

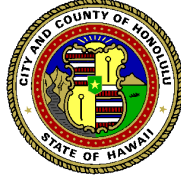
**OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU**

530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813
PHONE: (808) 768-4141 • FAX: (808) 768-4242 • INTERNET: www.honolulu.gov

KIRK CALDWELL
MAYOR

ROY K. AMEMIYA, JR.
MANAGING DIRECTOR

GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR



**CITY AND COUNTY OF HONOLULU
BEFORE THE SENATE COMMITTEES ON
TRANSPORTATION AND ENERGY
AND PUBLIC SAFETY, INTERGOVERNMENTAL,
AND MILITARY AFFAIRS**

MONDAY, FEBRUARY 6, 2017, 3:00 PM

**TO: THE HONORABLE LORRAINE R. INOUE, CHAIR
THE HONORABLE DONOVAN M. DELA CRUZ, VICE CHAIR
AND MEMBERS OF THE SENATE COMMITTEE ON
TRANSPORTATION AND ENERGY**

**THE HONORABLE CLARENCE K. NISHIHARA, CHAIR
THE HONORABLE GLENN WAKAI, VICE CHAIR
AND MEMBERS OF THE SENATE COMMITTEE ON PUBLIC SAFETY,
INTERGOVERNMENTAL AND MILITARY AFFAIRS**

**FROM: KIRK CALDWELL, MAYOR
CITY AND COUNTY OF HONOLULU**

**SUBJECT: COMMENTS ON SB1276 RELATING TO THE COUNTY SURCHARGE
ON STATE TAX**

The City and County of Honolulu (City) appreciates that SB1276 returns the State's portion of the county surcharge on the general excise tax (GET) to the City. This will ensure that the City receives approximately \$300,000,000 over the next ten years. However, this amount is insufficient to cover construction and financing costs of the minimum operable segment. The Honolulu Authority for Rapid Transportation estimates that the total construction costs are \$8,200,000,000, exclusive of the financing costs.

The City respectfully requests that the Legislature extends the county surcharge on the GET in perpetuity. Without a sufficient, consistent, broad-based source of funding, we cannot complete the full twenty-mile guideway with twenty one stations. Extending the county surcharge on the GET is the best option to cover these costs

COMMENTS ON SB1276

Page 2

because it is already in place and tourists and non-residents pay nearly thirty percent of the GET. The City does not believe it is fair to require that the residents of Oahu pay for even more of the rail's construction costs. Instead of allowing the cost of rail to be spread over the residents of Oahu and the tourists, that requirement places the cost burden on the residents of Oahu exclusively. Tourists would be able to take advantage of the rail's benefits at the expense of the Oahu taxpayers. We urge you to amend this measure by extending the surcharge in perpetuity and removing the requirement that Oahu residents exclusively pay for the rail's capital costs.

Oahu needs rail because traffic congestion is terrible and getting worse. There are 90,000 additional registered vehicles on Oahu than there were when we started the rail project ten years ago. Rail is the "Transit" in Transit-Oriented Development. There is no TOD without rail and we need TOD to provide workforce housing.

Thank you for considering our comments this measure.



IN REPLY REFER TO:
CMS-AP00-01972

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Krishniah N. Murthy
INTERIM EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

SENATE COMMITTEE ON TRANSPORTATION AND ENERGY

Damien T.K. Kim
CHAIR

and

Terrence M. Lee
VICE CHAIR

**SENATE COMMITTEE ON PUBLIC SAFETY,
INTERGOVERNMENTAL, AND MILITARY AFFAIRS**

John Henry Felix
Ford N. Fuchigami
Terri Fujii
William "Buzz" Hong
Mark Kikuchi
Colbert M. Matsumoto
Glenn M. Nohara
Kathy Sokugawa

Monday, February 6, 2017
3:00 p.m.

