

MICHAEL P. VICTORINO
Mayor

SCOTT K. TERUYA
Director

MAY-ANNE A. ALIBIN
Deputy Director



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

April 4, 2019

Ms. Michele Yoshimura *MYJ*
Budget Director, County of Maui
200 South High Street
Wailuku, Hawaii 96793

Honorable Michael P. Victorino
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Michael P. Victorino 4/5/19
Mayor Date

For Transmittal to:

Honorable Keani Rawlins-Fernandez
Chair, Budget and Finance Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Rawlins-Fernandez:

SUBJECT: FISCAL YEAR ("FY") 2020 BUDGET (FN-12)(EDB-1)

Pursuant to your letter dated April 1, 2019, regarding the fiscal Year 2020 Budget, below are the responses to the following:

1. Provide the estimated revenues to be generated as a result of the following proposed increases to real property tax rates in the FY 2020 Budget.
 - a. Commercial, from \$7.25 to \$7.39, per \$1,000
The estimated revenue for Commercial is \$20,535,092.
 - b. Industrial, from \$7.45 to \$7.48, per \$1,000
The estimated revenue for Industrial is \$15,466,434.
 - c. Hotel and Resort, from \$9.37 to \$9.60, per \$1,000
The estimated revenue for Hotel and Resort is \$25,346,955.

- d. Short Term Rental, from \$9.28 to \$9.55, per \$1,000
The estimated revenue for Short Term Rental is \$90,106,817.

2. Provide the estimated revenue deduction as a result of the proposed decrease to Time Share, from \$15.41 to \$13.93, per \$1,000.

The estimated revenue reduction for Time Share is minus \$713,179.

3. Explain the rationale for proposing rate increases for the four real property tax classifications noted above, proposing a decrease to the Time Share classification, and proposing to leave the rates for all other classifications the same. Are these adjustments based on changes to real property assessments?

First of all, I assured the people's budget was based on expenses that meet Charter mandated services related to public health, safety, and welfare. Upon fulfilling those requirements, I reviewed the proposed revenue projection at the existing FY 2019 tax rates applied with the FY 2020 estimated valuation for revenue projection purposes.

Taking into consideration that values in the commercial and industrial classification decreased, I made slight increases to those rates to bring those classifications closer to a net zero, but still came to a 2.7% decrease over FY 2019.

I also felt that the hotel & resort and the short term rental classifications have had an impact on our County's environment and infrastructure. Therefore, I felt that a slight increase in those classifications were warranted to maintain a healthy and viable community.

The reduction in the timeshare classification was based on the intent to close the gap between the hotel & resort, short-term rental, and timeshare classification without a large financial impact to any one classification in one fiscal year.

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me at Ext. 7474.

Sincerely,


SCOTT K. TERUYA
Finance Director