

MICHAEL P. VICTORINO
Mayor

ROWENA M. DAGDAG-ANDAYA
Acting Director

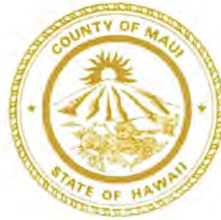
Deputy Director

GLEN A. UENO, P.E., L.S.
Development Services Administration

RODRIGO "CHICO" RABARA, P.E.
Engineering Division

JOHN R. SMITH, P.E.
Highways Division


Telephone: (808) 270-7845
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COUNTY OF MAUI
DEPARTMENT OF PUBLIC WORKS
200 SOUTH HIGH STREET, ROOM 434
WAILUKU, MAUI, HAWAII 96793

April 8, 2019

RECEIVED
2019 APR -9 AM 9:44
OFFICE OF THE
COUNTY COUNCIL

Ms. Michele M. Yoshimura 
Budget Director, County of Maui
200 South High Street
Wailuku, Maui, Hawaii 96793

APPROVED FOR TRANSMITTAL

Honorable Michael P. Victorino
Mayor, County of Maui
200 South High Street
Wailuku, Maui, Hawaii 96793



Mayor Date 4/8/19

For Transmittal to:

Honorable Keani Rawlins-Fernandez, Chair
Economic Development and Budget Committee
Maui County Council
200 South High Street
Wailuku, Maui, Hawaii 96793

Dear Chair Rawlins-Fernandez:

SUBJECT: REQUESTS/QUESTIONS FROM THE APRIL 2, 2019 MEETING
(PW-6) (EDB-1)

The Department of Public Works responds to your letter dated April 4, 2019 as follows:

1. *Please provide data on the gallons consumed and revenue generated for each of the fuel types currently subject to a Fuel Tax. (SS)*

Please See Attachment "A".

2. *Regarding the proposed \$0.120 per gallon Fuel Tax on Biodiesel (Budget Ordinance, Appendix B, page 45):*

Ms. Michele M. Yoshimura
Honorable Michael P. Victorino
For Transmittal to:
Honorable Keani Rawlins-Fernandez, Chair
April 8, 2019
Page 2

a. *How was this tax calculated? (MM)*

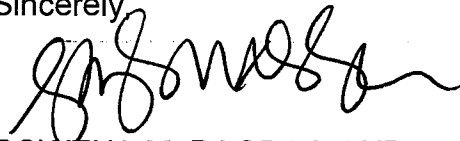
Please see Attachment "B" (PW-5, EDB-1, response to Question No. 2).

b. *What happened to the exemption for biodiesel? (AL)*

The Department of Public Works is not aware of an exemption for biodiesel. Maui County imposed \$0.09 tax on biodiesel in Fiscal Year (FY) 2016, at which time was one-half of the County gasoline and diesel fuel tax rate. In the following year, the Maui County Council, in their deliberation of the Fiscal Year 2017 budget, voted to eliminate the tax.

Thank you for the opportunity to comment on the aforementioned. Should you require additional information, please feel free to contact me.

Sincerely,



ROWENA M. DAGDAG-ANDAYA
Acting Director of Public Works

RMDA:jso
Attachments

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STATE OF HAWAII
DEPARTMENT OF TAXATION