State Capitol, Conference Room 225

Chair Inouye, Chair Nishihara, and Members of the Senate Committee on Transportation and Energy and Committee on Public Safety, Intergovernmental, and Military Affairs:

The Honolulu Authority for Rapid Transportation (HART) **supports the intent** of **Senate Bill 1276**, which proposes to repeal the requirement that 10% of revenues from the county surcharge on State tax be withheld to reimburse the State for administrative costs. However, this repeal would sunset if an ordinance that allows the capital costs of a rapid transportation system to be paid from county funds is not enacted before December 31, 2017. Senate Bill 1276 would require the mayor of the county to submit certain plans with respect to rapid transportation system.

While HART favors and supports all legislative measures which seek to provide revenues sources resulting in an increase of funding levels for the construction of the Honolulu Rail Transit Project (Project), HART believes extending the surcharge on State general excise and use tax (GET) beyond the sunset date of December 31, 2027, is the best option to achieve our immediate goal of meeting the City's obligations under the Full Funding Grant Agreement to complete this Project.

HART estimates that the cost to complete construction of the Project will be \$8.2 billion, not including finance charges. Consequently, financing the Project through the issuance of bonds will be in addition to the \$8.2 billion in capital project cost. HART further supports an extension of the surcharge in perpetuity to complete construction and to pay the additional financing costs into the future. The surcharge provides a consistent, broad-based source of funding, as well as providing our Federal partners the confidence in Honolulu's ability and financial commitment to complete the Project.

Thank you for this opportunity to provide written testimony.



**SENATE COMMITTEE ON TRANSPORTATION AND ENERGY
SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS**

Feb. 6, 2016, 3:00 P.M.

Room 225

(Testimony is 2 pages long)

COMMENTS ON SB 1276

Aloha Chairs Inouye and Nishihara, Vice Chairs Dela Cruz and Wakai, and members of the committees:

Blue Planet Foundation provides the following comments on SB 1276 which repeals the requirement that 10% of revenues from the county surcharge on state tax be withheld to reimburse the State for administrative costs:

Comments

Blue Planet Foundation does not favor the approach offered in SB 1276 because it is highly probable that the additional revenues provided to the City and County of Honolulu by eliminating the State's 10% share of surcharge revenues will not provide sufficient funding to complete the Honolulu Rail Project.

Blue Planet Foundation can support extending the GET surcharge in perpetuity for the City and County of Honolulu, as well as allowing all counties to establish the GET surcharge. Blue Planet Foundation supports allowing any county to use surcharge revenues for both capital costs associated with developing transit infrastructure, as well as helping to off-set the costs of operating and maintaining those transit systems.

However, because the general excise tax is a regressive tax, Blue Planet Foundation believes that any county that establishes the surcharge must use those monies in ways that demonstrably reduce household transportation costs for low-income households and which help to achieve state energy targets, as well as any state and county transportation mode share targets that may be set.

Blue Planet Foundation Supports GET Surcharge Extension with the Following Conditions

Blue Planet Foundation, proposes that the State should only allow for the extension of the GET surcharge for the City and County of Honolulu beyond 2027, and allow other counties which have not yet established the surcharge to do so, on the following conditions:

info@blueplanetfoundation.org

55 Merchant Street 17th Floor • Honolulu, Hawai'i 96813 • 808-954-6142 • blueplanetfoundation.org

- 1) That GET surcharge monies may only be used to support the capital and operating and maintenance costs for transit systems that are powered by 100% renewable electricity (or other locally produced renewable fuels), by no later than December 31, 2027;
- 2) That each county prepares a renewable energy plan demonstrating how energy sources to power any transit systems supported by the surcharge will be developed and delivered to the State Legislature prior to December 31, 2020;
- 3) That each county establishes transit-oriented development districts and set transportation mode share targets within those districts targeting no more than 40% of trips by personal automobiles by or before 2040; and
- 4) That each county must have established said transit-oriented development districts and set mode share goals by December 31, 2020.

On the State's Share of GET Surcharge Revenues

Blue Planet Foundation can support maintaining or even increasing the State's share of GET surcharge revenues, provided that no more than 5% of said revenues be deposited into the general fund to offset the cost of administering the tax; and that the balance of the state's share of the surcharge is used for any of the following:

- Facilitating the development of transit-oriented development;
- Developing affordable housing in transit-oriented development districts;
- The administration and operation of transportation demand management programs run by the State that seek to reduce personal automobile trips and increase trips made by alternative modes of transportation; and
- Renewable energy projects that offset fossil fuels use for public transit systems.

