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COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

April 8, 2024

Ms. Maria Zielinski, Acting Director
Department of Finance
County of Maui
Wailuku, Hawaii 96793

Dear Ms. Zielinski:

SUBJECT: FISCAL YEAR ("FY") 2025 BUDGET (BFED-1) (FN-10)

May I please request your response to the following:

1. Under Bill 112 (2023), the General Excise Tax ("GET") revenue was estimated at \$20,000,000 in the second half of FY 2024. Under Bill 60 (2024), the GET revenue is now estimated at \$45,000,000. Please confirm the calculation of estimated GET revenue. Is the \$20,000,000 recognized as part of the estimated \$45,000,000 in GET revenue for FY 2025?
2. Please provide an update on the estimated revenue shortfall for FY 2024 as a result of the August 2023 wildfires.
3. Section 18 of the General Budget Provisions reads, "At any time, the aggregate amount of transfers and loans that must be unreimbursed must not exceed 10 percent of the total operating budget." If the General Budget Provisions are adopted:
 - a. Does the Department intend to float a bond in FY 2025?
 - b. Does the Department have an estimate of the interest income not realized by using Bond Funds instead of investing?

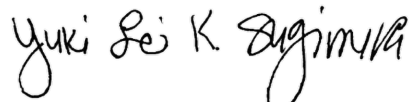
May I further request you transmit your response to bfed.committee@mauicounty.us by **April 15, 2024**. To ensure efficient

Ms. Maria Zielinski
April 8, 2024
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processing, please include the relevant Committee item number in the subject line of your response.

Should you have any questions, please contact me or the Committee staff (James Krueger at ext. 7761, Kasie Apo Takayama at ext. 7665, or Yvette Bouthillier at ext. 7758).

Sincerely,



YUKI LEI K. SUGIMURA, Chair
Budget, Finance, and Economic
Development Committee

bfed:2025bgt:240407afn01:jpp

cc: Mayor Richard T. Bissen, Jr.
Acting Budget Director

BFED Committee

From: BFED Committee
Sent: Monday, April 8, 2024 10:38 AM
To: Maria Zielinski
Cc: BFED Committee; Didi Hamai; Steve Tesoro; Michelle Santos; Zeke Kalua; Lesley Milner; Kristina Cabbat
Subject: PLEASE READ attached letter re: FISCAL YEAR ("FY") 2025 BUDGET (BFED-1); (FN-10)
Attachments: 240407afn01.pdf

Ms. Zielinski: Please refer to the attached letter from the Budget, Finance, and Economic Development (BFED) Committee Chair, dated April 8, 2024. Please respond by **April 15, 2024**

Mayor's Office (attention: Michelle Santos and Zeke Kalua): Please forward the attached letter to Mayor Bissen for his information.

Ms. Milner: FYI

Thank you,
BFED Committee

RICHARD T. BISSEN, JR.
Mayor


MARIA E. ZIELINSKI
Acting Director

STEVE A. TESORO
Deputy Director



DEPARTMENT OF FINANCE
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

April 9, 2024

Ms. Lesley Milner 
Acting Budget Director, County of Maui
200 South High Street
Wailuku, Hawaii 96793

Honorable Richard T. Bissen, Jr.
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL



Acting Mayor Date

For Transmittal to:

Honorable Yuki Lei K. Sugimura, Chair
Budget, Finance, and Economic Development Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Sugimura:

SUBJECT: FISCAL YEAR (“FY”) 2025 BUDGET (BFED-1) (FN-10)

Pursuant to your letter dated April 8, 2024, regarding the Fiscal Year 2025 Budget, below are the responses to the following:

1. Under Bill 112 (2023), the General Excise Tax (“GET”) revenue was estimated at \$20,000,000 in the second half of FY 2024. Under Bill 60 (2024), the GET revenue is now estimated at \$45,000,000. Please confirm the calculation of estimated GET revenue. Is the \$20,000,000 recognized as part of the estimated \$45,000,000 in GET revenue for FY 2025?

Response: Under Bill 112 (2023) the General Excise Tax revenue was estimated at \$20 million for the period of January 1, 2024 to June 30, 2024 (FY 2024). Previous to the August wildfires our estimate was \$80 million for twelve months or \$40 million for the FY 2024 (six months). The post-fire estimate assumed a 50% reduction. Hence \$20 million was reflected in Bill 112. For FY 2025 we are estimating \$45 million for twelve months recognizing the impact of tourism from the wildfires with some improvement.

2. Please provide an update on the estimated revenue shortfall for FY 2024 as a result of the August 2023 wildfires.

Response: Please refer to our response to Question #2 of (BFED-1) (FN-5). We do not have any other estimated revenue updates at this time.

3. Section 18 of the General Budget Provisions reads, “At any time, the aggregate amount of transfers and loans that must be unreimbursed must not exceed 10 percent of the total operating budget.” If the General Budget Provisions are adopted:

- a. Does the Department intend to float a bond in FY 2025?

Response: Yes, it is our intention to have a bond issuance in FY 2025.

- b. Does the Department have an estimate of the interest income not realized by using Bond Funds instead of investing?

Response: The objective of this policy modification is to provide greater flexibility in choosing the most opportune time for the County to issue general obligation bonds. The most opportune time includes, among other considerations, accessing the lowest possible market interest rates. Since market interest rates constantly vary, greater timing flexibility in issuing the bonds offers the County a viable defense against unexpected rises in interest rates. By being able to lend more from the general fund to the capital improvement projects, the County can delay the issuance date and wait for interest rates to decline. The cost associated with this policy change is the interest forgone by having incremental general account funds tied up in the capital improvement projects for several months; but the gain, however, if lower interest rates are realized is lower debt service costs for the entire issuance over the 20 year life of the bonds.

There is no one estimate of interest lost by changing from \$55 million loaned to the capital improvement project fund from the general fund to 10% of the operating budget loaned to the capital improvement project fund. The table below projects portfolio interest earnings for one to four months for funds lent above the current \$55 million limit. The additional lent funds range from \$5 million to \$50 million. The March 31, 2024 portfolio yield was 3.56%.

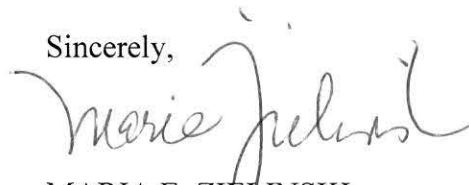
Chair Yuki Lei K. Sugimura
Budget, Finance, and Economic Development Committee
April 9, 2024
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Incremental Loan Above

<i>Current \$55MM Limit</i>	<i>\$5,000,000</i>	<i>\$25,000,000</i>	<i>\$50,000,000</i>
<i>One Month Interest</i>	<i>\$ 14,833.33</i>	<i>\$ 74,166.67</i>	<i>\$148,333.33</i>
<i>Four Months Interest</i>	<i>\$ 59,333.33</i>	<i>\$296,666.67</i>	<i>\$593,333.33</i>

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me at extension 7475.

Sincerely,



MARIA E. ZIELINSKI
Acting Director of Finance

BFED Committee

From: Janina Agapay <Janina.E.Agapay@co.maui.hi.us>
Sent: Tuesday, April 9, 2024 3:08 PM
To: BFED Committee
Cc: Lesley Milner
Subject: (BFED-1)(FN-10)
Attachments: (BFED-1)(FN-10).pdf

Hello,

Please see attached correspondence from Department of Finance.

Thank you,

Janina Agapay

County of Maui

Budget Office

(808) 270-7836

Janina.E.Agapay@co.maui.hi.us