

MICHAEL P. VICTORINO
Mayor

ROWENA M. DAGDAG-ANDAYA
Acting Director

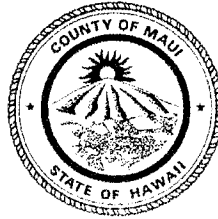
Deputy Director

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

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

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COUNTY OF MAUI
DEPARTMENT OF PUBLIC WORKS
200 SOUTH HIGH STREET, ROOM 434
WAILUKU, MAUI, HAWAII 96793

April 4, 2019

OFFICE OF THE
COUNTY COUNCIL

2019 APR -5 PM 4:51

RECEIVED

Ms. Michele M. Yoshimura *MMY*
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

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.

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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 \$0.115; 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.

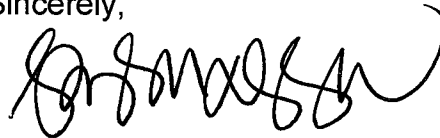
4. *Do you anticipate using the funds generated by the proposed biodiesel tax, if adopted, for specific projects? If so, please explain.*

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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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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