

COUNCIL OF THE COUNTY OF MAUI
BUDGET, FINANCE, AND ECONOMIC
DEVELOPMENT COMMITTEE

June 6, 2025

Committee
Report No. _____

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget, Finance, and Economic Development Committee,
having met on May 15, 2025, makes reference to the following:

1. Bill 58 (2025), entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET FOR THE COUNTY OF MAUI, ESTIMATED REVENUES; DEPARTMENT OF FINANCE, COUNTYWIDE COSTS, REIMBURSEMENT TO THE GENERAL FUND FOR PROJECTS DISQUALIFIED FROM TAX-EXEMPT BOND ISSUANCE.”

Bill 58’s purpose is to amend the Fiscal Year 2025 Budget, by:
1) amending Section 2, Estimated Revenues, by increasing Carryover/Savings from the General Fund by \$5,790,476;
2) amending Section 3.B.6.g, Department of Finance, Countywide Costs, by adding a new appropriation, entitled “Reimbursement to the General Fund for Projects Disqualified from Tax-Exempt Bond Issuance,” in the amount of \$5,790,476; and 3) adjusting the totals accordingly.

2. A Certification of Additional Revenues for FY 2025, dated April 25, 2025, for \$5,790,476 in Carryover/Savings from the General Fund.

Your Committee noted that Bill 58 proposes to convert the funding source from tax-exempt bond financing to cash funding for eight completed Capital Improvement Projects, as follows:

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- Office of Council Services' renovations;
- Acquisition of a Hāna Landfill dozer;
- Acquisition of a backhoe loader;
- Construction related to the Maui County Service Center, Kahana Nui Bridge Replacement, Wai'ale Road Drainage Improvements, and Countywide Drainline Replacement; and
- Work associated with the Wailuku Civic Hub.

Your Committee further noted that these projects were initially approved for bond funding and recorded as "Temporary Transfers/Loans from the General Fund and Department of Water Supply Revenue Fund to the next General Obligation Bonds Fund," in anticipation of a bond proceeds reimbursement.

However, bond issuance was delayed as a result of the August 2023 Wildfires, so the projects were ineligible for tax-exempt financing when the Internal Revenue Service's 18-month eligibility period was exceeded.

Your Committee notes that although a taxable bond issuance is still permissible, the Department of Finance determined it would not be financially prudent due to the funding amount and the high cost of issuance.

The Deputy Director of Finance said that the list of ineligible projects is comprehensive through the planned issuance and that no additional projects are expected to require conversion to cash funding. The Deputy Director also said that the County's bond counsel will review the final project list before issuance to ensure continued compliance with Federal tax regulations.

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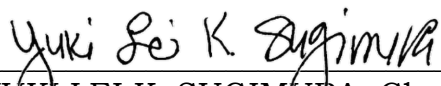
The Budget Director said these Carryover/Savings were intentionally excluded from the Mayor's Proposed FY 2026 Budget in anticipation of the passage of Bill 58. The Director also said that no additional Carryover/Savings amount from the General Fund remains available for FY 2025 and an updated Carryover/Savings amount will be provided upon completion of the Annual Comprehensive Financial Report for the fiscal year ending June 30, 2025.

Your Committee voted 7-0 to recommend passage of Bill 58 (2025), on first reading. Committee Chair Sugimura and members Cook, Lee, Paltin, Rawlins-Fernandez, Sinenci, and U'u-Hodgins voted "aye." Committee Vice-Chair Kama and member Johnson were excused.

Your Committee is in receipt of Bill 58, CD1 (2025), approved as to form and legality by the Department of the Corporation Counsel, incorporating nonsubstantive revisions.

Your Budget, Finance, and Economic Development Committee RECOMMENDS that Bill 58, CD1 (2025), attached, entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET FOR THE COUNTY OF MAUI, ESTIMATED REVENUES; DEPARTMENT OF FINANCE, COUNTYWIDE COSTS, REIMBURSEMENT TO THE GENERAL FUND FOR PROJECTS DISQUALIFIED FROM TAX-EXEMPT BOND ISSUANCE," be PASSED ON FIRST READING and be ORDERED TO PRINT.

This report is submitted in accordance with Rule 3 of the Rules of the Council.



