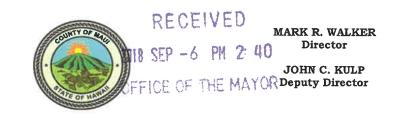
ALAN M. ARAKAWA Mayor



## 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

Mayor FOR TRANSMITTAL

8/7/14

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

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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 acres x \$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