Blue Planet Foundation does not support the use of GET surcharge revenues to supplement state highway funding, unless those revenues deposited in the highway fund are used for any of the projects listed above.

Blue Planet Foundation supports policies and efforts to promote compact land use, walking, bicycling, and transit; as well as those working to reduce the inefficient use of the personal automobile. Blue Planet Foundation does not support using GET surcharge revenues to pay for roadway construction or maintenance because doing so socializes the costs of driving and undercuts policies seeking to reduce driving and promote alternative modes. Blue Planet Foundation believes that to the greatest extent possible, the costs of driving should be borne directly by drivers.

Thank you for the opportunity to testify.



Testimony of Move Oahu Forward
Before the Senate Committee on Transportation & Energy
and Public Safety and Military
Monday, February 6, 2017 at 3:00 p.m. in Room 225

Move Oahu Forward (MOF) is pleased to provide comments on Senate Bill 1176, 1183 & 1276. We support the imperative need for a steady funding source for the Honolulu rail project to allow for the completion of a 20-mile, 21 station system, as envisioned in the Full Funding Grant Agreement between the Federal Transit Administration (FTA) and the City and County of Honolulu.

MOF was established in 2012 as an organization of Hawaii business and community leaders to support the completion of the Honolulu rail project – 20-miles and 21 stations – and its integration with TheBus for a quality, public transportation system on the Island of Oahu for residents and visitors alike. Today, we have more than 50 members, representing builders, landowners, small business advocates to hopeful users of a completed rail system - beginning on the westside and extending thru the end of the planned route at Ala Moana Center.

Like you, we had truly hoped not to find ourselves back at the Legislature asking for continued funding. The City and HART have and will continue to explain the likely reasons for the miscalculations and resulting shortfall. Senior officials have lost or left their positions as a result. Being too conservative or providing the “best case scenarios” did not serve the project well. We believe that important lessons have been learned and with the first 10 miles of guideway quickly nearly completion and 8 of the 9 stations starting construction, there is more clarity on what will be required for the remaining portion of the project.

We understand that it is early in the legislative process of briefings, hearings and negotiations. As such, we will not in this writing address the merits of the individual bills, other than to state that extending the ½% of general excise tax (GET) would be the cleanest and steadiest revenue source for the rail project. It is already in place and would not require legislators to find other monies that are important and needed for other priorities. This ½ GET could be shared with the Department of Transportation for their road priorities, should the Legislature in its wisdom, decide to pursue this avenue.

FTA has required HART to submit a recovery plan by April 30th. Its purpose is to ensure that HART take it seriously and pursue the securing of additional funds at the Legislature with vigor. This they have. The recovery plan need not be fully baked, with a passed/enacted funding measure by April 30th. But, it must provide milestones, active discussions and the possibility of a positive outcome.

The Full Funding Grant Agreement is an enforceable contract between the federal government and the City. Because HART is in a recovery stage, remaining federal monies are being held until parties can come to terms and agree on a workable plan moving forward. This is no different from what many other cities have experienced and worked thru for the benefit of their citizens. The most recent include Seattle and Los Angeles.

What does make it different is that we are between Administrations. As we all know, there are many changes afoot in Washington, D.C. Hence, we must be very careful about taking any action to alter the Full Funding Grant Agreement at this time which could change the responsibilities and obligations of the parties.

Enhanced mobility, equity for those in West Oahu, quick commutes to and from the airport from urban Honolulu, and between the UH campuses are important goals to strive for as we work together to establish a more livable city we can all be proud of.

No one said transforming how people get to work, school and play would be easy. Change and transformation are never easy. It takes vision, grit, a bit of risk taking, resilience and a good measure of optimism. We thank you for your leadership.

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 3, 2017 3:34 PM
To: TRE Testimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for SB1276 on Feb 6, 2017 15:00PM*

SB1276

Submitted on: 2/3/2017

Testimony for TRE/PSM on Feb 6, 2017 15:00PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov