

COUNCIL OF THE COUNTY OF MAUI

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE

March 21, 2025

**Committee
Report No. _____**

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget, Finance, and Economic Development Committee, having met on March 11, 2025, makes reference to the following:

1. Bill 37 (2025), entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET FOR THE COUNTY OF MAUI, ESTIMATED REVENUES; CAPITAL IMPROVEMENT PROJECTS, DEPARTMENT OF WATER SUPPLY; APPENDIX A, PART II, GENERAL EXCISE TAX FUND; AND APPENDIX C, DEPARTMENT OF MANAGEMENT AND DEPARTMENT OF WATER SUPPLY."

Bill 37's purpose is to amend the Fiscal Year 2025 Budget to reflect the transfer of \$25,000,000 from the General Excise Tax Fund to the Water Fund-Restricted for the following projects:

- \$10,000,000 for Water Supply Infrastructure Repairs and Replacements in wildfire-impacted areas;
- \$10,000,000 for Integration of Public and Private Water Systems; and
- \$5,000,000 for Kamole Water Treatment Plant Filter Replacement.

COUNCIL OF THE COUNTY OF MAUI

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE

Page 2

**Committee
Report No.** _____

2. Bill 38 (2025), entitled “A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.100, MAUI COUNTY CODE, RELATING TO THE GENERAL EXCISE AND USE TAX SURCHARGE.”

Bill 38’s purpose is to amend Chapter 3.100, Maui County Code, to:

- a. Clarify that 80 percent of all funds derived from the County’s General Excise and Use Tax Surcharge will be deposited into the General Excise Tax Fund and 20 percent will be deposited into the General Excise Tax Fund – Department of Hawaiian Home Lands; and
- b. Provide for funding for water-related projects from either fund to be transferred to the Department of Water Supply for the duration of the project and for remaining funds to be re-deposited in the appropriate fund at the conclusion of the project.

The Budget Director clarified that \$25 million in GET funds were allocated to the Department of Water Supply. However, the Department of Finance determined that a transfer to the Department of Water Supply’s Water Fund needed to be formally reflected for financial reporting purposes. Accordingly, Bill 37 incorporates the transfer in the Fiscal Year 2025 Budget while Bill 38 amends the Maui County Code to authorize the transfer.

The Budget Director noted that this adjustment is specific to the Water Fund because it is an enterprise fund. Other special funds, such as those used for the Department of Environmental Management, are not considered to be enterprise funds and do not require formal transfers for reporting purposes.

COUNCIL OF THE COUNTY OF MAUI
BUDGET, FINANCE, AND ECONOMIC
DEVELOPMENT COMMITTEE

Page 3

Committee
Report No. _____

Your Committee voted 8-0 to recommend passage of Bill 37 (2025) and Bill 38 (2025) on first reading. Committee Chair Sugimura, Vice-Chair Kama, and members Cook, Johnson, Lee, Paltin, Sinenci, and U‘u-Hodgins voted “aye.” Committee member Rawlins-Fernandez was excused.

Your Committee is in receipt of Bill 37, CD1 (2025), approved as to form and legality by the Department of the Corporation Counsel, incorporating nonsubstantive revisions.

Your Budget, Finance, and Economic Development Committee RECOMMENDS the following:

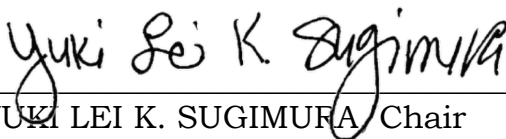
1. Bill 37, CD1 (2025), attached, entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET FOR THE COUNTY OF MAUI, ESTIMATED REVENUES; CAPITAL IMPROVEMENT PROJECTS, DEPARTMENT OF WATER SUPPLY: APPENDIX A, PART II, GENERAL EXCISE TAX FUND; AND APPENDIX C, DEPARTMENT OF MANAGEMENT AND DEPARTMENT OF WATER SUPPLY,” be PASSED ON FIRST READING and be ORDERED TO PRINT; and
2. Bill 38 (2025), attached, entitled “A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.100, MAUI COUNTY CODE, RELATING TO THE GENERAL EXCISE AND USE TAX SURCHARGE,” be PASSED ON FIRST READING and be ORDERED TO PRINT.

COUNCIL OF THE COUNTY OF MAUI
**BUDGET, FINANCE, AND ECONOMIC
DEVELOPMENT COMMITTEE**

Page 4

**Committee
Report No.** _____

This report is submitted in accordance with Rule 3 of the Rules of the Council.



