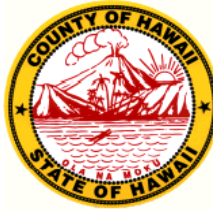


C. Kimo Alameda, Ph.D.
Mayor



William V. Brilhante, Jr.
Managing Director

Merrick Nishimoto
Deputy Managing Director

County of Hawai'i ~ Office of the Mayor

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Tuesday, January 21, 2025

The Honorable Donovan M. Dela Cruz, Chair
and Members of the Senate Committee on Ways and Means
The Honorable Kyle T. Yamashita, Chair
and Members of the House Committee on Finance
415 South Beretania Street
Hawai'i State Capitol
Honolulu, Hawai'i 96813

Aloha, Chair Dela Cruz, Chair Yamashita and distinguished members of the Senate Committee on Ways and Means and House Finance Committee. Thank you for the opportunity to present our county priorities before this joint committee at the start of the 2025 Legislative Session.

Real Property Tax, General Excise Tax, Transient Accommodations Tax, and Fuel Tax continue to be the primary source of revenue for the County. It is crucial these funds remain available to the County.

Real Property Tax

The real property tax outlook for the County of Hawai'i for the fiscal year 2025-2026 includes an estimated 4% increase to values. While we have until June 20, 2025 to confirm real property tax rates, this increase in value assists our county momentarily in keeping a stable revenue for the July 1, 2025 to June 30, 2026 collection period. Like all businesses and counties, our uncontrollable expenses are also increasing, as we maintain our focus on deferred maintenance for parks and recreation, county buildings, solid waste and the costliest, our sewer systems.

Recently, there have been significant changes made to the real property tax code. We will always strive to provide the most support to Hawai'i's residents and have expanded reviews and code changes to include providing relief for long term rental housing in both affordable rental housing and rentals of six months and more which assists our residents who don't own property.

Our focus as it pertains to real property tax will be in support of island residents, agricultural use programs, long term rentals, disability exemptions including continuing

tax breaks for our disabled veterans, housing and to support of our non-profit organizations.

General Excise Tax (GET) and Transient Accommodations Tax (TAT)

Currently, GET funds the Hawai'i County's public transportation system. Services offered include the Hele-On Bus System, Hele-On Shared Ride Taxi Program, HIBIKE bikeshare program, Hele-On Hoa Holo Vanpool program, Hele-On Ho'okele (a rural door-to-door service), Hele-On Kako'o paratransit system and Hele-On Micro micro transit system. In FY 24, these services collectively transported over 1.2M passenger trips island wide. These services are critical to our community and the County relies heavily on this funding for the operation of these public services.

Recent public transportation system projects include planning of Kailua-Kona and Pāhoa transit hubs, upgraded technology on Hele-On (new website, trip planners, mobile ticketing, real time bus tracking, etc.), the integration of hydrogen and electric buses, and construction of charging stations.

GET revenue also funds many road improvement projects and in fiscal year 2025, \$20,414,574 is appropriated for CIP projects.

The Hawai'i County TAT accounts for approximately 3.8% of the County's General Fund revenue. TAT revenue has been essential in funding our general government operations. For example, this includes funding for affordable housing. The County appropriates at least \$5,000,000 per year to facilitate programs that support affordable housing production, and these funds allow the County to add additional funding to support these necessary efforts. Affordable housing remains a priority for our County.

Fuel Tax

The County's fuel tax is divided between the Department of Public Work's Highways maintenance division (Highways) and Engineering division. Highways utilizes fuel tax funds for paving projects. In fiscal year 2024, Highways paved 33.94 miles. Currently in fiscal, we have already paved 21 miles. Engineering uses fuel tax funds for the design and engineering of roadway safety and bridge projects. Ongoing projects include the following:

Engineering Roadway Projects:

