

Testimony on Proposed FY-2027 Budget

Budget, Finance, and Economic Development Committee (BFED-1)

April 22, 2026

Chair Sugimura and Members of the Committee,

I am submitting testimony regarding the proposed Fiscal Year 2027 County of Maui budget currently under review.

I want to begin by acknowledging the discussion around modest reductions to departmental budgets. Any effort to examine spending is welcome. However, the scale of the proposed reduction does not address the deeper fiscal realities facing Maui County.

A small percentage trim within a **\$1.6 billion budget** does not represent meaningful structural reform. It represents a gesture toward discipline without addressing the real drivers of spending.

If the Council is serious about fiscal responsibility, this budget review must go deeper.

This is especially important in light of **Bill 9**, which this Council adopted as a major policy shift intended to restore residential housing stock and rebalance Maui's economy.

Bill 9 was not simply a zoning decision. It was an economic decision that will have long-term implications for how Maui County generates revenue, particularly from the visitor accommodation sector.

Because of that, Bill 9 requires the County government itself to **tighten its structure and focus on its core responsibilities**.

Instead, the proposed FY-2027 budget continues expanding discretionary spending through a wide network of grants, subsidies, and nonprofit funding programs.

County government exists to provide essential public services:

public safety,
roads and infrastructure,
water and wastewater systems,
planning and land management,
and the administrative functions required to support those services.

It does not exist to operate as a charitable funding mechanism for nonprofit organizations, regardless of how well-intentioned those organizations may be.

For example, the budget includes or contemplates requests such as:

- **\$2,000,000 for Aloha House** to construct what is described as affordable housing but is effectively an expansion of a rehabilitation and transitional housing facility for program clients.

• **\$1,500,000 requested by the Maui AIDS Foundation** to replace federal funding reductions for one of its housing programs.

Both organizations may perform important work. However, the question before the Council is not whether their work has value.

The question is whether Maui County taxpayers should be responsible for filling funding gaps when federal or private funding sources change.

That is not the role of county government.

When the County begins acting as the financial backstop for nonprofit programs originally designed to operate through federal grants or charitable funding, it shifts the cost of those programs onto local taxpayers.

Bill 9 requires the County to rethink its fiscal priorities.

If visitor accommodation activity changes over time, government must prepare for a tighter fiscal environment. That means focusing on essential services rather than expanding discretionary obligations.

At the same time, Maui residents are facing another major economic pressure that this budget discussion barely addresses.

Shipping costs to Hawai'i are rising.

Every increase in ocean freight rates directly raises the cost of living on Maui.

Shipping costs affect:

food prices,
construction materials,
fuel,
household goods,
and nearly every item residents depend on.

When shipping costs increase, it ripples through the entire island economy.

In that environment, the County should be asking a very different question during the budget process:

How can the County reduce the financial burden on residents?

That conversation could include:

reducing unnecessary government spending,
avoiding the creation of new permanent programs tied to unstable revenue streams,
reviewing County fees and tax structures that add to the cost of living,
and prioritizing infrastructure and economic resilience rather than expanding discretionary grant programs.

Instead, the current budget discussion remains focused on relatively small administrative adjustments while ignoring these broader economic realities.

The Council should be asking deeper questions.

If tourism tax revenues fluctuate under Bill 9, how will the County adjust spending?

If shipping costs continue to rise, how will County policy help residents absorb those increases?

How can government reduce financial pressure on working families rather than expanding obligations that ultimately fall on local taxpayers?

These are the structural issues that should be guiding the FY-2027 budget review.

Maui residents need a government that prioritizes essential services, fiscal discipline, and economic resilience.

That requires going beyond symbolic cuts and conducting a serious evaluation of the County's spending priorities.

Bill 9 requires Maui County to tighten its focus.

The budget should reflect that reality.

Thank you for the opportunity to provide testimony.

Edward Codelia, Maui Resident