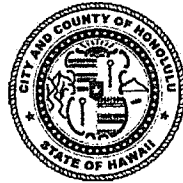


**DEPARTMENT OF BUDGET AND FISCAL SERVICES**  
**KA 'OIHANA MĀLAMA MO'OHĒLU A KĀLĀ**  
**CITY AND COUNTY OF HONOLULU**

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April 8, 2024

The Honorable Radiant Cordero, Chair  
and Members  
Committee on Budget  
Honolulu City Council  
530 South King Street, Suite 202  
Honolulu, Hawaii 96813

Dear Chair Cordero and Councilmembers:

SUBJECT: Budget Communication No. 12  
Committee on Budget  
Follow Up Questions From Special Meeting on April 1, 2024

In response to your letter dated April 3, 2024, attached are the departmental responses for the Committee on Budget.

Should you have any questions regarding this information, please contact the respective Department Head.

Sincerely,

A handwritten signature in black ink, appearing to read "A. T. Kawano".

Andrew T. Kawano  
Director

Attachments

APPROVED:

A handwritten signature in black ink, appearing to read "Michael D. Formby".

Michael D. Formby  
Managing Director

DEPT. COM. 254.

BUD

Budget Communication No. 12  
Department of Budget and Fiscal Services  
Question(s) of April 1, 2024

Attachment

**(All response)**

**Question – Bill 12 & 13: Are there any concerns or comments regarding the amendments to Bill 12 (2024) and Bill 13 (2024) that were approved by the Budget Committee at its meeting on April 1, 2024?**

*Answer: There are concerns and comments regarding Bill 12 (2024) that we will be submitting to the Budget Committee by next week (week of April 8th). Concerns and comments for Bill 13 (2024) were sent on March 28, 2024, Dept. Com No. 225.*

**(Resolution 24-61)**

**Question – What are B&Bs with an NCUC classified as for purposes of property taxes currently? What rate are they paying this year?**

*Answer: B&Bs with a NUC (Nonconforming Use Certificate) are currently classified and paying the corresponding tax rates of either Residential (\$3.50) or Residential A (Tier 1: \$4.00/Tier 2: \$11.40).*

**Question – What are TVUs with an NCUC classified as for purposes of property taxes currently? What rate are they paying this year?**

*Answer: TVUs with a NUC (Nonconforming Use Certificate) are currently classified and paying the corresponding tax rates of either Residential (\$3.50) or Residential A (Tier 1: \$4.00/Tier 2: \$11.40).*

**Question – What are B&Bs without an NCUC, but that recently registered with the City per Bill 41 (2021) requirements, classified as for purposes of property taxes currently? What rate are they paying this year?**

*Answer: Registered B&Bs without a NUC are currently classified and paying the corresponding tax rates of either the Residential (\$3.50) or Residential A (Tier 1: \$4.00/Tier 2: \$11.40).*

Attachment

**Question – If a B&B does not have an NCUC and is not registered with the City, what are they classified as for purposes of property taxes currently? What rate are they paying this year?**

*Answer: If a B&B does not have a NUC and is not registered as a B&B, the City would be unaware of the B&B use; therefore, the classification and rate would most likely be Residential (\$3.50) or Residential A (Tier 1: \$4.00/Tier 2: \$11.40).*

**Question – What are TVUs without an NCUC, but that recently registered with the City per Bill 41 (2021) requirements, classified as for purposes of property taxes currently? What rate are they paying this year?**

*Answer: Registered TVUs without a NUC are currently classified and paying the corresponding tax rates of either the Residential (\$3.50), Residential A (Tier 1: \$4.00/Tier 2: \$11.40), or Hotel and Resort (\$13.90).*

**Question – If a TVU does not have an NCUC and is not registered with the City, what are they classified as for purposes of property taxes currently? What rate are they paying this year?**