LIQUID FUEL TAX BASE & TAX COLLECTIONS - FY ENDING JUNE 30, 2018**

SOURCE OF REVENUE	GALLONS	STATE TAX	COUNTY TAX	TOTAL TAX
CITY & COUNTY OF HONOLULU				
Gasoline	287,482,299.67 *	45,977,599.43	47,413,054.09	93,390,653.52
Diesel Oil (off-highway)	76,579,896.00	765,798.96		765,798.96
Diesel Oil (highway)	27,321,698.65	4,371,471.76	4,508,080.27	8,879,552.03
Liquefied Petroleum Gas (highway)	23,522.92	1,223.17	1,270.26	2,493.43
Small Boats (gasoline)	1,016,295.42	162,607.27	167,688.75	330,296.02
Small Boats (diesel oil)	3,000,566.00	30,005.66		30,005.66
Aviation Fuel	111,674,606.00	1,116,746.06		1,116,746.06
Other Fuel 1/	2,684,766.68	107,390.66	222,835.64	330,226.30
SUB-TOTAL	509,783,651.34	52,532,842.97	52,312,929.01	104,845,771.98
ERT - Petroleum Products (barrel) 2/	14,870,569.33	15,614,097.81		15,614,097.81
ERT - Fossil Fuels (MMBtu) 2/	4,444,813.73	844,514.61		844,514.61
SUB-TOTAL		16,458,612.42		16,458,612.42
TOTAL		68,991,455.39	52,312,929.01	121,304,384.40
COUNTY OF MAUI				
Gasoline	65,658,816.97 *	10,495,873.31	15,086,903.88	25,582,777.19
Diesel Oil (off-highway)	13,697,859.49	150,781.12		150,781.12
Diesel Oil (highway)	6,530,023.95	1,044,803.83	1,501,905.51	2,546,709.34
Liquefied Petroleum Gas (highway)	129.41	6.73	14.87	21.60
Small Boats (gasoline)	118,068.12	18,890.90	27,155.68	46,046.58
Small Boats (diesel oil)	0.00	0.00		0.00
Aviation Fuel	77,390,115.00	773,901.15		773,901.15
Other Fuel 1/ (biodiesel)	367,536.50	14,701.46	0.00	14,701.46
SUB-TOTAL	163,762,549.44	12,498,958.50	16,615,979.94	29,114,938.44
ERT - Petroleum Products (barrel) 2/	5,128,491.22	5,384,915.78		5,384,915.78
ERT - Fossil Fuels (MMBtu) 2/	0.00	0.00		0.00
SUB-TOTAL		5,384,915.78		5,384,915.78
TOTAL 3/		17,883,874.28	16,615,979.94	34,499,854.22
COUNTY OF HAWAII				
Gasoline	82,090,015.32 *	13,086,894.45	11,421,870.43	24,508,764.88
Diesel Oil (off-highway)	9,477,549.00	94,775.49		94,775.49
Diesel Oil (highway)	12,022,100.22	1,923,536.03	1,659,655.58	3,583,191.61
Liquefied Petroleum Gas (highway)	1,802.98	93.76	89.85	183.61
Small Boats (gasoline)	269,092.70	43,054.83	37,541.20	80,596.03
Small Boats (diesel oil)	0.00	0.00		0.00
Aviation Fuel	44,812,844.00	448,128.44		448,128.44
Other Fuel 1/	11,751,393.75	240,198.61	0.00	240,198.61
SUB-TOTAL	160,424,797.97	15,836,681.61	13,119,157.06	28,955,838.67
ERT - Petroleum Products (barrel) 2/	3,066,891.37	3,220,235.95		3,220,235.95
ERT - Fossil Fuels (MMBtu) 2/	0.00	0.00		0.00
SUB-TOTAL		3,220,235.95		3,220,235.95
TOTAL		19,056,917.56	13,119,157.06	32,176,074.62
COUNTY OF KAUAI				
Gasoline	30,742,307.63	4,918,769.21	5,226,192.31	10,144,961.52
Diesel Oil (off-highway)	9,856,279.00	98,562.79		98,562.79
Diesel Oil (highway)	3,233,809.91	517,409.59	549,747.68	1,067,157.27
Liquefied Petroleum Gas (highway)	738.98	38.42	41.39	79.81
Small Boats (gasoline)	0.00	0.00	0.00	0.00
Small Boats (diesel oil)	0.00	0.00		0.00
Aviation Fuel	29,314,034.00	293,140.34		293,140.34
Other Fuel 1/	13,368,120.00	267,362.40	0.00	267,362.40
SUB-TOTAL	86,515,289.52	6,095,282.75	5,775,981.38	11,871,264.13
ERT - Petroleum Products (barrel) 2/	1,586,931.67	1,666,278.26		1,666,278.26
ERT - Fossil Fuels (MMBtu) 2/	1,367,750.27	259,872.55		259,872.55
SUB-TOTAL		1,926,150.81		1,926,150.81
TOTAL		8,021,433.56	5,775,981.38	13,797,414.94
SUMMARY				
Gasoline	465,973,439.59	74,479,136.40	79,148,020.71	153,627,157.11
Diesel Oil (off-highway)	109,611,583.49	1,109,918.36		1,109,918.36
Diesel Oil (highway)	49,107,632.73	7,857,221.21	8,219,389.04	16,076,610.25
Liquefied Petroleum Gas (highway)	26,194.29	1,362.08	1,416.37	2,778.45
Small Boats (gasoline)	1,403,456.24	224,553.00	232,385.63	456,938.63
Small Boats (diesel oil)	3,000,566.00	30,005.66		30,005.66
Aviation Fuel	263,191,599.00	2,631,915.99		2,631,915.99
Other Fuel 1/	28,171,816.93	629,653.13	222,835.64	852,488.77
SUB-TOTAL	920,486,288.27	86,963,765.83	87,824,047.39	174,787,813.22
ERT - Petroleum Products (barrel) 2/	24,652,883.59	25,885,527.80		25,885,527.80
ERT - Fossil Fuels (MMBtu) 2/	5,812,564.00	1,104,387.16		1,104,387.16
SUB-TOTAL		26,989,914.96		26,989,914.96
TOTAL		113,953,680.79	87,824,047.39	201,777,728.18

*See reverse for detail on all Agricultural Use Refunds.

