



County of Hawai`i

***Presentation to the House of
Representatives Committee
on Finance***

January 26, 2021

Operational Needs

- Hawai`i County realizes the State of Hawai`i is undergoing one of the most severe economic downturns in recent history due to the COVID-19 pandemic.
- To this end, the County is asking only for minimal State aid as we absorb the loss of the Career Criminal and Victim Witness grants and the reduction of TAT:
 - Continuation of full EMS funding to ensure the ability to respond to medical emergencies, especially during the pandemic
 - Resume funding for lifeguards at State parks on the Big Island
 - Hapuna Beach (withheld in FY2021)
 - Kua Bay (funding to end after FY2021)

Operational Priorities

Hawai`i County requests the following legislative considerations:

Improved Wastewater Management

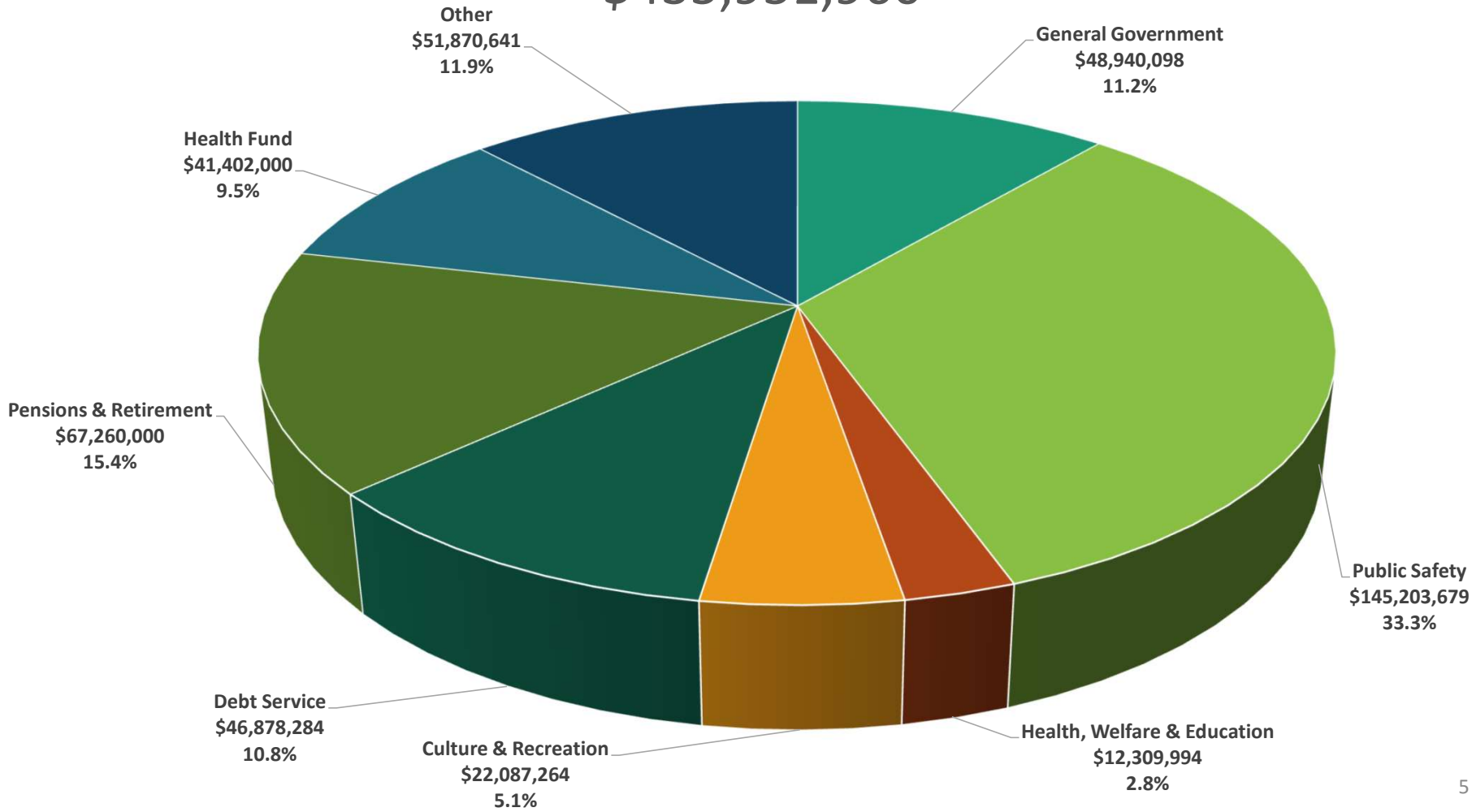
- Ensure public access to wastewater treatment facilities that provide affordable, reliable and sustainable services in their communities *by allowing county governments to enter into private-public partnerships, or joint venturing one or more of their wastewater treatment facilities to a private entity for delivery of those services.*

Hawai'i County Financial Position - Expenditures

- Current year (FY2020-21) General Fund budget is \$435,951,960
 - Salaries and wages, and benefits are 64.8% of budget
 - Debt service is 10.8% of budget
 - This leaves only 24.4% of the budget allocated to all other cost of operations in the General Fund
 - In the last five years these costs have dropped from 28.7% to the current 24.4%
 - Public Safety continues to be the largest portion of our budget as we continue to provide these critical services to the community

Fiscal Year 2021 – General Fund Budget

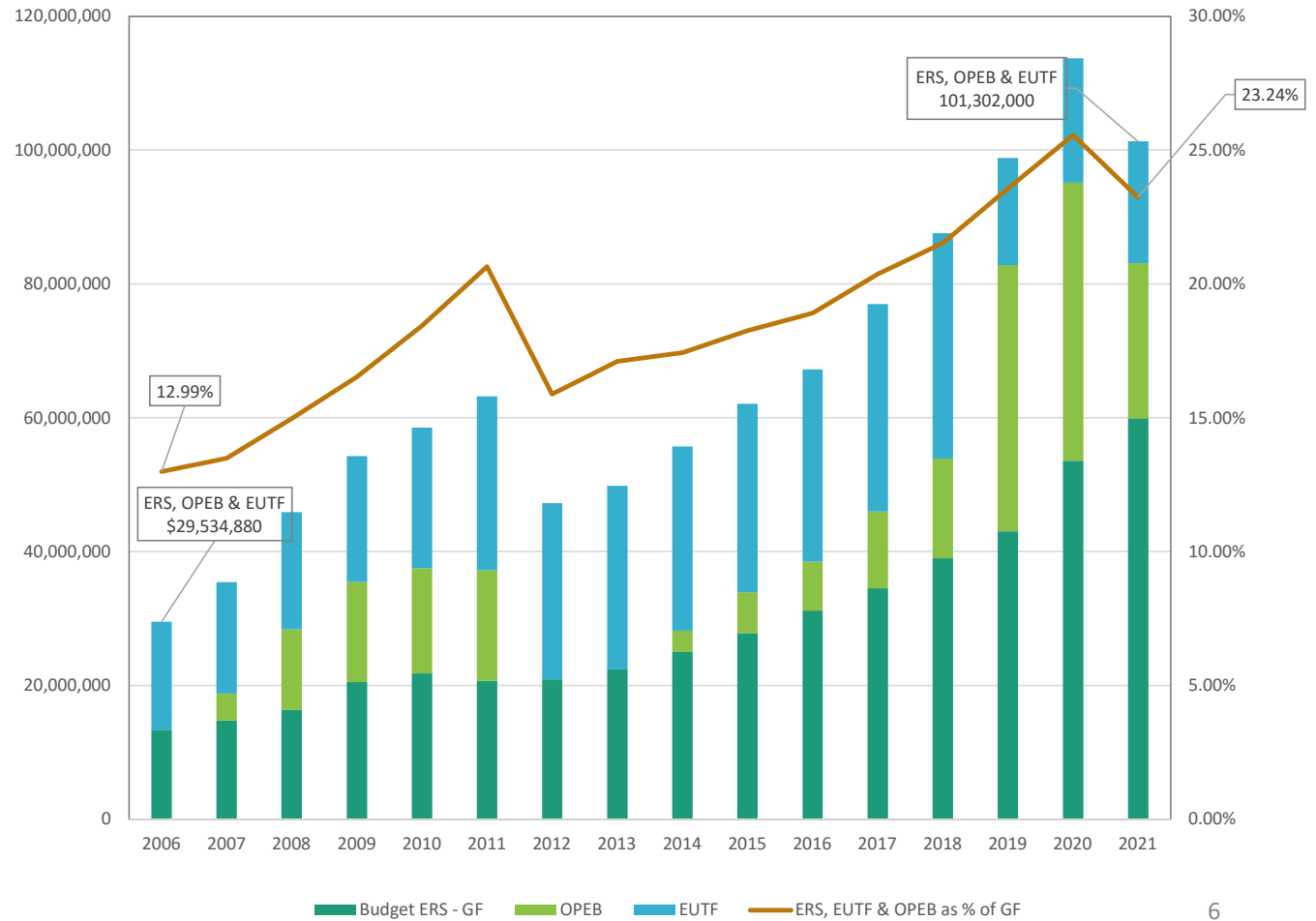
\$435,951,960



ERS, OPEB & EUTF

- Employer contribution for Other Post Employee Benefits (OPEB) Statutory mandate - Act 268 (2013) reduced in FY21 which helped to compensate for elimination of the TAT
- Total ERS, OPEB & EUTF increasing to 23.24% of general fund in FY21 even with reduction of OPEB payments as indicated above, from 12.99% in FY06

