

ALAN M. ARAKAWA  
Mayor



RECEIVED  
18 SEP -6 PM 2:40  
OFFICE OF THE MAYOR

MARK R. WALKER  
Director

JOHN C. KULP  
Deputy Director

COUNTY OF MAUI  
**DEPARTMENT OF FINANCE**  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793

September 5, 2018

Honorable Alan M. Arakawa  
Mayor, County of Maui  
200 South High Street  
Wailuku, Hawaii 96793

For Transmittal to:

Honorable Yuki Lei Sugimura, Chair  
Policy, Economic Development, and Agriculture Committee  
200 South High Street  
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL  
  
Mayor Date

Dear Ms. Sugimura:

**SUBJECT: APPROVING THE ACQUISITION OF APPROXIMATELY 262 ACRES IN PULEHUNUI AND OMAOPIO (MAKAWAO) (PEA-71)**

This is in response to your letter dated August 21, 2018 on the above subject, requesting an explanation of the assessed value of \$27,300 versus the appraised value on which the sales price of \$5,929,000 has been based. Our response is as follows:

Tax map key (2) 2-5-001-002-0000 consists of 262.288 acres and has a market value assessment of \$6,609,700 for the 2018 assessment year. This equates to \$25,200 per acre. This assessment is based upon comparable sales occurring up to June 30, 2017.

This parcel is owned by Alexander & Baldwin, LLC. In 1975, the Real Property Assessment Division granted the owner a 20-year agricultural dedication for its sugar cane use. Maui County Code 3.48.350 states that the owner of any parcel of land within an agriculture district may dedicate their land for a specific agricultural use and have their land assessed at its value in such use. Further, it states that land situated in an agricultural district may be dedicated for a period of twenty years and shall be taxed at fifty percent of its assessed value in such use.

In 1995, when the dedication was fulfilled, the parcel remained dedicated for sugar cane use on a year-to-year basis. It was assessed, not at market value, but at \$420 per acre based upon

*Honorable Yuki Lei Sugimura*  
*September , 2018*  
*Page 2 of 2*

fifty percent of the sugar cane use value. For the 2017 assessment year, the owner amended the dedication from sugar cane use to pasture use. The 20-year agricultural dedication value for pasture use is \$104 per acre. Therefore, for the 2018 assessment year, the assessed value was calculated as follows:  $262.288 \text{ acres} \times \$104 = \$27,277.95$ , rounded to \$27,300.

Thank you for the opportunity to provide information regarding this matter. If you should have any questions, please feel free to contact me at Ext. 7474.

Sincerely,



MARK R. WALKER  
Director of Finance

cc: Mayor Alan M. Arakawa  
Guy Hironaka, Department of Finance  
Teena Rasmussen, Economic Development Director  
Darren Strand, General Manager, Diversified Agriculture, Alexander & Baldwin LLC