YUKI LEI K. SUGIMURA, Chair

bfed:cr:25034aa:kes

ORDINANCE NO. _____

BILL NO. 37, CD1 (2025)

A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2025
BUDGET FOR THE COUNTY OF MAUI, ESTIMATED REVENUES;
CAPITAL IMPROVEMENT PROJECTS, DEPARTMENT OF
WATER SUPPLY; APPENDIX A, PART II, GENERAL EXCISE TAX FUND;
AND APPENDIX C, DEPARTMENT OF MANAGEMENT
AND DEPARTMENT OF WATER SUPPLY

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Ordinance No. 5657, Bill No. 60, CD1, FD2 (2024), as amended, "Fiscal Year 2025 Budget", Section 2, Estimated Revenues, is amended to increase Licenses/Permits/Others in the amount of \$25,000,000, and increase the total accordingly, to read as follows:

"ESTIMATED REVENUES

FROM TAXES, FEES AND ASSESSMENTS:

Real Property Taxes		586,905,349
Circuit Breaker Adjustment		(293,838)
Transient Accommodations Tax		60,000,000
General Excise Tax		60,000,000
Charges for Current Services		167,395,404
Public Service Company Tax		7,000,000
Licenses/Permits/Others	[46,353,332]	<u>71,353,332</u>
Fuel and Franchise Taxes		24,500,000
Special Assessments		9,866,000
Other Intergovernmental		10,750,000

FROM OTHER SOURCES:

Interfund Transfers		78,707,485
Bond/Lapsed Bond		114,785,000
Carryover/Savings:		
General Fund		64,462,813
Sewer Fund		10,229,492
Highway Fund		17,365,696
Solid Waste Management Fund		3,313,077
Environmental Protection and Sustainability Fund		920,551
Liquor Fund		854,621
Water Fund		25,716,394

TOTAL ESTIMATED REVENUES [1,288,831,376] 1,313,831,376"

SECTION 2. Fiscal Year 2025 Budget Section 4.H.1.a.(1), Department of Water Supply, Countywide, Water Supply, Water Fund – Restricted, is amended to add new appropriations for Water Supply Infrastructure Repairs and Replacements (GET Fund) for \$10,000,000 and Integration of Public and Private Water Systems (GET Fund) for \$10,000,000, to read as follows:

<u>“PROJECT TITLE</u>	<u>APPROPRIATION</u>
H. Department of Water Supply	
1. Countywide	
a. Water Supply	
(1) Water Fund – Restricted	
(i) Countywide Upgrades and Replacements	200,000
<u>(ii) Water Supply Infrastructure Repairs and Replacements (GET Fund)</u>	<u>10,000,000</u>
<u>(iii) Integration of Public and Private Water Systems (GET Fund)</u>	<u>10,000,000”</u>

SECTION 3. Fiscal Year 2025 Budget Section 4.H.2.a.(1), Department of Water Supply, Makawao-Pukalani-Kula Community Plan Area, Water Supply, Water Fund – Restricted, is amended to add a new appropriation for Kamole Water Treatment Plant Filter Replacement (GET Fund) for \$5,000,000, to read as follows:

<u>“PROJECT TITLE</u>	<u>APPROPRIATION</u>
H. Department of Water Supply	
2. Makawao-Pukalani-Kula Community Plan Area	
a. Water Supply	
(1) Water Fund – Restricted	
(i) Kamole Water Treatment Plant Raw Reserves	800,000
(ii) Upcountry Reliable Capacity	250,000
(iii) Upcountry Reliable Capacity – Department of Land and Natural Resources (DLNR) Well	500,000
<u>(iv) Kamole Water Treatment Plant Filter Replacement (GET Fund)</u>	<u>5,000,000”</u>

SECTION 4. Fiscal Year 2025 Budget, Total Capital Improvement Project Appropriations, is amended to reflect an increase of \$25,000,000, to read as follows:

“TOTAL CAPITAL IMPROVEMENT PROJECT APPROPRIATIONS	[227,921,000]
	<u>252,921,000”</u>

SECTION 5. Fiscal Year 2025 Budget, Total Appropriations (Operating and Capital Improvement Projects), is amended to reflect an increase of \$25,00,000, to read as follows:

“TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)	[1,288,831,376]	<u>1,313,831,376”</u>
--------------------------------------------------------------------	-----------------	-----------------------

SECTION 6. Fiscal Year 2025 Budget, Appendix A, Part II, Special Purpose Revenues – Schedule of Revolving/Special Funds for Fiscal Year 2025, General Excise Tax Fund, is amended to add “Transfer to Department of Water Supply” to the first and seventh conditions, reduce the fifth condition by \$10,000,000, and add an eighth condition for water for \$10,000,000, to read as follows:

	<u>“ESTIMATED BALANCE AS OF 6/30/2024</u>	<u>ANTICIPATED REVENUES FOR FY 2025</u>	<u>TOTAL FOR FY 2025</u>
CC. General Excise Tax Fund (Chapter 3.100, Maui County Code)	23,068,593	48,000,000	71,068,693”
(1) Up to \$5,000,000 must be for the Kamole Weir Water Treatment Facility in Makawao, Maui, Hawai‘i. <u>Transfer to Department of Water Supply.</u>			
(2) Up to \$24,000,000 must be for land acquisition, design, construction, and permitting of the wildfire permanent disposal site.			
(3) Up to \$9,400,000 must be for operations and maintenance of the wildfire permanent disposal site.			
(4) Up to \$2,000,000 must be for wildfire debris removal.			
(5) Up to [\$16,668,000] <u>\$6,668,000</u> must be for [water infrastructure repairs and replacement, and] wastewater repairs related to the August 2023 Wildfires.			
(6) Up to \$2,000,000 must be for the Kahului Wastewater Treatment Plant 4th Aeration Basin.			
(7) Up to \$10,000,000 must be for funding for the acquisition of private water systems and wells to align with the Department of Water Supply's vision to integrate public and private water systems and develop a municipal water system. <u>Transfer to Department of Water Supply.</u>			
(8) <u>Up to \$10,000,000 must be for water infrastructure repairs and replacement related to the August 2023 Wildfires. Transfer to Department of Water Supply.</u>			

SECTION 7. Fiscal Year 2025 Budget, Appendix C – Capital Improvement Projects, Department of Management, Countywide, Water Supply Infrastructure Repairs and Replacements and Wastewater Collection System Repairs is amended to remove Water Supply Infrastructure Repairs and Replacements from the project and project description and reduce the amount by \$10,000,000, to read as follows:

"APPENDIX C – Capital Improvement Projects		
CBS NO.	PROJECT TITLE/DESCRIPTION	APPROPRIATION
	<u>Department of Management</u>	
	1. Countywide	
CBS-XXXX	h. [Water Supply Infrastructure Repairs and Replacements and] Wastewater Collection System Repairs	[16,668,000] 6,668,000"
	[Repairs and replacement of existing water mains, service laterals, and meters to residences in the wildfire-impacted areas. The project will allow property owners to rebuild within the wildfire-impacted area.] Repair and replacement of sewer pipelines that were damaged in the wildfire-impacted areas to current standards at each impacted parcel. This project supports repopulation and protects the nearshore environment and the wastewater treatment plant by preventing saltwater from entering the treatment system.	

SECTION 8. Fiscal Year 2025 Budget, Appendix C – Capital Improvement Projects, Department of Water Supply, Countywide, is amended to add a new project and project description for Water Supply Infrastructure Repairs and Replacement in the amount of \$10,000,000, to read as follows:

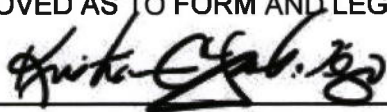
"APPENDIX C – Capital Improvement Projects		
CBS NO.	PROJECT TITLE/DESCRIPTION	APPROPRIATION
	<u>Department of Water Supply</u>	
	1. Countywide	
CBS-1075	a. Countywide Facility Improvements	4,860,000
	The Countywide Facilities Improvements project supports improvements that address critical infrastructure and facility issues at water treatment plants (WTP), well sites, water tank sites, booster pump station sites, and other Department of Water Supply (DWS) facilities. FY 2025 anticipated projects include: 1) Omaopio Tank Land Acquisition, 2) DWS-5th Floor Renovation, 3) Kamole WTP Up-size Filter Replacement, 4) Mahinahina WTP Backwash Tank Replacement, 5) Mahinahina WTP Building & Sidewalk Repairs, 6) Mahinahina WTP Various Pipeline Improvements, 7) Lahaina WTP Various Pipeline Replacements and Building Improvements, 8) Pi'iholo & Kamole WTP Septic System Improvements, 9) Dam Safety Projects, 10) Sanitary Survey deficiencies issued by the State Department of Health, and 11) funding for any unforeseen projects critical to maintaining system operations and reliability.	