**Includes amounts totaling \$474,691.91 in undistributed fuel tax from previous years that were included in several monthly reports in fiscal year 2018. Fuel tax collections were \$201,303,036.27 for fiscal year 2018.

1/ Other fuel includes Ethanol, Methanol, Biodiesel, Naphtha, Compressed Natural Gas, and Liquefied Natural Gas.

2/ ERT = Environmental Response Tax. Barrel = 42 U.S. gallons of petroleum products. MMBtu = 1 million British thermal units.

3/ Segregation of Maui County:

	Island of Maui	Island of Lanai	Island of Molokai	Total
	16,376,027.38	239,952.56	0.00	16,615,979.94

Penalty/Interest

First District	533,566.77
Second District	0.00
Third District	0.00
Fourth District	0.00
TOTAL	533,566.77

ATTACHMENT " A "

MICHAEL P. VICTORINO
Mayor

ROWENA M. DAGDAG-ANDAYA
Acting Director

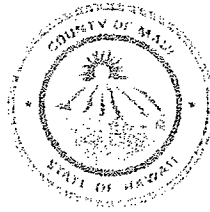
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DEPARTMENT OF PUBLIC WORKS
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WAILUKU, MAUI, HAWAII 96793

April 4, 2019

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Budget Director, County of Maui
200 South High Street
Wailuku, Maui, Hawaii 96793

Honorable Michael P. Victorino
Mayor, County of Maui
200 South High Street
Wailuku, Maui, Hawaii 96793

APPROVED FOR TRANSMITTAL

Michael Victorino
Mayor

4/5/19
Date

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For Transmittal to:

Honorable Keani Rawlins-Fernandez, Chair
Economic Development & Budget Committee
Maui County Council
200 South High Street
Wailuku, Maui, Hawaii 96793

Dear Chair Rawlins-Fernandez:

SUBJECT: FISCAL YEAR ("FY") 2020 BUDGET (PW-5) (EDB-1)

The Department of Public Works responds to your letter dated April 1, 2019 regarding biodiesel as follows:

1. *What do you anticipate the proposed biodiesel fuel tax of \$0.120 per gallon will generate in estimated revenues for the Highway Fund?*

Average annual consumption of biodiesel fuel within Maui County between Fiscal Year 2016 – Fiscal Year 2018 was approximately 360,000 gallons as reported by the State of Hawaii, Department of Taxation. At the proposed fuel tax rate of \$.12/gallon, this would generate additional Highway Fund revenue of approximately \$45,000 annually.

ATTACHMENT "B"

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Honorable Michael P. Victorino
For Transmittal to:
Honorable Keani Rawlins-Fernandez, Chair
April 4, 2019
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2. *What is the rationale for fixing a \$0.005 higher rate for biodiesel than for ethanol, methanol, and liquefied petroleum gas?*

The proposed biodiesel fuel tax of \$0.120 per gallon is consistent with provisions in Hawaii Revised Statutes, Section 243-5, County fuel tax where it states:

“The amount fixed for alternative fuels may be proportional to the energy contents of the fuels, as determined by their lower heating values, times one-half.”

The County of Maui currently imposes a fuel tax of \$0.230 on gasoline and diesel oil. One-half of that amount is \$0.0115; rounded to the nearest one-tenth of a cent is \$0.120.

3. *What is the rationale for fixing a \$0.110 lower rate for biodiesel than for gasoline and diesel oil?*

See Answer No. 2.

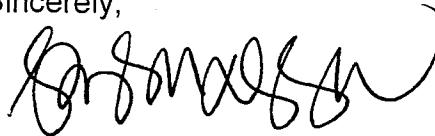
4. *Do you anticipate using the funds generated by the proposed biodiesel tax, if adopted, for specific projects? If so, please explain.*

The fuel tax exists to provide funding for the maintenance of the County's roadways and operations of the County's transit services. Having all vehicles that use the County's roadways contribute to the Highway Fund based upon their level of roadway usage, either through fuel taxes or other fees, results in a wider and more equal allocation of the roadway maintenance costs to the actual users of those roadways. The energy source used by a vehicle does not change that vehicle's impact on the condition of the roadway or the cost to maintain that roadway.

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For Transmittal to:
Honorable Keani Rawlins-Fernandez, Chair
April 4, 2019
Page 3

Thank you for the opportunity to comment on this matter. Should you require additional information, please feel free to contact me at Ext. 7845.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rowena M. Dagdag-Andaya', with a large, sweeping flourish at the end.

ROWENA M. DAGDAG-ANDAYA
Acting Director of Public Works

RMDA:MJB:jso

Attachment

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