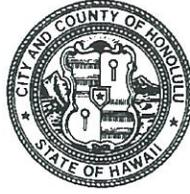


DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov

KIRK CALDWELL
MAYOR



NELSON H. KOYANAGI, JR.
DIRECTOR

MANUEL T. VALBUENA
DEPUTY DIRECTOR

April 6, 2018

The Honorable Trevor Ozawa, Chair
and Members
Committee on Budget
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Ozawa and Councilmembers:

SUBJECT: Budget Communication No. 10 – Request for Revenue Impact Information

In response to your request, dated April 2, 2018, attached is the requested revenue impact information.

Should you have any questions regarding this information, please contact me at 768-3901.

Sincerely,

A handwritten signature in black ink, appearing to read "Nelson H. Koyanagi, Jr.", written over a horizontal line.

Nelson H. Koyanagi, Jr., Director
Department of Budget and Fiscal Services

Attachment

APPROVED:

A handwritten signature in black ink, appearing to read "Roy K. Amemiya, Jr.", written over a horizontal line.

Roy K. Amemiya, Jr.
Managing Director

CITY COUNCIL
HONOLULU, HAWAII

2018 APR -6 P 1:20

RECEIVED

18 APR 6 PM 2:16 CITY CLERK

Question: I am respectfully requesting information on the potential FY 2019 revenue impact of each of the following measures, two of which have already been enacted and two of which may or may not be adopted on or before the June 6, 2018 Council meeting.

Please also specify whether the anticipated revenue increase or decrease resulting from each measure has been included in the Detailed Statement of Revenues and Surplus section of the Fiscal Year 2019 Executive Program and Budget, Volume I – Operating Program and Budget.

- ORDINANCE 18-8 – RELATING TO FEES.
- ORDINANCE 18-9 – RELATING TO REAL PROPERTY TAXATION.
- BILL 18 (2018) – TO AMEND THE REVISED ORDINANCES OF HONOLULU 1990, AS AMENDED, RELATING TO FEES FOR CERTAIN PERMITS AND SERVICES ADMINISTERED BY THE DEPARTMENT OF PLANNING AND PERMITTING.
- BILL 19 (2018) – RELATING TO COLLECTION AND DISPOSAL OF REFUSE.

In regards to Bill 18 (2018) and Bill 19 (2018), please provide the individual revenue impact of each section of these bills. For Bill 18 (2018), please provide the individual revenue impact of sections 2, 3, 4, 5, 6. For Bill 19 (2018), please provide the individual revenue impact of the different charges specified in Section 5 of the bill, the individual charges in Section 6 of the bill for the proposed ROH Sec. 9-4.1(a)(1)(A), ROH Sec. 9-4.1(a)(1)(B), and ROH Sec. 9-4.1(1)(C), Section 9, and Section 10 of the bill.

Answer: The estimated FY 2019 revenue impact of each measure is included below.

ORDINANCE 18-8 – RELATING TO FEES

Ordinance 18-8 provides incentives for the retrofitting of automatic fire sprinkler systems in certain existing high-rise residential buildings. The incentives include the waiver of the portion of plan review and building permit fees attributable to the installation of automatic fire sprinkler systems for the suppression of fire in existing high-rise residential buildings. We did not estimate the revenue impact of Ordinance 18-8 because the impacts would be difficult to determine and the amounts are likely to be small. Therefore, we did not include an anticipated revenue decrease in the FY 2019 Detailed Statement of Revenues and Surplus.

ORDINANCE 18-9 – RELATING TO REAL PROPERTY TAXATION

Ordinance 18-9 provides a \$2,000 tax credit for eligible owners of property in an existing high-rise residential building following the installation of an automatic sprinkler system throughout the building, or throughout the common areas of the building. Because the ordinance applies to the tax years beginning July 1, 2019 and thereafter, there are no revenue impacts for FY 2019. Also, taxpayers are required to apply on or before September 30th preceding the tax year in which the credit is claimed. This will enable the City to adjust each year's budgeted real property tax revenues by the tax credit amounts.

BILL 18 (2018)

As requested, the estimated revenue impact of Bill 18 is provided for certain sections of the bill, as follows:

Section 2: According to the Department of Planning and Permitting (DPP), this section will have a minimal impact on revenues but will result in greater efficiency of both DPP and BFS staff who will no longer need to process refunds less than \$100. No revenues were included in the FY 2019 Detailed Statement of Revenues and Surplus because a minimal impact on revenues is anticipated.

Section 3: The fee increases in this section would result in a 10% increase in projected income on the building permit revenues, as this fee impacts both the plan review fee and the building permit fee revenues. Therefore, the net increase is estimated to be roughly 10% or \$2 million for FY 2019. The Detailed Statement of Revenues and Surplus for FY 2019 includes a \$2 million increase for "Building Permits" in the General Fund.

Sections 4 and 5: These sections establish a \$200 annual fee for nonconforming use certificate renewals for bed and breakfast homes and transient vacation units. The estimated annual revenue from the \$200 fee for sections 4 and 5 is \$160,000, and this additional amount has been included in the FY 2019 Detailed Statement of Revenues and Surplus for "Nonconforming Use Certificates" in the General Fund.

Section 6: This section removes an exemption from fees for subdivisions or consolidation of land submitted by agencies of the State of Hawaii. The estimated annual revenue increase of \$2,000 is included in the FY 2019 Detailed Statement of Revenues and Surplus for "Subdivision Fees" in the General Fund.

BILL 19 (2018)

As requested, the estimated revenue impact of Bill 19 is provided for certain sections of the bill, as follows:

Section 5: This section establishes a monthly fee of \$5 per dwelling unit or accessory dwelling unit for refuse collection services. The section also establishes a monthly fee of \$2.50 per cart for additional carts. Because the effective date of the bill is January 1, 2019, the revenues from these fees was estimated for half of FY 2019. The estimated revenues from a half year of fees for refuse collection is estimated at \$5.4 million, and \$405,000 for cart fees. The total \$5,805,000 additional revenue is included in the FY2019 Detailed Statement of Revenues and Surplus for the revenue item "Residential Refuse Collection Fee" in the Solid Waste Special Fund.

Section 6: This section amends collection fees for businesses and adds nonprofit organizations as potential users of collection services. No revenues were projected for the amendments in this section because we are unable to project the impact of additional fees on these optional services and determine which customers would continue to use the service at a higher rate.

Section 9: This section establishes collection fees for multi-unit residential buildings and nonprofit organizations that utilize 3-cubic yard container front-loader services. No revenues were projected for the amendments in this section because we are unable to project the impact of additional fees on these optional services.

Section 10: This section establishes collection charges for bulky waste collected and removed after implementation of an appointment based collection system. According to the Department of Environmental Services (ENV), the bulky waste fee would not take effect until a full appointment-based collection service is in place. It is not clear that the revenue would be collected during FY 2019 because ENV plans to consult with the labor union and do a pilot project before implementing the appointment-based collection service. Because of this, no revenues were estimated for FY 2019 for the bulky waste collection fee.