*Answer: If a TVU does not have a NUC and is not registered as a TVU, the City would be unaware of the TVU use; therefore, the classification and rate would most likely be Residential (\$3.50), Residential A (Tier 1: \$4.00/Tier 2: \$11.40), or Hotel and Resort (\$13.90).*

**Question – How many B&Bs are there:**

- a. **with an NCUC?** *Thirty (30)*
- b. **without an NCUC that is registered with the City?** *One (1)*
- c. **without an NCUC and that is not registered with the City?** *Unknown by BFS*

**Answer:** *See above.*

Budget Communication No. 12  
Department of Budget and Fiscal Services  
Question(s) of April 1, 2024

Attachment

**Question – How many TVUs are there:**

- a. with an NCUC? 753
- b. without an NCUC that is registered with the City? 1,119
- c. without an NCUC and that is not registered with the City? *Unknown by BFS*

Answer: *See above.*

**Question – How much revenue is the TVU category projected to bring in for FY25?**

Answer: *The projected FY25 revenue of the TVU classification is approximately \$16 Million (based on the tier 1 rate of \$9.00 and tier 2 rate of \$11.50)*

**Question – By shifting TVUs from other classes (e.g. residential or resort) into the TVU category, are other categories expected to have a reduction in revenue?**

Answer: *Shifting TVUs from the other classifications into the TVU class would reduce revenue of the vacated classifications. However, such reduction is not solely due to the TVU class migration. For example, the higher home exemption amounts have also contributed to the projected reduction of the residential class. Additionally, lower assessed values in some areas and the increased number of granted home exemptions have also decreased the Residential A class population and projected revenue.*

**Question – How much revenue is the B&B category projected to bring in for FY25?**

Answer: *The projected FY25 revenue of the B&B classification is approximately \$470,000 (based on the rate of \$6.50)*

Attachment

**Question – By shifting B&Bs from other classes (e.g. residential or resort) into the B&B category, are other categories expected to have a reduction in revenue?**

*Answer: Shifting B&Bs from the Residential and Residential A classifications into the B&B class has contributed toward its' expected revenue reduction.*

**Question – What rates are the other counties charge for B&Bs and TVUs in FY24?**

*Answer: The County of Maui has a tax rate of \$11.85 for their TVR-STRH class. The County of Kauai has a tax rate of \$9.85 for their Vacation Rental class.*

**Question – How does the Administration and departments determine whether the procurement of major equipment is an Operating or Capital expense?**

*Answer: Departments submit requests for equipment in their budget requests and provide information on the cost and useful life of the equipment. Equipment with per unit cost of \$60,000 or more and useful life of at least 10 years is bond funded in the proposed CIP budget. Equipment that does not meet the criteria for bond funding is cash funded in the proposed operating budget.*

*Please note that if cash funding for equipment budgeted in the operating budget is cut and replaced with bond funding in the CIP budget, the equipment will not be purchased using bond funds. The useful life of the equipment cannot be shorter than the term of the bonds used to fund the equipment. Section I.A.2 of the Debt and Financial Policies includes a definition of Operating Expenses that includes equipment. Operating expenses are the costs for personnel, materials and equipment required for a government entity to function. Operating expenses are expenditures for day-to-day operations and exclude expenditures for capital purposes.*

Budget Communication No. 12  
Honolulu Police Department  
Question(s) of April 1, 2024

Attachment

**Question – Bill 13 (2024): CIP –Honolulu Police Department Equipment Acquisition Project # 2005028: How much has been expended or encumbered in the FY24 appropriation of \$2,260,000? Additionally, could you specify the type of equipment this appropriation is intended for?**

*Answer: The HPD encumbered \$2,125,000 to procure 25 police patrol vehicles.*

**Question – Bill 12 (2024): Activity: Support Services - OC # 4310 Passenger Vehicles \$4,275,000: Could you specify the type of equipment this appropriation is intended for?**

*Answer: The HPD requests \$4,275,000 to procure 45 police patrol vehicles.*