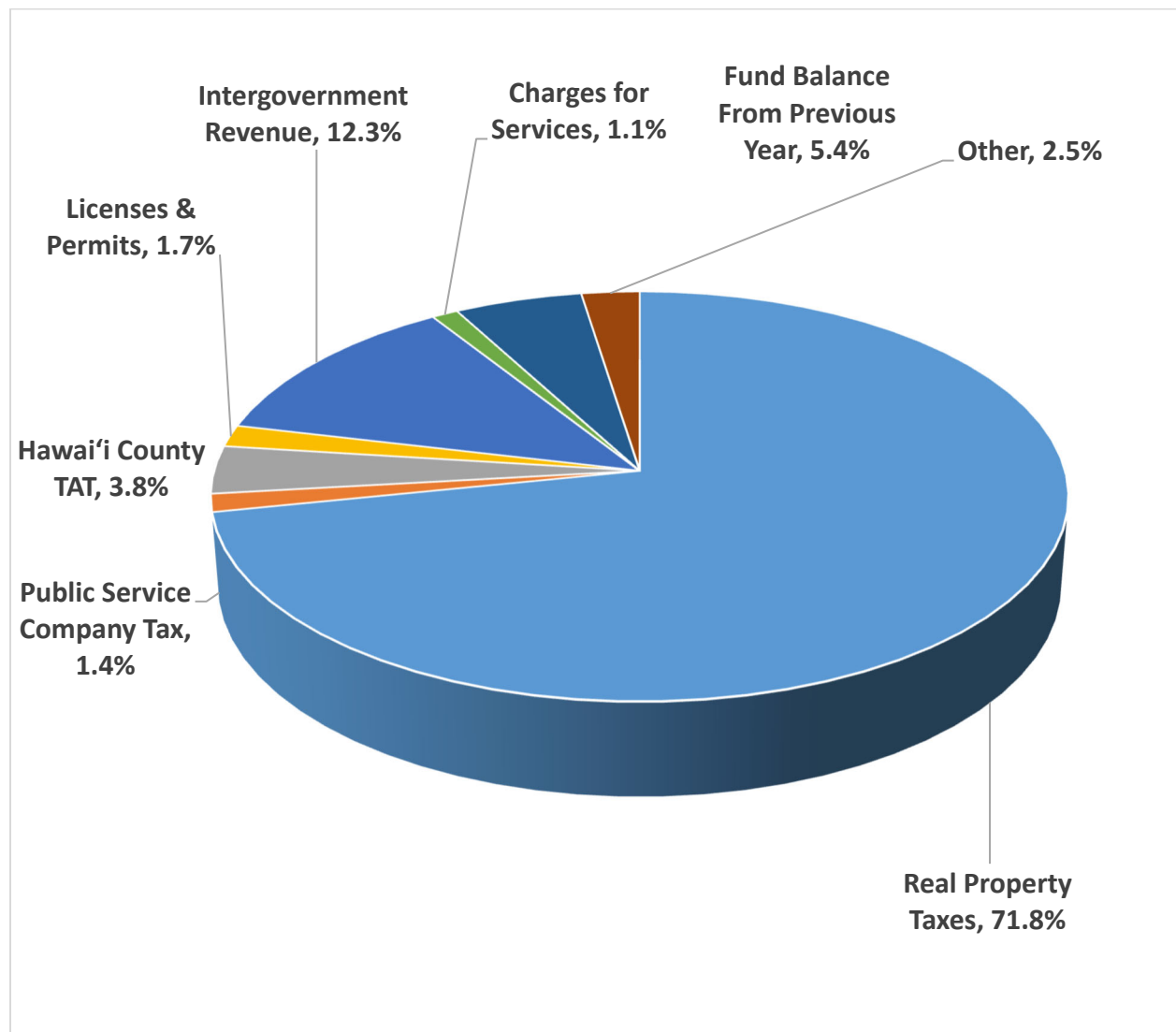
Manono Street Rehabilitation
Archaeological Services for Ali'i Parkway Evacuation Route and Fire Break Improvements
Safe Routes to Waiakea Schools Kilauea Avenue
Safe Routes to Hilo Union
State DOT Civil Engineering Labor for FHWA grant awarded projects

Bridge Projects:

Kaiwiki Bridge Emergency Repairs
Kaahakini Stream Bridge
General Fund Revenues

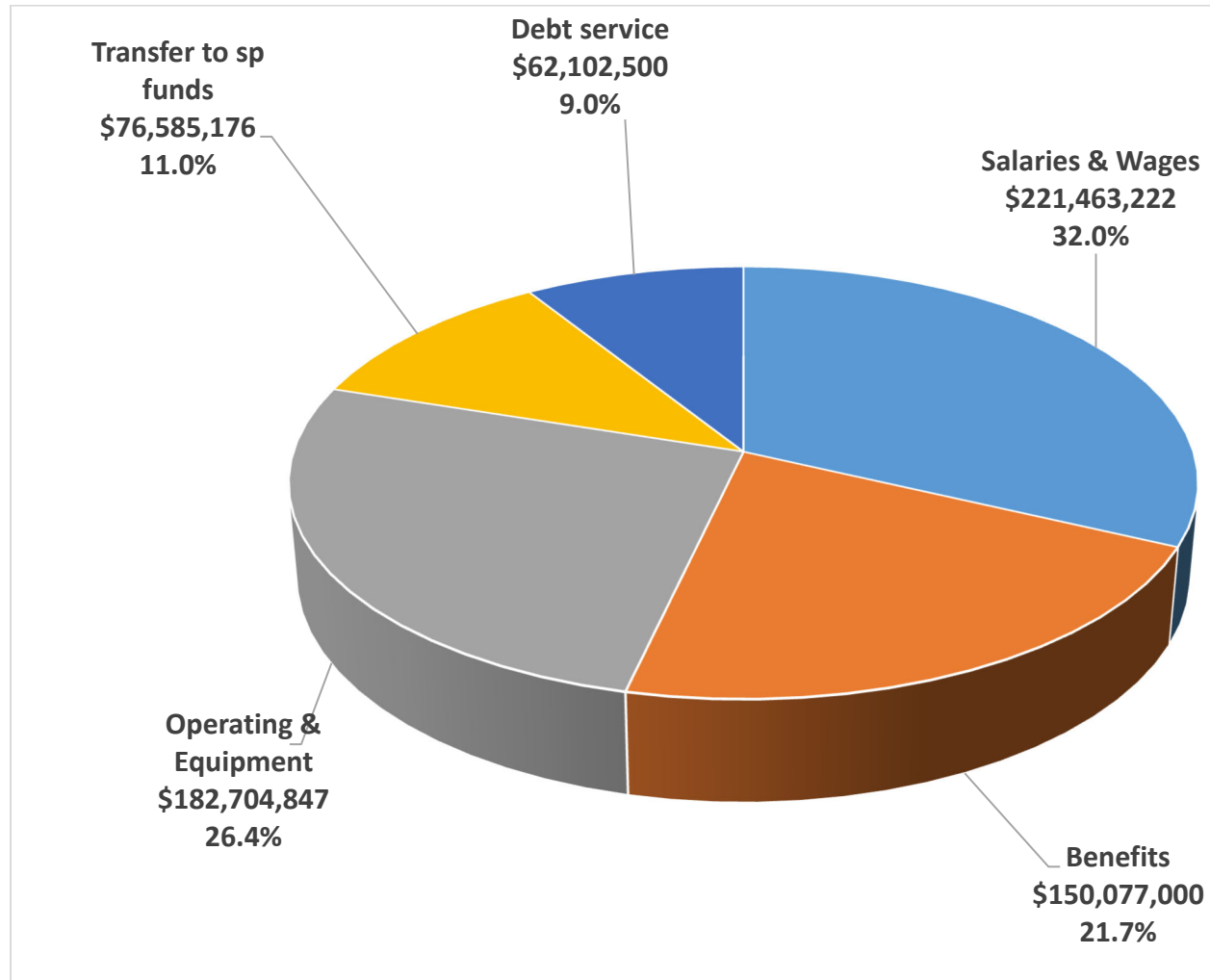
Fiscal Year 2025 General Fund Revenues: \$692,932,745

As you can see, our tax revenues previously mentioned account for most of our revenue sources.



General Fund Expenditures

As you know, most of our expenditures pay for salaries and wages and related expenses. As we continue to invest in our necessary wastewater and other critical infrastructure projects, our debt service will also increase.



State funding support

In closing, we are concerned with costs associated with the necessary improvements to our wastewater treatment systems, our deferred maintenance on our facilities and the ability to build new facilities our community deserves.

Highlighting our wastewater obligations, the County of Hawai'i has entered into two administrative orders of consent with the environmental protection agency to improve Hawai'i Island's wastewater treatment systems. Over the next five years, the County is committed to over \$650,000,000 in wastewater projects which includes Hilo, Pāpa'ikou,

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Kula'imano, and Kealakehe Wastewater Treatment Plants, Kealakehe, Hale Hālāwai, and Pua force main replacements, and Pāhala and Na'alehu Large Capacity Cesspool conversion projects. Recently awarded, the Hilo Wastewater Treatment Plant project bid came in at \$337,005,043.

Thank you for your consideration, and we look forward to working with all our distinguished state legislators as we navigate the challenging economic environment that lies ahead. Mahalo for your support and commitment to our community.

Sincerely,

A handwritten signature in black ink, appearing to be 'C. Kimo Alameda', written over a horizontal line.

C. Kimo Alameda, Ph.D.
Mayor