

ALAN M. ARAKAWA
Mayor



DANILO F. AGSALOG
Director

RECEIVED
2016 AUG 25 AM 9: 39
OFFICE OF THE MAYOR
MARK R. WALKER
Deputy Director

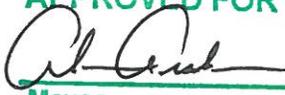
COUNTY OF MAUI
DEPARTMENT OF FINANCE
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

August 24, 2016

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

For Transmittal to:

Honorable Riki Hokama
Chair, Budget and Finance Committee
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Mayor 8/29/16
Date

Dear Mr. Hokama:

**SUBJECT: ACQUISITION OF FOUR PARCELS TOTALING 267.7
ACRES AT KUIAHA, HAMAKUALOA, MAUI (BF-91)**

This is in response to your request dated August 18, 2016, regarding questions and concerns related to agricultural land valuations and roll-back taxes;

1. Explain what effect, if any, the County's acquisition of these four parcels at a purchase price of \$9,495,000 will have on the land valuations of other agricultural parcels in Maui County.

As with all listings, the listing prices of the subject parcels will be used to establish the upper limits of value for comparable properties. The subject sale is a bulk sale of four parcels. No individual lot prices have been provided. Without individual lot sale prices, the division is not able to use the sale to value other comparable parcels, and therefore, it will not affect surrounding land assessments.

If individual sale prices are available, the division will determine if they are valid, arm's length transactions. If determined as valid sales, they will be used to value comparable properties in the appropriate fiscal year.

Honorable G. Riki Hokoma, Chair
and Members of Budget and Finance Committee
August 23, 2016
Page 2

If the sale closes between July 1, 2016 and June 30, 2017, it will be analyzed for the January 1, 2018 assessment year. Because we do not have all of the market data for this period, we are unable to determine what effect this sale will have on other land valuations.

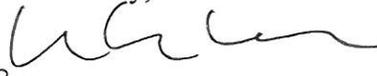
2. If structures or improvements were made on any of these four parcels, would such parcels be subject to roll-back real property taxes and how would such taxes be assessed?

The building of structures or improvements on the subject parcels would not require the imposition of roll-back real property taxes. Further, only those parcels that have been granted an agricultural use assessment are subject to roll-back taxes. The subject parcels do not currently have an agricultural use assessment, therefore, they are not subject to any roll-back taxes.

For parcels with an ag use assessment, a roll-back (deferred) tax occurs upon subdivision into parcels of 5 acres or less or a zoning change out of ag.

Thank you for the opportunity to provide information on the above subject matter. Should you have any questions, please feel free to contact me at Ext. 7475.

Sincerely,


For DANILO F. AGSALOG
Director of Finance

c: Sandy Baz, Budget Director
Scott K. Teruya, Real Property Tax Administrator