the FY2019 Adopted Budget. The refuse collection fees generate 35.5% of the total Solid Waste Fund's revenue.



The estimated revenue for the Water Supply Fund from all sources for FY 2020 is \$91.2 million, which funds Water Supply operations and capital improvement projects. This represents 11.1% of the county's total estimated revenues.



Water service fees are the primary source of revenue for the Department of Water Supply. Water service fees are proposed to generate \$64.9 million for FY 2020. A 2% increase is proposed in the water service fee for FY 2020. The fee is charged to customers on a monthly basis (formerly bi-monthly) for water usage. An accrual for unbilled water revenue is made based on the estimated usage from the meter reading date nearest June 30th to the end of the fiscal period.