General Fund ERS, OPEB & EUTF
% of General Fund

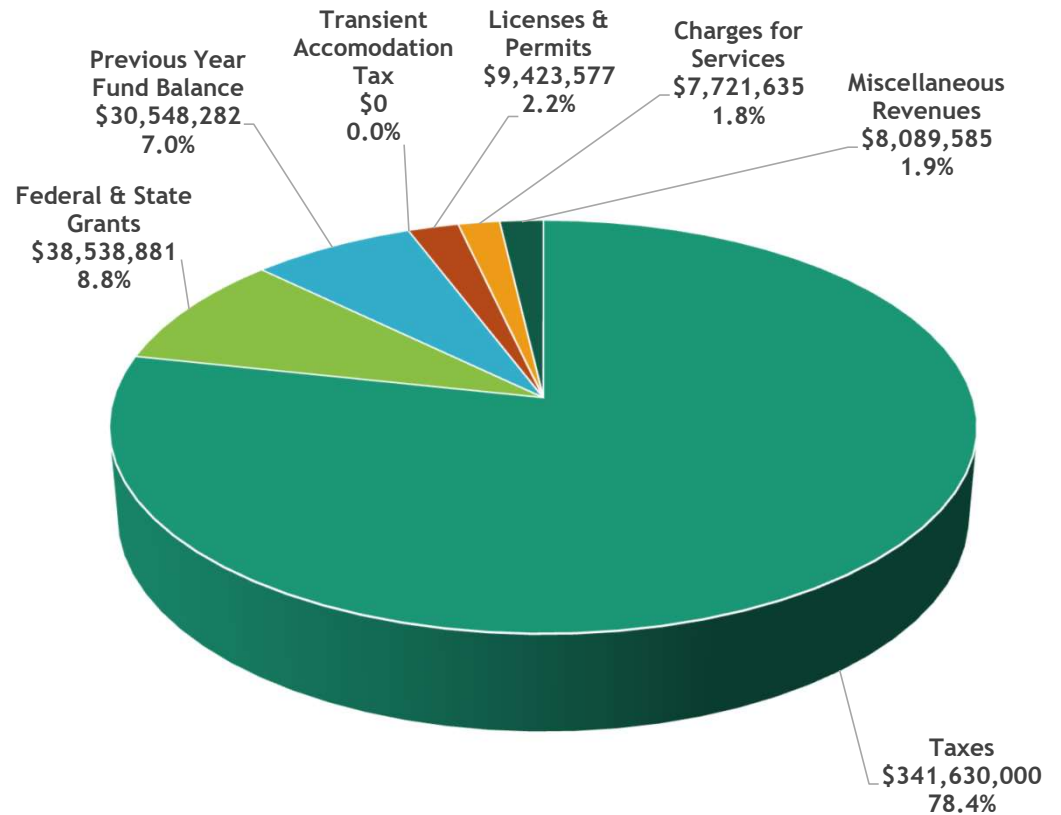


Hawai'i County Financial Position - Revenues

- Revenue to fund current year (2020-21) General Fund expenditures is derived from:
 - Real Property Tax (76.3%) and Public Service Company Tax (2.1%) – 78.4% total (Last Year, 75.6% and 2.1% respectively, for a total of 77.7%)
 - County portion of Transient Accommodations Tax – 0% (Last Year, 4.3%)
 - Previous year Fund Balance – 7.0% (Last Year, 4.9%)
 - Licenses and permits, charges for services, and miscellaneous – 5.8% (Last Year, 6.2%)
- Grant revenues account for 8.8% of the General Fund revenue, but are generally restricted to specific grant purposes

FY 21 General Fund Revenues:

78.4%	Taxes (Real Property Tax = 76.3%)
8.8%	Intergovernmental Revenue (grants)
7.0%	Previous year fund balance
0%	Transient accommodation tax (eliminated in FY21)
Other:	
2.2%	Licenses & Permits
1.8%	Charges for Services
<u>1.8%</u>	Miscellaneous revenues
100%	Total Revenues, \$435,951,960



Note: The GET Surcharge is appropriated to the General Excise Tax Fund and is not included in the General Fund

Real Property Tax

- Largest source of revenue for the County
- Expected increases in real property tax revenues are not keeping pace with increasing labor, benefits, and operating expenses
- FY21 revenues used increased fund balance (due to pay raises not paid in FY20) which cannot be sustained
- COVID-19 impact on collectable percentage – collections are lower than normal to the economic downturn caused by the pandemic

The Honorable Representatives Sylvia Luke, Chair and
Ty J.K. Cullen, Vice Chair, and members
of the House of Representatives Committee on Finance

Thank you for your interest and your continuing support!

The Honorable Mitchell D. Roth, Mayor and
Lee E. Lord, Managing Director
County of Hawai`i