YUKI LEI K. SUGIMURA, Chair

ORDINANCE NO. _____

BILL NO. 58,CD1 (2025)

A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2025
BUDGET FOR THE COUNTY OF MAUI, ESTIMATED REVENUES;
DEPARTMENT OF FINANCE, COUNTYWIDE COSTS,
REIMBURSEMENT TO THE GENERAL FUND FOR PROJECTS
DISQUALIFIED FROM TAX-EXEMPT BOND ISSUANCE

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Ordinance 5657, Bill 60, CD1, FD2 (2024), as amended, "Fiscal Year 2025 Budget",
Section 2, Estimated Revenues, is amended to increase Carryover/Savings, General Fund by
\$5,790,476, and increase the total accordingly, to read as follows:

"ESTIMATED REVENUES

FROM TAXES, FEES AND ASSESSMENTS:

Real Property Taxes	586,905,349
Circuit Breaker Adjustment	(293,838)
Transient Accommodations Tax	60,000,000
General Excise Tax	60,000,000
Charges for Current Services	167,395,404
Public Service Company Tax	7,000,000
Licenses/Permits/Others	69,910,332
Fuel and Franchise Taxes	24,500,000
Special Assessments	10,366,000
Other Intergovernmental	10,813,846

FROM OTHER SOURCES:

Interfund Transfers	78,707,485
Bond/Lapsed Bond	118,985,000
Carryover/Savings:	
General Fund	[64,562,484] <u>70,352,960</u>
Sewer Fund	10,229,492
Highway Fund	17,365,696
Solid Waste Management Fund	3,313,077
Environmental Protection and Sustainability Fund	920,551
Liquor Fund	854,621
Water Fund	25,716,394

TOTAL ESTIMATED REVENUES	[1,317,251,893]	<u>1,323,042,369"</u>
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SECTION 2. Fiscal Year 2025 Budget, Section 3.B.6.g., Department of Finance, Countywide Costs, is amended to add a new appropriation for "Reimbursement to the General Fund for Projects Disqualified from Tax-Exempt Bond Issuance" in the amount of \$5,790,476, to read as follows:

<u>"FUNCTION AND PROGRAMS"</u>	<u>A – Salaries</u>	<u>B– Operations & Equipment</u>	<u>Total</u>
6. Department of Finance			
g. Countywide Costs			
(1) Fringe Benefits	0	151,167,512	151,167,512
(2) Fringe Benefits Reimbursement	0	(32,176,567)	(32,176,567)
(3) Bond Issuance and Debt Service	0	59,260,666	59,260,666
(i) Appropriations for debt service cannot be construed as Council ratification of contracts and leases not previously approved by the Council.			
(4) Supplemental Transfer to the Environmental Protection and Sustainability Fund	0	13,945,779	13,945,779
(5) Supplemental Transfer to the Highway Fund	0	18,934,983	18,934,893
(6) Supplemental Transfer to the Solid Waste Management Fund	0	9,895,011	9,895,011
(7) Insurance Programs and Self Insurance	0	20,600,000	20,600,000
(8) Transfer to the Open Space, Natural Resources, Cultural Resources, and Scenic Views Preservation Fund	0	5,875,554	5,875,554
(9) Transfer to the Affordable Housing Fund	0	61,402,910	61,402,910
(10) General Costs	0	2,062,000	2,062,000
(11) Overhead Reimbursement	0	(27,689,259)	(27,689,259)
(12) Transfer to the Emergency Fund	0	20,000,000	20,000,000
(13) One Main Plaza Lease	0	550,000	550,000
(14) Transfer to the General Excise Tax Fund	0	48,000,000	48,000,000
(15) Transfer to the General Excise Tax Fund – Department of Hawaiian Home Lands	0	12,000,000	12,000,000

(16) Post-Employment Obligations	0	2,566,147	2,566,147
(17) <u>Reimbursement to the General Fund</u> <u>for Projects Disqualified from Tax-</u> <u>Exempt Bond Issuance</u>	<u>0</u>	<u>5,790,476</u>	<u>5,790,476"</u>

SECTION 3. Fiscal Year 2025 Budget, Total Operating Appropriations, is amended to reflect an increase of \$5,790,476 in Category B – Operations & Equipment, and to adjust the total accordingly, to read as follows:

<u>"FUNCTION AND PROGRAMS</u>	<u>A - Salaries</u>	<u>B – Operations</u> <u>& Equipment</u>	<u>Total</u>
TOTAL OPERATING APPROPRIATIONS	252,927,057	[807,983,319] <u>813,773,795</u>	[1,060,910,376] <u>1,066,700,852"</u>

SECTION 4. Fiscal Year 2025 Budget, Total Appropriations (Operating and Capital Improvement Projects), is amended to reflect an increase of \$5,790,476, to read as follows:

"TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)	[1,317,251,893]	<u>1,323,042,369"</u>
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SECTION 5. Material to be repealed is bracketed. New material is underscored.

SECTION 6. This Ordinance takes effect on approval.

APPROVED AS TO FORM AND LEGALITY:


 KRISTINA C. TOSHIKIYO
 Deputy Corporation Counsel

INTRODUCED BY:

A handwritten signature in cursive script, appearing to read "Alice L. Lee".

ALICE L. LEE

Upon the request of the Mayor.