CBS-2299	b. Countywide Upgrades and Replacements	14,650,000
	The Countywide Upgrades and Replacements project supports improvements that sustain the reliable operation of existing water infrastructure or mitigate inadequacies for existing and future demand with projects at WTP, well sites, booster pump stations, tank sites, and waterlines. FY 2025 anticipated projects include: 1) Countywide Storage Tank Replacements; 2) Countywide Waterline Replacements; 3) Countywide Lateral Replacements; 4) Countywide Well and Booster Pump Replacements; 5) Countywide Motor Control Center Upgrades; 6) Countywide Well and Booster Pump Sites - Emergency Generators; 7) Countywide GAC Replacements; and 8) Funding for any unforeseen projects critical to maintaining system operations and reliability.	
CBS-4615	c. Countywide Water System Modification	250,000
	The Countywide Water System Modification supports all projects, including prior FY, ensuing FY, and unforeseen or emergency projects to efficiently provide clean and safe drinking water to customers. An effective CIP program demands an ability to respond to unanticipated planning, design, and construction issues in a timely manner.	
CBS-XXXX	d. Integration of Public and Private Water Systems	10,000,000
	Acquisition of private water systems and wells to integrate and consolidate public and private water systems within the County to promote water access equity and improve water reliability.	
CBS-XXXX	e. Water Supply Infrastructure Repairs and Replacements	10,000,000"
	<u>Repairs and replacement of existing water mains, service laterals, and meters to residences in the wildfire-impacted areas. The project will allow property owners to rebuild within the wildfire-impacted area.</u>	

SECTION 9. Material to be repealed is bracketed. New material is underscored.

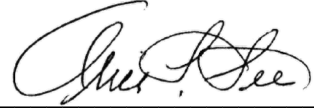
SECTION 10. This Ordinance takes effect on approval.

APPROVED AS TO FORM AND LEGALITY:



KRISTINA C. TOSHIKIYO
Deputy Corporation Counsel

INTRODUCED BY:

A handwritten signature in cursive script, appearing to read "Alice L. Lee".

ALICE L. LEE

Upon the request of the Mayor.

ORDINANCE NO. _____

BILL NO. 38 (2025)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.100,
MAUI COUNTY CODE, RELATING TO GENERAL EXCISE
AND USE TAX SURCHARGE

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Section 3.100.020, Maui County Code, is amended to read
as follows:

“3.100.020 General excise tax fund. There is established and created a fund to be known as the “general excise tax fund[” to serve as the exclusive depository of eighty percent of all funds that derive from the imposition of the surcharge under this chapter].” Eighty percent of all funds that derive from the imposition of the surcharge under this chapter must be deposited into the fund. All money from this fund must be designated and used as described in section 3.100.040.”

SECTION 2. Chapter 3.100.021, Maui County Code, is amended to read
as follows:

“3.100.021 General excise tax fund-department of Hawaiian home lands. There is established and created a fund to be known as the “general excise tax fund – [Department] department of Hawaiian home lands” to serve as the exclusive depository of twenty percent of all funds that derive from the imposition of the surcharge under this chapter].” Twenty percent of all funds that derive from the imposition of the surcharge under this chapter must be deposited into the fund. All money from this fund must be designated and used as described in section 3.100.040 for projects that directly support the department of Hawaiian home lands homestead development.”

SECTION 3. Section 3.100.040, Maui County Code, is amended to add a new subsection D, to read as follows:

“3.100.040 Use of funds. A. The council, in adopting each fiscal year’s budget and capital program, must appropriate any surcharge revenue received from the State in accordance with section 46-16.8, Hawai‘i Revised Statutes. Allowable uses of the fund include housing infrastructure; provided that housing infrastructure costs must not be passed on to the developer of a housing project. Before any onsite infrastructure expenditure from the fund is made that benefits a non-State- or non-County-owned housing project by reducing infrastructure costs, the developer must agree in writing to allow the County council, subject to chapter 92F, Hawai‘i Revised Statutes, or other applicable law, full access to records, reports, files, and other documents related to the housing project so that the management and fiscal practices of the developer may be monitored and evaluated to ensure the proper and effective expenditure of public funds as necessary.

B. For the purpose of this chapter, “housing infrastructure” includes pedestrian paths or sidewalks on a County road near or around a public school, water, drainage, sewer, water reuse, waste disposal, and waste treatment systems that connect to the infrastructure of the County.

C. Any balance remaining in the general excise tax fund and the general excise tax fund – [Department] department of Hawaiian home lands at the end of each fiscal year will not lapse but must remain in the funds, accumulating from year to year. The money in the funds must not be used for any purpose except those listed in this section.

D. Any funding appropriated for water-related projects from either fund will be transferred to the department of water supply for the duration of the project and will be tracked separately from other department funding sources. Any remaining funds will be re-deposited in the general excise tax fund or the general excise tax fund – department of Hawaiian home lands at the conclusion of the project.”

SECTION 4. Material to be repealed is bracketed. New material is underscored. In printing this bill, the County Clerk need not include the brackets, the bracketed material, or the underscoring.


SECTION 5. This Ordinance takes effect on approval.

APPROVED AS TO FORM AND LEGALITY:



KRISTINA C. TOSHIKYO
Department of Corporation Counsel
County of Maui
LF 2025-0336

INTRODUCED BY:



Upon the request of the Mayor.