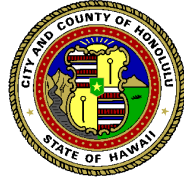


HONOLULU CITY COUNCIL
CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 202 • HONOLULU, HAWAII 96813
PHONE: (808) 768-5009 • FAX: (808) 768-5011 • INTERNET: www.honolulu.gov/council



Ron Menor
CHAIR & PRESIDING
OFFICER

IKAIKA ANDERSON
VICE CHAIR

Kymerly Marcos Pine
FLOOR LEADER

CITY AND COUNTY OF HONOLULU
BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

WEDNESDAY, FEBRUARY 27, 2017,

LATE

TO: THE HONORABLE JILL N. TOKUDA, CHAIR
THE HONORABLE DONOVAN M. DELA CRUZ, VICE CHAIR
AND MEMBERS OF THE SENATE COMMITTEE ON WAYS AND MEANS

FROM: COUNCIL CHAIR RON MENOR
COUNCILMEMBER JOEY MANAHAN, CHAIR OF COMMITTEE ON
BUDGET
COUNCILMEMBER IKAIKA ANDERSON, CHAIR OF COMMITTEE ON
TRANSPORTATION AND PLANNING
COUNCILMEMBER KYMBERLY MARCOS PINE, CHAIR OF COMMITTEE
ON ZONING AND HOUSING

SUBJECT: COMMENTS ON SB1183 SD2 RELATING TO TAXATION

My name is Ron Menor, and I am submitting testimony as the Chair of the Honolulu City Council. Along with Councilmembers Joey Manahan, Ikaika Anderson, and Kymerly Marcos Pine, we are members of a Permitted Interaction Group (P.I.G.) which was established by the Council to address the rail issue.

SB1183 Proposed S.D. 2, proposes to repeal the requirement that ten (10) percent of revenues from the county surcharge on state tax be withheld to reimburse the State for administrative costs. SB 1183, S.D. 2 also proposes to sunset unless a county ordinance is enacted by December 31, 2017, that repeals

any provision in a county ordinance that prohibits the use of county funds for the capital cost of the project and interest to finance that capital cost. And finally, S.B.1183, S.D. 2 proposes to require the mayor of the county to submit certain plans with respect to the rapid transportation system.

We appreciate your consideration of this important measure and support its' intent.

The Council's official position is in support of the permanent or long-term extension of the current County excise tax surcharge to fund capital costs. It is the most straightforward and efficient way of ensuring adequate funding to complete the construction of the Honolulu rail project to Ala Moana as required under the Full Funding Grant Agreement (FFGA) the city signed with the Federal Transit Administration (FTA). It is also a funding mechanism that would likely be approved by the FTA as part of the recovery plan that HART is required to submit by April 30.

As elected officials, we recognize that there are no easy and inexpensive solutions to financing the capital costs for rail. If the legislature passes a measure that requires the City to share in the construction costs for rail, the City will be forced to tap into real property tax revenues to make up the difference. This would necessitate having to reallocate scarce dollars away from important core services that our constituents need and/or increasing real property taxes on our residents

who are already struggling with high real estate costs. For these reasons, City officials believe that the option for financing all of the capital costs for the rail project that would be the least burdensome on our constituents would be a permanent or long-term extension of the excise tax surcharge.

We appreciate the committee passing the bill out as a vehicle for future discussion. Thank you for the opportunity to offer comments on this measure.

The Twenty-Ninth Legislature
Regular Session of 2017



THE SENATE

Committee on Ways and Means

Senator Jill N. Tokuda, Chair

Senator Donovan M. Dela Cruz, Vice Chair

State Capitol, Conference Room 211

Monday, February 27, 2017; 1:30 p.m.

STATEMENT OF THE ILWU LOCAL 142 ON S.B. 1183 SD 1

RELATING TO TAXATION

The ILWU Local 142 supports S.B. 1183 SD 1, which authorizes counties that have established a surcharge on state tax prior to 7/1/2015 to extend the surcharge in perpetuity. The bill further authorizes counties that have not established a surcharge by 7/1/2017 to establish a surcharge on state tax. S.B. 1183 SD 1 also provides that the State shall retain an unspecified portion of surcharge proceeds for the Department of Transportation and requires a county's share of the county surcharge on state tax to be paid to the county on a monthly basis.

S.B. 1183 SD 1 provides a vehicle for addressing the rail project on Oahu, the single largest capital improvement project in the State's history. Given the number of challenges currently facing the project, especially the financial shortfall based on the plans that were first proposed, this bill offers support to address the financial and other challenges that the project faces. Given the financial resources and time already invested in this project, and the fact that it is substantially completed, provides strong justification to address the funding shortfall.

It would make no sense to "pull the plug" on the rail project. Polling of the Oahu residents have made this point clear. S.B. 1183 SD 1 provides a beginning point to move forward and resolve some of the key issues that will lead to the successful completion of the Oahu rail project.

S.B. 1183 SD 1 also increases the general excise and use tax from four per cent to four and one-half per cent on various businesses to address funding needs in transportation, education, affordable housing and the needs of our senior citizens. While noting that these are all general responsibilities of the State, this part of the bill may exceed the transportation focus that S.B. 1183 began with.

The ILWU urges passage of S.B. 1183 SD 1. Thank you for the opportunity to share our views on this matter.

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 12:39 AM
To: WAM Testimony
Cc: blawaiianlvr@icloud.com
Subject: Submitted testimony for SB1183 on Feb 27, 2017 13:30PM

SB1183

Submitted on: 2/27/2017

Testimony for WAM on Feb 27, 2017 13:30PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
De MONT R. D. CONNER	Ho'omana Pono, LLC.	Oppose	Yes

Comments: We STRONGLY OPPOSE this bill. We believe that the "perpetuity" clause in this bill goes against the spirit, if not the letter, of Hawaii Revised Statutes 525, which is the anti-perpetuity law in Hawaii. Thou shalt not make any law that runs contrary to any other law that is already on the books! Furthermore, without any measure or language mandating " forensic accountability", this legislative body is setting the taxpayers up for an over burdening tax hike, along with all your other tax hikes like vehicle weight tax, vehicle registration tax & gasoline tax, just to name a few! THIS IS THE TYPE OF OVER REACHING ABUSE BY GOVERNMENTS THAT LEAD TO REVOLUTIONS!

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

TESTIMONY
OF THE KAPOLEI CHAMBER OF COMMERCE
IN SUPPORT OF SB1183, SD1
RELATING TO TAXATION

LATE



Working together for Kapolei

To: Chair Tokuda, Vice Chair Dela Cruz and Members of the Senate
Ways and Means Committee

February 27, 2017

My name is Kiran Polk, and I am the Executive Director of the Kapolei Chamber of Commerce, submitting this testimony **in favor** of SB 1183, SD1. This measure extends the general excise tax surcharge for construction of the Honolulu rail transit project.

The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region. The Chamber works on behalf of its members and the entire business community to improve the regional and State economic climate and help Kapolei businesses thrive. The Chamber is a member-driven, member-supported organization representing the interests of all types of business: small, medium or large, for profit or non-profit businesses or sole proprietorship.

Much of the State's future population growth is slated for Kapolei and the Ewa region. Exciting things are happening and Kapolei is quickly becoming a new urban center for Oahu. In the next 20 years, there will be many more new jobs in the region, new homes and thousands of new residents will call Kapolei home.

The Kapolei Chamber and its members have long supported Honolulu's rail transit project. We view rail as an important component of much needed transportation infrastructure that will facilitate the growth, development and long term prosperity of the city of Kapolei.

We wish to express our continued support for the rail project and support a GET extension that would provide sufficient funding to complete the full 20 mile, 21 station project as planned. Therefore, we respectfully request your approval of legislation that continues funding to finish the rail project, keep rail moving forward, and minimize future delays. Thank you kindly for allowing me to submit this testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Polk", written on a light-colored rectangular background.

Kiran Polk
Executive Director

LATE

Testimony of
Christopher Delaunay
Pacific Resource Partnership

THE SENATE
THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

COMMITTEE ON WAYS AND MEANS
Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair

NOTICE OF HEARING

DATE: Monday, February 27, 2017
TIME: 1:30 p.m.
PLACE: Conference Room 211
State Capitol

Aloha Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee:

We **support the intent** of Senate Bill 1183, SD1 Relating to Taxation.

We respectfully urge the members of the Hawaii State Legislature to lift the county surcharge sunset date to complete the Minimal Operating Segment of 20 miles with 21 stations. This project will create thousands of jobs in construction, engineering, and professional services. In addition, thousands of other indirect jobs will be created by the businesses that provide goods and services to the project. The direct investment of federal and local funds will boost the economy and increase demand for goods and services at local businesses, while increasing tax revenues for the City and State. Transit oriented development around all 21- rail stations will sustain the demand for jobs in a variety of industries for many years into the future.

For the reasons mentioned above, we respectfully request your support on moving Senate Bill 1183, SD1 forward. Thank you for allowing us to voice our opinion on this matter.



(Continued From Page 1)

About PRP

Pacific Resource Partnership (PRP) is a not-for-profit organization that represents the Hawaii Regional Council of Carpenters, the largest construction union in the state, and more than 240 of Hawaii's top contractors. Through this unique partnership, PRP has become an influential voice for responsible construction and an advocate for creating a stronger, more sustainable Hawaii in a way that promotes a vibrant economy, creates jobs and enhances the quality of life for all residents.

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
Email: info@gcahawaii.org
Website: www.gcahawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

February 27, 2017

TO: HONORABLE JILL TOKUDA, CHAIR, HONORABLE DONOVAN DELA CRUZ, VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON WAYS AND MEANS

SUBJECT: **SUPPORT INTENT OF S.B. 1183, SD1, RELATING TO TAXATION.**

Authorizes counties that have established a surcharge on state tax prior to 7/1/2015 to extend the surcharge in perpetuity. Authorizes counties that have not established a surcharge by 7/1/2017 to establish a surcharge on state tax. Provides that the State shall retain an unspecified portion of surcharge proceeds for DOT. Requires a county's share of the county surcharge on state tax to be paid to the county on a monthly basis.

SUPPORT INTENT OF S.B. 1183, PROPOSED SD2, RELATING TO

TAXATION. Authorizes counties that have established a surcharge on state tax prior to 7/1/2015 to extend the surcharge in perpetuity. Authorizes counties that have not established a surcharge by 7/1/2017 to establish a surcharge on state tax. Provides that the State shall retain an unspecified portion of surcharge proceeds for DOT. Requires a county's share of the county surcharge on state tax to be paid to the county on a monthly basis.

HEARING

DATE: Monday, February 27, 2017
TIME: 1:30 p.m.
PLACE: Conference Room 211

Dear Chair Tokuda, Vice Chair Dela Cruz and Members of the Committee,

The General Contractors Association (GCA) is an organization comprised of over 500 general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. The mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

The GCA **supports** the Honolulu Rail project's completion as planned to Ala Moana so the residents of the City and County of Honolulu have options in public transportation. This measure proposes to remove the ten percent that the State uses to administer the surcharge tax for Honolulu and dedicate such funds to the project.

Rail is one of the biggest job stimulus available in the state of Hawaii and is putting many people to work, and they will in turn, put this money back into the economy. Rail will also encourage Transit-Oriented Development (TOD) around the rail stations and along the route, which will in turn support sustainable, affordable, and more livable communities.

Rail is transportation infrastructure necessary for our island's quality, growth and prosperity. But a significant side benefit is the economic stimulus effect it would bring to our entire state now and for years to come. **GCA respectfully requests that this Committee pass this measure.**

Thank you for the opportunity to express our support on this matter.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Ways and Means
Monday, February 27, 2017 at 1:30 P.M.
Conference Room 211, State Capitol**

LATE

RE: SENATE BILL 1183 SD1 RELATING TO TAXATION

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **supports the intent of SB 1183 SD1**, which authorizes counties that have established a surcharge on state tax prior to 7/1/2015 to extend the surcharge in perpetuity; authorizes counties that have not established a surcharge by 7/1/2017 to establish a surcharge on state tax; provides that the State shall retain an unspecified portion of surcharge proceeds for DOT; requires a county's share of the county surcharge on state tax to be paid to the county on a monthly basis.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber has always supported rail and, this session, supports a limited extension of the county surcharge on the excise tax for rail. However, we do not have a position on the length of the extension, other than to have enough funding to see the completion of the project as set forth in the Full Funding Grant Agreement between the City & County of Honolulu and the Federal Transit Administration, and to see the completion of rail at the least to Ala Moana. We do not support an extension in perpetuity. We also do not take any position on other issues in the bill.

The decision is a challenging one and concerns about the financial situation are valid. We agree that the stakeholders should be held more accountable and held to higher standards as we see the price of rail escalate. We also see opportunities for more collaboration and partnerships.

With that said, this transportation solution is in line with one of the Chamber's primary missions: to improve the quality of life for the people of Hawaii, while supporting initiatives that are the catalyst for business growth opportunities. It will create livable and connectable communities, improve the well-being of individuals and families, provide opportunities for entrepreneurs and small businesses, and increase the inventory of housing among many other reasons.



Chamber *of* Commerce HAWAII

The Voice of Business

By looking at the big picture and long-term benefits of this project, we believe that rail will be a positive step for Hawaii and an investment that should be made. This is about planning for the future and not for the past or the present.

Thank you for the opportunity to testify.



HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST
650 Iwilei Road, Suite 285 · Honolulu, HI 96817 · Phone: 808-845-3238 · Fax: 808-845-8300

**TESTIMONY OF HAWAII LECET
CLYDE T. HAYASHI - DIRECTOR**

SENATE COMMITTEE ON WAYS AND MEANS
Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair

LATE

NOTICE OF HEARING

DATE: Monday, February 27, 2017
TIME: 1:30 p.m.
PLACE: State Capitol, Conference Room 225

TESTIMONY ON SENATE BILL NO. 1183 SD1, RELATING TO TAXATION

ALOHA COMMITTEE CHAIR TOKUDA, COMMITTEE VICE CHAIR DELA CRUZ AND COMMITTEE MEMBERS:

My name is Clyde T. Hayashi, and I am the Director of Hawaii LECET. Hawaii LECET is a labor-management partnership between the Hawaii Laborers Union, Local 368, and its unionized contractors.

Mahalo for the opportunity to testify in **SUPPORT of the INTENT** of Senate Bill No. 1183 SD1. This bill authorizes counties that have established a surcharge on state tax prior to 7/1/2015 to extend the surcharge in perpetuity.

The Honolulu Rail Project must be completed to Ala Moana Shopping Center (the full 20 miles, 21 stations and 80 cars) or we may jeopardize the \$1.55 billion in federal funds. It is the only major transportation project planned for Oahu to provide major traffic relief and will provide a much needed transportation alternative for residents. The Rail is elevated, will be independent from our highway system, will take cars off the road, and will provide a daily commuting alternative, especially for the thousands of residents whose destinations are the airport, Downtown, Kakaako/Ala Moana, and Waikiki areas.

The completion of the Honolulu Rail Project will provide us the opportunity for building more affordable housing, especially around rail stations. With properly planned TOD, it will help us to build a modern, sustainable Honolulu.

We believe that extending the Rail .5 percent GET Surcharge beyond the December 31, 2027 sunset date is the best way to ensure that the Rail Project can be completed to Ala Moana Shopping Center. We support a Rail GET Surcharge extension in perpetuity, which will allow the extensions to UH-Manoa and West Kapolei to be built, along with further extensions to serve other parts of Oahu. Oahu residents are already set to pay the Rail .5 percent GET Surcharge until December 31, 2027. An extension of the surcharge to complete Rail means that residents will NOT pay anything more until January 1, 2028.

The SB1183 SD1 PROPOSED has many changes and additions and a number of them are of concern to us. A number of the changes and additions do not seem related to the Rail GET Surcharge extension. We prefer a clean bill which extends the Rail .5 percent GET Surcharge in perpetuity.

Our thousands of members and our contractors have benefited from the many construction jobs that Rail has created and will continue to create. We also look forward to working on TOD and on the affordable housing projects the completion of Rail will bring about.

For these reasons, I **support of the intent** of Senate Bill No. 1183 SD1 PROPOSED.



HAWAII REGIONAL COUNCIL OF CARPENTERS

LATE

February 26, 2017
Hawaii State Capitol, 1:30p.m.
Ways and Means Committee Hearing

Statement of the Hawaii Regional Council of Carpenters – SUPPORTS INTENT SENATE BILL 1183 S.D.1/S.D.2

Dear Chair Tokuda and Members of the Senate Ways and Means Committee:

The taxpayers of Honolulu have paid an additional .05 surcharge to build rail for the last 10 years and will continue to do so for years to come. For their investment, we must deliver a fully functioning elevated system of 20 miles and 21 stations.

We urge the members of the Hawaii State Legislature to lift the county surcharge sunset date to complete the Minimal Operating Segment of 20 miles with 21 stations.

Thank you for the opportunity to voice our opinion.

STATE HEADQUARTERS & BUSINESS OFFICES

OAHU: 1311 Houghtaling Street, Honolulu, Hawaii 96817-2712 • Ph. (808) 847-5761 Fax (808) 841-0300
HILO OFFICE: 525 Kilauea Avenue, Room 205, Hilo, Hawaii 96720-3050 • Ph. (808) 935-8575 Fax (808) 935-8576
KONA OFFICE: 75-126 Lunapule Road, Kailua-Kona, Hawaii 96740-2106 • Ph. (808) 329-7355 Fax (808) 326-9376
MAUI OFFICE: 330 Hookahi Street, Wailuku, Maui 96793-1449 • Ph. (808) 242-6891 Fax (808) 242-5961
KAUAI OFFICE: Kuhio Medical Ctr. Bldg., 3-3295 Kuhio Hwy., Suite 201, Lihue, Kauai 96766-1040 • Ph. (808) 245-8511 Fax (808) 245-8911

FINANCIAL ACCOUNTABILITY FOR RAIL MASS TRANSIT ASSOCIATION

To: Senator Jill N. Tokuda, Chair
Senate Ways & means Committee

LATE

From: Financial Accountability For Rail Mass Transit Association

Re: Testimony on S.B. 1183 SD1 And S.B. 1183 SD1 Proposed SD2

Good afternoon Senator Tokuda, Chair and members of the Senate Ways & means Committee. Mahalo for the opportunity to testify. This afternoon, a non-profit association entitled, "Financial Accountability For Rail Mass Transit Association" is testifying on S.B. 1183 SD1 and S.B. 1183 SD1 proposed SD2 referencing the State of Hawaii funding for the City & County of Honolulu's rail.

I am Roy Nakamura, president of the Financial Accountability For Rail Mass Transit Association. Our association stands in opposition to any perpetuity of .05% general excise tax for the costs of construction, administration, and maintenance because Mayor Kirk Caldwell and his administration fails to have a concrete financial accountability budget for the rail. As evidence, the Star-Advertiser reported questionable increasing uncontrollable construction costs and the Federal Transportation Administration (FTA) has demanded the mayor to develop a financial accountability recovery-plan by April 30, 2017 to be reviewed by FTA.

My association will present our testimony as follows:

1. Introduction by Roy Nakamura
2. Testimony on S.B.1183 SD1 by Elaine Kam.
 - a. Bill is not based on financial accountability by Mayor Caldwell
 - b. Definition of financial accountability
Example: college students debate on Feb. 24, 2017 – lack of financial accountability
 - c. Proposed SD1 bill is a "Christmas Tree" for funding legislative projects
 - d. SD 1 makes the city match state excise funds. Thus, forces the city to increase homeowner's property taxes whereby creates homelessness.

Page 2 - Introduction

3. Testimony on S.B. 1183 proposed SD2 by Calvin Hulihee.
 - a. Does not make the .05% excise tax perpetuity.
 - b. Repeals the 10% of revues from the county surcharge on state tax be reimburse the state for administrative costs.
 - c. Sunsets 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.
 - d. Makes Mayor Caldwell have concrete financial accountability plans for construction, administrative, and maintenance costs and submit the plans to the legislature.
4. Summary and concluding remarks by Rod Tam

Testimony S.B. 1183 SD 1 – Relating To Taxation Testimony

Good afternoon. My name is Elaine Kam and I am a member of the Financial Accountability for Rail Mass Transit Association. I am testifying against S.B.1183 SD 1.

S.B 1183 SD 1 is not a responsible bill for the following reasons. For reference see attachment – bill description.

1. Supports Mayor Kirk Caldwell being financially unaccountable to the City & County of Honolulu's residents and taxpayers. A blank check is being given to Caldwell's administration without a concrete financial plan for constructing, administrating, and maintenance of the rail.

Per the Cambridge English Dictionary, the definition of "financial accountability" is "Responsibility for the way money is used and managed. A budget is an important part of financial accountability and the final accounts Often include budgetary information". Mayor has not disclosed publicly the rail's budget. Therefore, lacks responsibility as a CEO. In corporations, CEO's without financial accountability are fired.

See attachment: "Uncertainty of Rail's 20 Miles Construction". The attachment discloses the Star-Advertiser reporting of the uncontrollable costs of constructing the rail due to the lack of financial accountability.

An example of lacking financial responsibility and not being able to justify a project was the February 24, 2017 college students rail debate at the State of Hawaii's Capitol auditorium evening sponsored by State Senator Stanley Chang. The students in favor of the rail could not reason economically, financially, and rationally the .05 % perpetual state excise tax to pay for the rail.

2. S.B. 1183 SD 1 is an irresponsible tax bill – a "Christmas tree bill at the expense of taxpayers for special interests legislative projects".
3. S.B. 1183 SD 1 forces the city to match state excise funds whereby, gives Mayor Caldwell the excuse to raise property taxes at the expense of homeowners, specially senior seniors. Unaffordable property taxes will make city residents homeless.

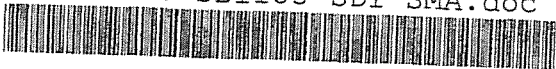
S.B. 1183 SD 1 lacks financial accountability and should be rejected.

Report Title:

Taxation; General Excise Tax; Counties

Description:

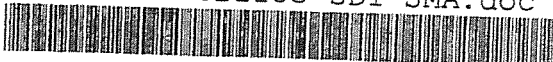
Part I: Authorizes counties that have established a surcharge on state tax prior to 7/1/2015 to extend the surcharge in perpetuity. Authorizes counties that have not established a surcharge by 7/1/2017 to establish a surcharge on state tax. Provides that the State shall retain an unspecified portion of surcharge proceeds for DoTax. Requires a county's share of the county surcharge on state tax to be paid to the county on a monthly basis. Part II: Establishes an income tax credit that reduces the tax liability for low-income taxpayers if their federal adjusted gross income falls below federal poverty guidelines. Authorizes all counties to establish a surcharge on state tax prior to 7/1/2018. Makes permanent the county surcharge on state tax. Provides that the State shall retain an unspecified portion of surcharge proceeds for deposit into the state highway fund. Requires a county's share of the county surcharge on state tax to be paid to the county on a monthly basis. Specifies how county surcharges collected shall be allocated among the counties. Part III: Authorizes counties that have established a surcharge on state tax prior to 7/1/2015 to extend the surcharge to December 31, 2032; provided that HCDA transfers specified parcels to the city and county of Honolulu and the city and county of Honolulu meets other requirements prior to December 31, 2027. Repeals parts I and III on January 1, 2028, if the requirements are not met. Authorizes counties that have not established a surcharge on state tax by 7/1/2017 to establish a surcharge. Part IV: Increases the general excise and use tax from four per cent to four and one-half per cent. Specifies that an unspecified amount of the additional revenues shall be transferred to any county adopting a surcharge on state tax; provided that such a county matches up to half of the transferred funds. Limits the expenditures allowed by the county. Requires any county adopting a county surcharge on state tax who receives additional tax revenue to report to the legislature annually on revenues and expenditures. Specifies that an unspecified amount of the additional revenues shall be used by the state for education, department of



S.B. NO. 1183
S.D. 1

transportation, affordable housing, and elderly programs and services purposes. Repeals the county surcharge on state tax on January 1, 2019. Effective July 1, 2050. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



Uncertainty of Rail's 20 Miles Construction

Information stated by Star Advertiser:

Projected costs (reported by Star Advertiser):

December 2012 \$5.26 billion

December 2014 \$5.9 billion

October 2015 \$6.56 billion

March 2016 \$6.9 billion

May 2016 \$8.1 billion (700 million to 1.2 billion more)

Per FTA financial risk analysis, \$10.79 figure is the high possible cost projection.
20 mile rail estimated to be completed by December 2024.

As of June 28, 2016, Mayor Caldwell requested FTA to give the City till June 1, 2017 to provide the city to develop a more fully cost projection on the construction of the rail.

Rail is now estimated to be \$1.5 billion deficit on the city. The FTA gives the city till the end of December 2016 to address the deficit. \$1.55 billion was the federal share for the rail.

September 6, 2016 ... City and Kiewit Construction disputes trust over change orders which causes construction delays over 1st 10 miles of rail. Thus, increase in rail's price tag. Kiewit faults city.

April 30, 2017 is FTA's deadline for recovery-plan not June 1, 2017.

Note: Status of FTA's \$1.55 billion.

1. Hart received \$806,267,358 of the \$1.55 billion.
2. HART spent \$600 million.
3. \$743.7 million not access to HART.
 - a. FTA withholding \$500 million until Hart updates its financial plan and submits an acceptable recovery plan that addresses rail's latest budget woes.
 - b. \$243.7 million for fiscal year 2017 not yet appropriated to HART.

Conclusion: Mayor Caldwell lacks concrete financial accountability to the Expenditures for rail construction, administration, and future maintenance. Thus, there should be no perpetuity of the .05% general excise tax for rail.

Testimony For S.B. 1183 Proposed SD 2 Relating To Taxation

Good afternoon. My name is Calvin Hulihee and I am a member of the Financial Accountability For Rail Mass Transit Association. I am testifying in favor of S.B. 1183 Proposal SD 2 without extending the .05% general excise tax beyond 2028 year.

S.B.1183 Proposed SD 2 calls for financial accountability of Mayor Kirk Caldwell and his administration by mandating the following. As previously stated by the prior testifier Mayor Caldwell is financially unaccountable in the growing present and future costs of construction, administration, and maintenance for the rail.

1. Mandates a special account for the rail for financial accountability.
2. Mandates an updated financial plans for the rail.
3. Requires Mayor Caldwell to submit a plan to fund the operation and maintenance costs and ongoing systemwide capital costs of the integrated rail and bus transportation system.
4. Repeals the 10% of revenues from the county surcharge on state tax be withheld to reimburse the State for administrative costs.

Mayor Caldwell cannot be financially trusted and should not be given the .05% general excise tax perpetually to finance any mass transit system, especially the rail. Mandate Mayor Caldwell to be financially accountable to Hawaii's taxpayers in the spending of public funds.

February 27, 2017

To: Senator Jill N. Tokuda, Chair
Senate Ways & Means Committee
Members of Senate Ways & Means Committee

From: Rod Tam
Former State Senator
Member of Financial Accountability For Rail Mass Transit Association

Re: Testimony On S.B. 1183 SD 1 And S.B. 1183 Proposed SD 2

Good afternoon Senator Tokuda and members of the Senate Ways & Means Committee. Mahalo for the opportunity to testify on S.B. 1183 SD 1 and S.D. 1183 Proposed SD 2. I am former state senator Rod Tam and member of the Financial Accountability For Rail Mass Association and am presenting closing remarks of the 2 bills. My closing remarks are as follows.

1. Financial Accountability For Rail Mass Association opposes S.B. 1183 SD 1 and prefers S.B. 1183 Proposed SD 2. S.B. 1183 Proposed SD 2 mandates financial accountability of Mayor Kirk Caldwell by constructing an accurate and concrete financial budget. Furthermore, until an accurate and concrete financial budget is constructed and publicly disclosed with public hearings no extension of the .05% general excise tax should be granted to the City & County of Honolulu.
2. There is no basis for financial accountability in allowing the desired .05% general excise tax for funding the construction, administrative expenses, and maintenance expenses of the city's rail in the future when the budgets given by Mayor Caldwell are not concrete. The Star Advertiser has reported uncontrollable raising costs in the construction of rails 10 miles out of the 20 miles goal and Mayor Caldwell has been ordered by FTA to re-calculate and report by the end of April 2017 a concrete financial analysis report of the reasons for the raising costs and a concrete financial budget for the

Page 2 – Rod Tam’s Testimony

3. future expenses and revenues for the construction, administration, and maintenance. Mayor Caldwell has no concrete financial budget for the rail.
4. Hawaii’s taxpayers cannot bear unaccountable increase in general excise tax. Hawaii’s taxpayers have the highest cost of living in the United States with the below average wages and salaries. Low and median income earners are living paycheck to paycheck and on credit basic living expenses - food, clothing, and shelter.
5. Mayor Caldwell needs to find alternative means of financing for rail mass transit other than increasing taxes and service fees. A prudent person would live within his/her means of revenues. Example, when a person cannot afford a Toyota Lexus he/she will buy a regular sedan.
6. Mayor Caldwell needs to find alternative combined mass transit technologies based on the City & County of Honolulu’s financial affordability and need (durability, usability, etc.). Again, a prudent person would live within his/her means of revenues and availability of technologies.
7. We request for the state legislature to conduct public hearings on Mayor Caldwell’s financial plan for the rail mass transit following FTA’s mandate for a financial plan prior to passing any legislation to extend any general excise tax for the rail. The public wants disclosure of the financial plan and the opportunity to testify on the feasibility.
8. We request for the state legislature and federal government to do a financial audit on the financial accountability and management of the rail mass transit before extending any general excise tax to the City & County of Honolulu. Taxpayers need accountability.

Mahalo.

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 26, 2017 6:10 PM
To: WAM Testimony
Cc: mghsmart@yahoo.com
Subject: Submitted testimony for SB1183 on Feb 27, 2017 13:30PM

SB1183

Submitted on: 2/26/2017
Testimony for WAM on Feb 27, 2017 13:30PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Mary Smart	Individual	Oppose	No

Comments: 1. I oppose SB 1183 for several reasons. I am disappointed that my own Senator has introduced this bill. I hope that this testimony will change her position. This testimony was originally prepared in opposition to Bill 3 in the Honolulu City Council -- which I also oppose. As I go through the eighty pages of the bill, the application of the taxes mentioned in the bill is oppressive. 2. The people of Hawaii are taxed enough already. Most residents are barely meeting their monthly financial obligations and our legislature keeps authorizing programs and projects that are at champagne costs when we only have beer budgets. The Rail and many other "good ideas" are beyond the means of your constituents to sustain. At some point you need to stop wasting our money -- and this is it. The 5 year extension should have been sufficient. The legislature needs to live within their means -- just as we must. With the wild and unbridled spending our legislature approves, it is not surprising that we have a severe homeless problem. The increased tax on manufactures, those selling tangible products, theaters, amusements, radio broadcasting stations, insurance producers, technicians ... and on and on... will continue to drive businesses and employers out of our state and will only be passed on to the consumer. 3. By establishing a "low income tax credit" you are establishing two classes of people in Hawaii. In the United States -- all people are equal. We are a classless society and want to remain equal. This provision gives government more involvement in our lives. If you want to treat all people fairly, don't obligate ANY Hawaii taxpayer to supporting over-priced, poorly managed, government boondoggles such as the Rail project. 4. The rail system is not a "locally preferred alternative". These rail systems are all part of the United Nation's "Sustainable Development" concept. Every use of the term "locally preferred alternative" should be removed. Expansion of roads and throughput features (underpasses/flyovers) are the most desired improvements. For mass transportation systems, enhanced bus service is cost effective, sustainable, and desirable. We wouldn't have so much waste if we stayed with those two improvements (roads and bus service). The groups who favor rail are those constructing it, managing it, politicians who see the opportunity for a larger tax base in a smaller land area, and developers who are more than happy to build the transit oriented development (TOD) urban ghettos of the future. 5. The build-out to Ala Moana is not "minimum operable segment" as suggested in Bill 3. The residents of

Oahu, including architects, have provided alternatives that end the rail before Ala Moana. Do not be held hostage by the federal government. Please delete each reference to the "minimum operable segment" or clearly define where that minimum segment is located and why it is the minimum. 6. The Rail project has been mismanaged from the beginning. Changing the financial reports from quarterly (crossed out paragraphs) to annual reporting will only exacerbate the problem. Those managing the project need to be held accountable minimally quarterly, if not monthly. The runaway cost of this project is disgraceful. Reinststitute quarterly reporting or change it to monthly. 7. There should be no funds expended on an expansion of this rail system (as Bill 3 authorizes). If given the chance to vote again, most residents would vote against it. Do not spend any funds on a plan to expand the project. The rail is a money pit and TOD will destroy the beauty and culture of our state. 8. Capital costs include "debt service" according to the bill. Debt is wasted taxpayer funds. We don't get anything tangible from debt service. It is normally a result of mismanagement. There should be a separate category for debt service so residents can determine where our hard earned taxes are being spent. 9. With the increase in multi-million dollar condos, the tax base must have greatly expanded. The State and City and County of Honolulu should be able to adhere to a budget within current receipts and not require this tax increase. 10. If the tax were extended and the limit removed, I would not approve the restriction of payment of operating expenses nor the prohibition of repair of roads, highways, bike paths, or current transport systems from that funding source (as Bill 3 in the City Council specifies). Your constituents prefer those modes (roads and buses) of travel and would want them funded first. Bill 1183 allows funds to be used for education, highway and road construction, maintenance and repair; affordable housing; and programs and services for the elderly (p. 67). 11. The guidance and authorization for purchase and design should be separated from the bill authorizing a extension, if those activities (land identification and value/new access roads, etc) are needed. All required actions should be performed in accordance with current funding levels -- and an extension of the tax in perpetuity. 12. The original projected cost tripled and there is no firm estimate for the final build-out cost. This rail project is not adequately planned nor managed. Do not pass SB1183.

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

To: The Honorable Jill N. Tokuda, Chair and Members of the Senate Committee on Ways and Means

Date: Monday, February 27, 2017

Time: 1:30 P.M.

Place: Conference Room 211, State Capitol

From: Lawrence Friedman-private citizen

RE: STRONG OPPOSITION for Senate Bill 1183 SD1 and SD2



Good afternoon Madam Chair and Committee Members:

I am writing this to you today to express my opposition to extending the GET surcharge in perpetuity, and any legislation, to increase funding for the Rail project.

I'm sure you have heard the saying..."Fool me once, shame on you. Fool me twice, shame on me." Since we are talking about formally adding more funding for a failing project yet again, I have to believe this is either a nightmare or the world's worst joke.

The Rail project is plagued with issues ranging from construction quality, design and ridership projections to the ballooning construction costs. The latter of which, we are here to address today. I am finding it impossible to believe that the Hawaii legislature is entertaining any Bills which would provide additional funding for the Honolulu Rail project, given the countless missed projections and failure to meet critical milestones.

The Mayor only cares about his own agenda in completing rail, regardless of the cost to the taxpayers. He is trying to sell you and the public on our commitment to the Feds. That SAME \$1.55 Billion carrot continues to be dangled in front of us to distract us from all the problems for which the Mayor and HART are at fault. What about the commitment to stay on budget to Honolulu constituents? We are on the receiving end of diminishing returns for our tax dollars by continuing the spending. We are well down the path to bankrupting the county. I demand accountability for the currently approved scope and budget. The timeline is already so blown, it can't be meaningfully discussed.

Let's quickly review some of the historical highlights to date:

1. In the beginning, the GET surcharge was controversially approved to partially fund the rail project in the amount of \$3.6 Billion, with the remaining monies amounting to \$1.55 Billion expected to come from the Feds under the FFGA. At this time, the project cost was to be approximately \$5.13 Billion.
2. A substantial funding shortfall amounting to \$900 Million was identified only two years ago which led to the GET surcharge extension, voted and passed by this legislature. These additional monies were expected to not only cover funding shortfalls, but also the costs associated with the construction of rail extensions from East Kapolei and UH Manoa per Mayor Caldwell's testimony of March 18, 2015, which I have included below my testimony. The new cost was \$6.3 Billion.
3. Shortly after the GET surcharge extension approval, an additional funding gap of \$500 Million was identified. The new amount is now \$6.8 Billion. At this time, the Mayor assured the public that this shortfall would be covered by private-public partnerships. That was an epic fail. The Mayor was not about to propose any further taxes as he was in the middle of a campaign cycle.

4. Due to the incompetent actions of the HART Officials, the project was allowed to press on without an updated financial plan. The financial plan has been problematic since April of 2014...nearly three years ago. Because the financial plan was neglected, the FTA demanded a recovery plan which put the \$1.55B Federal funding at risk.
5. Future debt financing expenses are reeling out of control and we are told the project needs more funding. Finance expenses were estimated at \$173M under the FFGA and are now projected to be at least \$2B, more than 10X over the approved amount.
6. Funding to cover ongoing maintenance and operations has not been accurately identified. Ridership is questionable and fares have not been published. It is deplorable to base finances for a project of this magnitude on a best guess.

Now we are looking at the GET surcharge to cover funding shortfalls due to failures to contain costs, losing federal funding due to incompetent management, unplanned debt financing AND maintenance and operations? These are just to name a few. It seems like every day I read the news, someone else has found another way to spend the GET revenue and make it more and more sparse for the intent we are talking about today. At the end of the day, it is impossible for the proposed GET projections to cover all these expenditures. Has anyone considered the significant revenue opportunities from legalizing recreational marijuana and lottery sales? These are two very lucrative and proven revenue streams that would not impose ANY hardships on taxpayers AND cannot be any more controversial than legalizing prostitution under HB 1533.

The Rail recovery plan is akin to throwing spaghetti at a wall and seeing what will stick. HART Officials and the Mayor are grasping at straws as a last ditch effort to shove it down the taxpayers' throats. Additionally, there are still unknown costs relative to utility relocation. Trust me, this is not the end. What happened to the Mayor's mantra, on-time and on budget? That ship has sailed. If you are still open to hearing the rail woes with intent to giving HART any additional funding, I have a bridge I would like to sell you.

When you were sworn in, you took an oath to faithfully discharge your duties to the best of your abilities. It is a fact that each and every one of you did not have a campaign agenda to bankrupt the county. You owe it to your constituents to deny proposals which require your blind faith. Blind faith is why this project has failed. Acting on blind faith demonstrates YOU breaching your fiduciary responsibilities to the tax payers and is a disservice to us all.

The taxpayers have been lied to each and every time funding has been sought. The FTA refuses to be fooled by empty promises to deliver and holds HART to what has been previously agreed to under the FFGA. You should be impeached if you do not hold this project to the same level of scrutiny. This citizen urges the legislature to demand the HART officials and Mayor to be accountable to deliver Rail, as promised within the current approved funding of \$6.8B, with no additional tax burden.

It is unconscionable to fathom that the "latest" costs are projected at ~\$8B with knowledge that this figure is wrong. The cost is at least \$10B due to the financing costs, which are conveniently left out of the equation. To not include the financing costs in the "latest" estimate is misleading. How can it not be a serious red flag to have financing costs increase by more than 10X of the previous cost projection? Further, HART officials and the Mayor are insulting the community by attempting to lead us to believe that the same GET extension proposal will cover the \$3B shortfall, debt financing and ongoing maintenance and operating costs. The GET extension will not be sufficient. Mayor Caldwell openly admits he has no idea what rail will really cost. The new number is his best guess.

Stop throwing good money after bad. The project is now twice what the taxpayers agreed to. The project continues to miss deliverables to the FTA. The public cannot afford any more taxes. Anyone believing that

making the GET permanent will fully solve the shortfalls is ignorant and blind to the big picture. It is a very sad story, but learn the lesson and move on to addressing the homeless and aging infrastructure. There is not a fiscally responsible person in the world that would approve the magnitude of this funding increase, knowing by the admission of the Mayor, that the full project costs are unknown.

The only way to save this project is to build the rail to the budget which is currently approved. If that means stop at Middle Street, then stop at Middle Street and serve downtown, Waikiki and UH Manoa with feeder busses. The county is already bankrupt.

I implore you to STOP THE BLEEDING! If you entertain the idea of extending the GET surcharge, you are either uninformed, have amnesia or are not representing your constituents' best interests.

**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

March 18, 2015

The Honorable Clarence K. Nishihara, Chair
and Members of the Committee on Transportation
The Honorable Will Espero, Chair
and Members of the Committee on Public Safety,
Intergovernmental and Military Affairs
State Senate
State Capitol, Room 229
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Senator Nishihara, Senator Espero and Members of the Committees:

SUBJECT: Testimony on House Bill No. 134 H.D. 1

As Mayor of the City and County of Honolulu, I appreciate this opportunity to submit testimony regarding House Bill No. 134, H.D. 1.

By now, each of you is aware of the City's request for an extension of the General Excise Tax (GET) surcharge to cover revenue shortfalls and cost increases projected by the Honolulu Authority for Rapid Transportation (HART) for construction of the minimal operating segment (MOS), as well as future costs associated with the planning, design and construction of extensions to East Kapolei and U.H. Manoa set forth in the locally preferred alternative (LPA). Having appeared and answered questions before both Senate and House committees, your collective concerns were made well known. Working with HART, we committed to provide you the information you need to make informed decisions. As Mayor, I also agreed to work with the City Council in communicating the City's unequivocal commitment to this key transportation infrastructure project.

Today, my resolve to continue working with both the Senate and the House on an extension of the GET surcharge honoring the City's commitment to build a robust multi-modal transportation system with an elevated driverless rail line through Oahu's most dense urban corridor remains firm.

The Honorable Clarence K. Nishihara, Chair
and Members of the Committee on Transportation
The Honorable Will Espero, Chair
and Members of the Committee on Public Safety,
Intergovernmental and Military Affairs
March 18, 2015
Page 2

While I appreciate the rigors of the legislative process, any legislation that proposes a reduction in the existing GET surcharge not only complicates the financial challenges confronting HART, but introduces uncertainty into the existing agreement with our financial partners at the Federal Transit Administration (FTA). As such, I remain committed to advocating for a twenty-five (25) year extension of the existing .5% GET surcharge beyond 2022, an extension that will empower the City and County of Honolulu, the Capital of the State of Hawaii, to deliver a robust multi-modal transportation system linking East Kapolei with U.H. Manoa via elevated rail, a system that will benefit residents, students, workers, employers and tourists alike.

As we continue our discussions, the City is prepared to work with the Legislature on crafting a process that will provide fiscal accountability, along with financial, reporting and program management assurances to the State, as HART moves through the planning, design and final construction of the rail project.

I look forward to our further discussions on this very important issue and thank you for the opportunity to testify on House Bill No. 134, H.D. 1.

Sincerely,

A handwritten signature in black ink, appearing to read "Kirk Caldwell", written over a horizontal line.

Kirk Caldwell
Mayor

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 26, 2017 8:49 PM
To: WAM Testimony
Cc: steve@myplaceinparadise.com
Subject: *Submitted testimony for SB1183 on Feb 27, 2017 13:30PM*



SB1183

Submitted on: 2/26/2017

Testimony for WAM on Feb 27, 2017 13:30PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Steve Miller	Individual	Oppose	Yes

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.

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LATE

TO: Members of the Committee on Ways and Means

FROM: John Brizdle
Honolulu, HI 96816
808-286-1212

HEARING: 1:30 p.m. Monday, February 27, 2017

SUBJECT: SB 1183, SD1, SD2 –

Strongly Oppose Additional Rail Construction Funding

Aloha Chair and Committee Members,

Please vote against this bill that would extend the GET surcharge for the Honolulu Rail project.

1 - The benefits of this project in the area of transit are almost negligible. The benefits of this project in the area of Transit Oriented Development appear to have some potential, however TODs do not require elevated heavy rail.

2 - After ten years of taxation, the average family on Oahu has very little idea of how much they have paid through this tax. The Tax Foundation of Hawaii has estimated that each resident is paying approximately \$200.00 per year (\$2,000.00 so far) for this tax.

3 - The applicant, the County of Oahu and HART, have not been transparent. They have proven to be intentionally misleading and untrustworthy in their explanation of the project.

1 - Rail is a transit project that is supposed to replace certain bus routes that run East and West across our island with high speed - high capacity service. The proposed rail project is neither fast nor high capacity.

When I attended the first meeting to discuss this project in June of 2006, the engineers from Parsons Brinckerhoff told anyone there that rail would average 23 mph. Since then, the city and HART have raised the average speed to 30 mph. However, this Rail Fact from the HART website is intentionally misleading and dishonest. Do the math - 20 miles in 42 minutes. That number is 28.57 mph. Then imagine how extra seconds are added during rush hour at each stop to allow passengers to exit and enter - the average speed will decrease to around 25-28 mph. Our best Express buses that use H-1 are currently traveling faster than rail. This slow speed will negatively affect prospective buyers in any TOD.

The elevated rail guideway is exclusive to about 20 rail trains. When a train goes by, there is a 3 minute or 5 minute or 10 minute wait - on an entirely empty multi-billion dollar bridge. This cannot be high capacity. The entire system is closed for four hours at night. Any freeway lane can handle more passengers per hour in multiple kinds of transit vehicles than the proposed rail project.

The city has continued to hide the fact that rail will not reduce traffic congestion on H-1. If you currently need to commute in your car, city engineers tell us that your commute time will increase as there will be more cars on the road. This data comes from the FEIS Chapter 3 and Appendix A, page 1151 - Wayne Y. Yoshioka, Director, Honolulu Transportation Services -

“You are correct in pointing out that traffic congestion will be worse in the future with rail than it is today without rail and that is supported by the data included in the Final EIS”.

Yet, today if we look at the HART website, here is what we find about rail and traffic - HART/Be Informed/Rail Facts/Benefits -

“Is rail transit going to make a difference in traffic congestion?

Yes. Rail will eliminate an estimated 40,000 car trips from our congested streets and highways. If you know what traffic is like when UH and private schools are out for the summer, you have an idea of the difference rail will make.”

This statement is intentionally misleading and dishonest. We all understand this analogy - when UH is out, so are approximately ten other public and private school in East Honolulu - and the traffic on H-1 is lighter because the students, teachers, and staff are not going to those schools on those days. This is an attempt to “fool” the reader. This is not transparency.

The benefits of TODs in our city sound wonderful. We all can imagine the beautiful, walkable, little communities with low cost housing as a component. However, the good news is that TODs do not require elevated heavy rail. TODs envision “Quality Transit”. That means the future occupants will consider transit more than they do now and perhaps have fewer cars per family. Quality Transit can be light rail or a bus. On the mainland there are BTODs - Bus Transit Oriented Development. So, Honolulu can have TODs around a bus station as well.

The benefits of this rail project are almost negligible and are not worth spending any more of our hard earned dollars. The city and HART have not been transparent about the benefits of rail.

2 - There has been almost no discussion of how much this tax has and will cost the average family on Oahu. The only independent review comes from the Tax Foundation of Hawaii. Many people are confused because they do not understand how an excise tax differs from a sales tax.

Here is an article from the Tax Foundation of Hawaii that tells us each person on Oahu will pay approximately \$200.00 per year because of this tax -

<http://www.tfhawaii.org/wordpress/blog/2016/09/mythbusting-hart-part-1/>

Once again, the information on the HART website is intentionally misleading and dishonest - HART/Be Informed/Media Center/Mythbusters -

“MYTH: An average family of five will pay more than \$1,000 a year extra in GET for the rail.

FACT: That is incorrect. The rail tax surcharge is already incorporated in the existing General Excise and Use Tax (GET) and amounts to ½ a penny tax on each dollar spent. If a household spends \$2 on groceries, it has paid one penny (\$0.01) to the rail fund.”

Again, HART is trying to “fool” the reader by pretending the tax is a sales tax.

We cannot afford to pay \$200.00 per person for any more than the 21 years we must pay now. How can any elected representative look their constituents in the eye and tell a family of five, “You must pay \$1,000 per year forever”. That is crazy. The city and HART are not being transparent about the true cost of the GET surcharge.

3 - Besides the three examples of dishonesty above, here is one more. The new Acting Executive Director and CEO of HART, Mr. Murthy wrote an article that was published in the Star-Advertiser recently about the “Dual Power Trains” that have the ability to ride on the guideway and also as Light Rail at grade. In that article, Mr. Murthy drapes himself in the misleading and dishonest cloak of the HART organization when he described how the construction techniques for rail would be less disruptive to the underground surroundings than the proposed light rail in the downtown area. Mr. Murthy argued that the small construction area needed for the slender rail columns was less than the area needed for Light Rail. Once again, as a representative of HART, he is intentionally misleading the public.

The construction techniques for rail in the downtown area are part of the public record. The giant “post hole” technique - Drilled Shafts - used out in Ewa cannot be used downtown. The technique needed downtown is called Piles and Pile Caps. This technique requires a very large rectangular hole in the ground where multiple piles can be placed and all connected with a large cement cap. This large underground cap is the support for each rail column.

Here is a description of this technique in the DEIS -

[-http://hartdocs.honolulu.gov/docushare/dsweb/Get/Document-16781/20110701-deis-appendix-c-1108.pdf](http://hartdocs.honolulu.gov/docushare/dsweb/Get/Document-16781/20110701-deis-appendix-c-1108.pdf) - See page 4.

We know that HART is aware of the need to use this technique downtown because they have already paid over 40 million dollars for the Final Design for this segment. The Final Design includes geotechnical surveys and structural engineering solutions.

Here is Mr. Murthy’s article -

<http://www.staradvertiser.com/2017/02/08/editorial/island-voices/at-grade-rail-wont-work-for-oahu/>

“This means more archaeological resources along the route would likely be impacted by an at-grade rail system than one that is elevated, where excavation is limited to 8-foot diameter columns every 100 feet or more along the route.”

Mr. Murthy is trying to “fool” the public just like the HART website.

The city and HART are not transparent and cannot be trusted with their public relations campaign to “fool” the public.

The legislature should not extend the rail GET surcharge. They should instead tell the city and HART to do an honest alternatives analysis using only the funds committed so far by the State.

Thank you very much,

John Brizdle

TO: Members of the Committee on Ways and Means

FROM: Natalie Iwasa (8 pages)
Honolulu, HI 96825
808-395-3233



HEARING: 1:30 p.m. Monday, February 27, 2017

SUBJECT: SB1183, SD1 - **OPPOSE Surcharge Extension**
OPPOSE Increase in GET/Use tax
OPPOSE Creation of New Special County Account
Support Monthly Payment
Support Repeal or Reduction of 10% Fee
Comments on Tax Credit
Correction to 2/15/17 Testimony

Aloha Chair and Committee Members,

Thank you for allowing me the opportunity to provide testimony on SB1183, SD1, which is quite complex and was summarized in my previous testimony dated February 15, 2017. (**Correction** to that testimony is in relation to the potential increase in general excise tax from 4% to 4.5%. It should have been 12.5% rather than the 25% I had indicated.)

Unreliable Numbers and Incomplete Information

HART's reports, tables and figures have had so many errors, we cannot rely on them. We have been told total construction costs for rail are now estimated to be \$8.2 billion. With financing costs, total costs to build rail are now close to \$10 billion. Note that all financing costs were included in the 2012 Full Funding Grant Agreement, and the separation of costs appears to be a way to make it appear costs are not as high as they really are projected to be.

Recent discrepancies in projections include the draft financial plan sent to the FTA in December. Attached are calculations of the variances as well as copies of the source documents. I was told that HART is checking into these variances, but you should be aware of them as you make decisions related to the rail project.

In response to Senator Ihara's questions from February 6, 2017, HART provided an explanation and graph regarding the need to extend the surcharge to 2047, but there's not enough information for us to check the numbers. (See Honolulu City Council communication D-092(17), here: [http://www4.honolulu.gov/docushare/dsweb/Get/Document-190625/D-092\(17\).PDF](http://www4.honolulu.gov/docushare/dsweb/Get/Document-190625/D-092(17).PDF).) Please ask for the details of the calculations behind the summary provided in this communication.

Misinformation

When rail first came up, we were told it was about traffic relief. Then it was about “social justice.” (How someone can say that knowing that rail is being funded with a tax on food, rent and medical services, I do not understand.) Now it’s about transit-oriented development (TOD). What’s not being said, however, is that TOD can be done with bus stations. Rail is not a requirement.

Questions

Mayor Caldwell supports extending the surcharge in perpetuity to ensure there are enough funds to build the full 20 mile guideway with 21 stations. What other costs are included that require a forever-tax?

As recent as last summer, HART’s draft business plan called for bonds to be issued for a period of 7 – 10 years. Why are they now asking to issue bonds for 30 years instead?

A recent HART report indicated that direct rail jobs to date were less than 2,000, yet their website includes a “FAQ” that still states direct jobs will be 10,000. Why? **What if ridership is 20% of what we were told?**

Tax Credit

An undetermined tax credit is included with this version of the bill. It would apply only to those taxpayers who have a tax liability. (Would it also apply to non-residents?) The general excise tax and related surcharge are regressive and hurt low-income people the most. Most states do not tax food. Rather than trying to fix this with an income tax credit, please consider removing the GET from food, rent and medical services.

Recommendations

Whatever the mechanism to pay for rail, it should be clearly labeled “rail tax.” Perhaps then people would start to understand how much this is costing them on a personal level.

Please do not extend the surcharge or increase the GET/use tax. We cannot continue blindly following HART. It’s time to stop, re-evaluate and consider other possible alternatives that are less costly and will actually improve traffic.

HART CASH FLOW PROJECTIONS DISCREPANCIES

	FTA Update 12/1/2016 \$ millions	HART Financial Audit	Budget Schedule FY 2018	HART Monthly Progress Rpt \$ millions	<i>Approximate Variances \$ millions</i>
Beginning FY 2016 (7/1/15)	192	293,010,823	n/a	293.0 ¹	101.0
Beginning FY 2017 (7/1/16)	95	94,658,680	n/a	94.7 ²	-
Beginning FY 2018 (7/1/17)	25	n/a	68,559,126	n/a	43.6
Beginning FY 2019 (7/1/18)	25	n/a	324,976,125	n/a	300.0

¹ July 2015 report page 17. (Attached page 7.)

² July 2016 report page 19. (Attached page 8.)

CASH FLOW PROJECTIONS VARIANCES

Fiscal Year 2018

	FTA Update 12/1/2016 \$ millions	Budget Schedule	<i>Approximate Variances \$ millions</i>
Beginning cash	\$ 25	\$ 68,559,126	\$ 43.6
Federal grant	246	294,587,133	48.6
GET	212	256,623,959	44.6
Debt proceeds	653	510,000,000	(143.0)
Total inflows	1,111	1,061,211,092	(49.8)
Total project uses	896	804,794,093	91.2
Debt repayment	215	-	215.0
Total outflows	1,111	804,794,093	306.2
Ending cash	\$ 25	\$ 324,976,125	\$ 300.0

Honolulu Authority for Rapid Transportation
(a component unit of the City and County of Honolulu)

STATEMENTS OF NET POSITION

June 30, 2016 and 2015

	2016	2015
ASSETS		
Current assets:		
Cash & cash equivalents	\$ 94,658,680	\$ 293,010,823
Receivables	167,143,549	133,672,108
Prepaid and Other Assets	15,311,579	19,001,176
Cash Collateral Escrow Deposits Other	27,644,352	8,799,564
Total current assets	304,758,160	454,483,671
Capital assets:		
Equipment and machinery	171,540	171,540
Accumulated depreciation	(120,408)	(102,762)
	51,132	68,778
Land	113,504,869	91,102,437
Construction work in progress	2,146,119,219	1,617,447,432
Capital assets, net	2,259,675,220	1,708,618,647
Total assets	2,564,433,380	2,163,102,318
DEFERRED OUTFLOWS OF RESOURCES		
Total assets and deferred outflows of resources	\$ 3,253,105	2,913,149
	\$ 2,567,686,485	\$ 2,166,015,467
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 186,224,443	\$ 137,921,888
Accrued liabilities	400,211	373,203
Other long-term liabilities	6,826,754	33,455,078
Total current liabilities	193,451,408	171,750,169
Other long-term liabilities - noncurrent	28,066,246	48,757,933
Total liabilities	221,517,654	220,508,102
DEFERRED INFLOWS OF RESOURCES		
Total liabilities and deferred inflows of resources	968,485	1,671,889
	222,486,139	222,179,991
NET POSITION		
Net investment in capital assets	2,259,675,220	1,708,618,647
Unrestricted	85,525,126	235,216,829
Total net position	2,345,200,346	1,943,835,476
Total liabilities, deferred inflows of resources, and net position	\$ 2,567,686,485	\$ 2,166,015,467

The accompanying notes are an integral part of these financial statements.

Grantee: City and County of Honolulu, Hawai'i
DRAFT Update of the Financial Plan for Full Funding Grant Agreement

Table A-1, Capital Plan and Ongoing Capital Cash Flows

Lighter font comments added by Natalie Iwasa.
Dollar amounts listed are in millions.

	Inception thru Feb-2016	FISCAL YEAR																				
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Beginning Cash Balance	\$298	\$192	\$95	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25
Project Funding Sources:																						
G.E.T.	\$4,816	\$61	\$236	\$246	\$257	\$268	\$279	\$291	\$304	\$317	\$330	\$344	\$359	\$366	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Grant	\$1,550	\$54	\$192	\$212	\$254	\$323	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
All Other	\$6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$6,372	\$1,115	\$428	\$458	\$511	\$591	\$279	\$291	\$304	\$317	\$330	\$344	\$359	\$366	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Project Sources	\$6,372	\$1,115	\$428	\$458	\$511	\$591	\$279	\$291	\$304	\$317	\$330	\$344	\$359	\$366	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Uses:																						
Total Project Costs	\$6,165	\$213	\$706	\$875	\$870	\$1,158	\$691	\$773	\$571	\$333	\$116	\$99	\$26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$140)
Debt Service	\$1,337	\$0	\$7	\$20	\$34	\$51	\$74	\$94	\$112	\$125	\$128	\$120	\$112	\$103	\$92	\$79	\$66	\$52	\$38	\$23	\$63	\$8
Total Project Uses	\$9,502	\$1,885	\$713	\$896	\$904	\$1,209	\$765	\$868	\$682	\$458	\$243	\$209	\$137	\$103	\$92	\$79	\$66	\$52	\$38	\$23	\$63	(\$102)
Net Current Change	(\$3,130)	(\$968)	(\$285)	(\$438)	(\$394)	(\$618)	(\$486)	(\$577)	(\$379)	(\$141)	\$87	\$136	\$222	\$163	(\$92)	(\$79)	(\$66)	(\$54)	(\$38)	(\$23)	(\$132)	\$132
Debt Proceeds	\$6,155	\$0	\$215	\$653	\$660	\$892	\$836	\$946	\$777	\$649	\$526	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less Debt Repayment	(\$6,170)	\$0	\$0	(\$215)	(\$267)	(\$274)	(\$250)	(\$370)	(\$398)	(\$508)	(\$429)	(\$204)	(\$251)	(\$228)	(\$337)	(\$350)	(\$303)	(\$377)	(\$406)	(\$421)	(\$421)	(\$421)
Ending Cash Balance	(\$2,847)	\$192	\$95	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25

Note 1

Note 2

This table is rife with footing, i.e., addition, errors of \$1, which equates to \$1 million in each instance.

NOTE 1: Total projected costs from inception through 2034 total \$8,306, which is \$141 more than the "Total" column. HART has therefore included a negative cash flow of \$140 million in year 2035. At best, this is sloppy work. The cash flows up to 2034 should be adjusted so that the total is \$8,165, or the total projected cost should be changed to \$8,306.

NOTE 2: In 2025, projected tax revenues exceed projected expenditures by \$87, yet additional debt proceeds of \$526 is apparently planned, resulting in the highest cash balance over the entire 20 years. Why?

These projections should include the underlying assumptions as well as an explanation as to why debt repayment is \$15 higher than the debt proceeds.

FY 2018-2023 SIX-YEAR UPDATED CASH FLOW

Below is six-year cash flow based on assumed revenue sources, estimated financing costs, and forecasts for future years' capital expenditures.

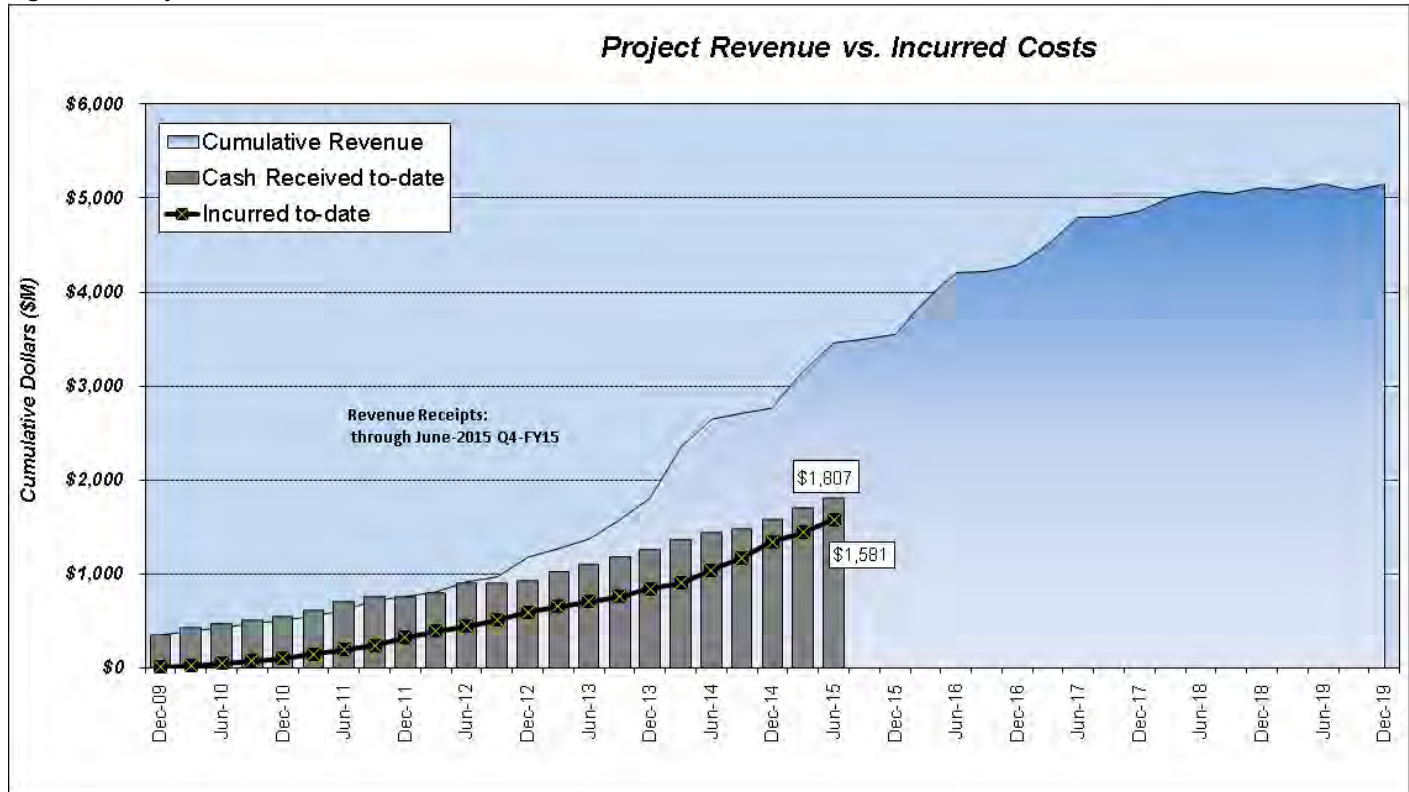
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Six-Year Total
BEGINNING BALANCE	\$ 68,559,126	\$ 324,976,125	\$ 404,658,288	\$ 206,040,573	\$ 308,681,484	\$ 313,070,129	\$ 68,559,126
Revenue & Debt Proceeds							
Revenue							
Federal Grant	294,587,133	229,474,254	213,628,152	2,929,669	-	-	740,619,208
G.E.T.	256,623,959	267,658,790	279,168,119	291,172,347	303,692,758	316,751,546	1,715,067,519
Private/Public	-	-	-	-	-	-	-
Total Revenue	551,211,092	497,133,044	492,796,271	294,102,016	303,692,758	316,751,546	2,455,686,727
Debt Proceeds							
Fixed Rate Bonds	402,302,800	226,602,800	291,862,800	251,702,800	101,102,800	-	1,273,574,000
G.O Bonds:	-	-	-	-	-	-	-
Less Issuance Costs	(2,302,800)	(1,602,800)	(1,862,800)	(1,702,800)	(1,102,800)	-	(8,574,000)
TECP (net) Max \$350 m	110,000,000	63,400,000	(55,800,000)	34,300,000	98,900,000	60,000,000	310,800,000
Variable Bonds	-	-	-	-	-	-	-
Total Debt Proceeds	510,000,000	288,400,000	234,200,000	284,300,000	198,900,000	60,000,000	1,575,800,000
Total Revenue & Debt Proceeds	1,061,211,092	785,533,044	726,996,271	578,402,016	502,592,758	376,751,546	4,031,486,727
Costs							
CIP Type							
Construction	500,759,019	506,074,575	753,111,616	288,844,618	149,774,530	82,345,995	2,280,910,353
Consultants	44,932,240	37,838,212	29,382,733	28,071,532	27,851,817	27,851,817	195,928,351
Contingency	-	-	98	7,955,740	172,127,494	31,600,374	211,683,706
Design	2,609,482	1,059,053	-	-	-	-	3,668,535
Inspection	20,387,315	21,950,961	25,285,309	27,573,371	27,318,236	17,960,329	140,475,521
Operating	12,092,289	11,772,592	11,133,198	11,133,198	11,133,198	11,133,198	68,397,674
Programmatic Agreements	733,874	453,042	-	-	-	-	1,186,916
Project-wide Art	622,830	794,280	794,280	794,280	794,280	794,280	4,594,230
Quality Audits	4,927,451	4,927,451	4,927,451	4,927,451	4,927,451	4,927,451	29,564,707
Recertifications	-	-	-	-	-	-	-
Right of Way	96,993,225	14,516,210	-	-	-	-	111,509,435
Utility Work by Private Utility Owners	84,642,024	68,165,443	60,415,284	63,568,698	58,990,280	27,914,937	363,696,665
Total CIP Costs	768,699,748	667,551,819	885,049,970	432,868,888	452,917,286	204,528,381	3,411,616,093
Operating (less Interest Expense)	24,094,345	25,299,062	26,564,015	27,892,216	29,286,827	30,751,168	163,887,634
Interest Expense	12,000,000	13,000,000	14,000,000	15,000,000	16,000,000	17,000,000	87,000,000
Total Operating Costs	36,094,345	38,299,062	40,564,015	42,892,216	45,286,827	47,751,168	250,887,634
Total CIP & Operating Costs	804,794,093	705,850,881	925,613,986	475,761,104	498,204,113	252,279,549	3,662,503,727
Net Change	256,416,999	79,682,163	(198,617,715)	102,640,911	4,388,645	124,471,997	368,982,999
ENDING BALANCE	\$ 324,976,125	\$ 404,658,288	\$ 206,040,573	\$ 308,681,484	\$ 313,070,129	\$ 437,542,125	\$ 437,542,125
Assumptions:							
1) Revenue & Debt Proceeds from current Cash Flow Annualized PMOC FY 2017							
2) \$6.8B CIP cost flow from Project Controls, Nov 2016							
3) Operating costs assumes 5% annual increase							
4) Interest expense assumes \$1M annual increase							

2.5 Project Revenue and Costs
(data as of June 26, 2015)

Natalie Iwasa Testimony
Page 7 of 8

Ending Cash Balance 6/30/15 = \$293.0M
(previous report = \$327.3M)

Figure 10. Project Revenue versus Incurred Costs



Planned Funding levels as per the June 2012 FFGA Finance Plan
Data date for Revenue & Incurred Cost = June 26, 2015

Figure 11. Cash Balance Summary

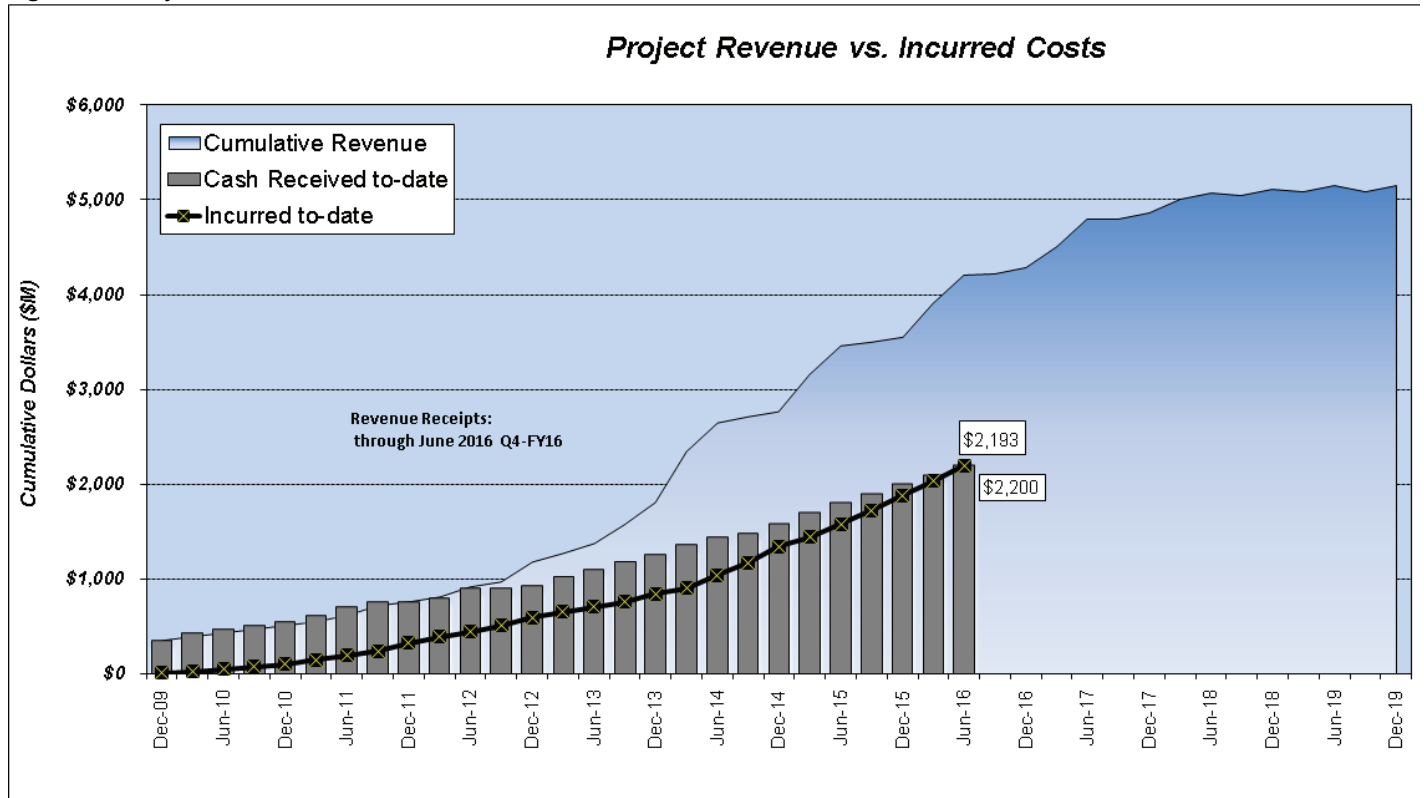
JUNE 30, 2015 CASH BALANCE SUMMARY		
	JUNE	YTD Cumulative
Beginning Cash Balance	327,344,756	441,011,319
Expenditures:		
Operating Expenditures	(1,909,194)	(16,147,106)
Capital Expenditures	(42,790,284)	(508,808,372)
Expenditures Total:	(44,699,478)	(524,955,478)
Receipts:		
GET Surcharge	0	220,793,293
FTA Drawdown	10,276,116	155,546,605
Interest	27,319	239,997
Other (rental, refunds, copy fees, etc.)	62,109	375,088
Receipts Total:	10,365,544	376,954,982
Ending Cash Balance 06/30/15	293,010,823	293,010,823

Note: Project Cost Reports can be found in Appendix C.

2.5 Project Revenue and Costs Natalie Iwasa Testimony
Page 8 of 8
(data as of June 24, 2016)

Ending Cash Balance 6/30/16 = \$94.7M
(previous report = \$123.0M)

Figure 10. Project Revenue versus Incurred Costs



Planned Funding levels as per the June 2012 FFGA Finance Plan
Data date for Revenue & Incurred Cost = June 24, 2016

Figure 11. Cash Balance Summary

JUNE 2016 CASH BALANCE SUMMARY		
	JUNE	FY16 YTD Cumulative
Beginning Cash Balance 06/01/16	123,016,451	293,010,823
Expenditures:		
Operating Expenditures	(2,587,741)	(17,995,780)
Capital Expenditures	(44,135,061)	(568,037,722)
Expenditures Total:	(46,722,801)	(586,033,502)
Receipts:		
GET Surcharge	0	229,344,241
FTA Drawdown	18,240,510	157,579,174
Interest	115,032	376,077
Other (rental, refunds, copy fees, etc.)	9,489	381,867
Receipts Total:	18,365,031	387,681,360
Ending Cash Balance 06/30/16	94,658,681	94,658,681

\$1 higher than audit

Note: Project Cost Reports can be found in Appendix C.



From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 6:34 AM
To: WAM Testimony
Cc: jdefeo@hawaii.rr.com
Subject: Submitted testimony for SB1183 on Feb 27, 2017 13:30PM

SB1183

Submitted on: 2/27/2017
 Testimony for WAM on Feb 27, 2017 13:30PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Jack De Feo	Individual	Oppose	Yes

Comments: This testimony is submitted in opposition to the passage of Senate Bill 1183, SD1 and in support of Senate Bill 1183, SD2. The surcharge applied to the General Excise and Use Tax (GET), effective January 1, 2007 through December 31, 2027, along with \$1.55 billion in federal funds, is sufficient for the development of a rail system on O’ahu. This legislature should reject any bills aimed at extension of the surcharge for rail and advise the city to devise a rescue plan that uses available funding. A surcharge extension in perpetuity, through 2047, or even through 2032 is not necessary for completion of the 20-mile rail plan—if the City and County of Honolulu is ready to apply 21st Century urban magnetic levitation (maglev) rail technology. The lack of vision, built-in inertia, avoidance of competition at the outset of the rail project, mismanagement leading to cost overruns and delays, and inability to foresee problems in advance have resulted in the current opposition to rail by a majority of residents.

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.

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LATE

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 7:03 AM
To: WAM Testimony
Cc: sanseironin@gmail.com
Subject: Submitted testimony for SB1183 on Feb 27, 2017 13:30PM

SB1183

Submitted on: 2/27/2017
Testimony for WAM on Feb 27, 2017 13:30PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Harry Yoshida	Individual	Oppose	No

Comments: Chairwoman Jill Tokuda and committee members: I oppose the increase in the excise tax as proposed in SB1183. The excise tax has always been very regressive and increasing it from 4.7% here on Oahu and 4.5% on the neighbor islands is just going to make things even more difficult for the average working person and many senior citizens. It does seem that those legislators that support this tax increase have no real understanding of how difficult it is becoming for the average person to live here with the ever increasing fee and taxes, of all kinds. As the Chairwoman of the Ways and Means Committee, I ask that you not support the passage of this bill. Thank you.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 9:28 AM
To: WAM Testimony
Cc: tsakamoto1@honolulu.gov
Subject: *Submitted testimony for SB1183 on Feb 27, 2017 13:30PM*

SB1183

Submitted on: 2/27/2017
Testimony for WAM on Feb 27, 2017 13:30PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Councilmember Brandon Elefante	Individual	Support	No

Comments:

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Katherine T. Kupukaa
Mililani, Hawaii

LATE

COMMITTEE ON WAYS AND MEANS
Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair

DATE: Monday, February 27, 2017
TIME: 1:30 pm.
PLACE: Conference Room 211
State Capitol
415 South Beretania Street

RE: OPPOSE SB 1183, SD1 RELATING TO TAXATION

I oppose this bill as you were elected to office to serve the people of State of Hawaii in their best interests. This bill is counter to that. If you will remember that in 2015, the mayor of the City and County of Honolulu begged and pleaded with you to extend the surcharge for 5 years and that will be sufficient. He also stated he will not return and beg for more money. This bill authorizes to extend this surcharge in perpetuity. This totally unacceptable. I find it appalling that you would consider passing this bill.

This Rail project is failed project and it is shameful that it was allowed to begin construction. It will not serve the citizens, it will not reduce congestion, it will not get the ridership, and in the end the burden of this tax will be in the pocketbooks of generations to come.

The first leg of this Rail was scheduled to be operation in 2012. It is 2017 and yet to be constructed is the first rail station. Are you assured as to when the first leg of this rail will be in operation.

Last October I went to Okinawa and rode the rail in Naha City. This Yui Rail was completed 3 months ahead of schedule in 2003. What a concept! Since 2003 many of leaders in our State have visited Okinawa, like our Governor David Ige. Have you heard any of them talk about the successful Yui Rail? I rode the rail 6 times, rode on local city buses, tour buses, taxis, and ferry. Okinawa truly has a multi-model transportation system. I don't foresee this occurring here.

I plan to go back to Okinawa in October 2021 having met relatives that I didn't know existed. Do you see the first leg of Honolulu's Rail to be in operation by then? It will only be 9 years in delay.

I urge you not to pass this bill and think about the citizens of the City and County of Honolulu and the future generations to come. Thank you for allowing me to voice my concern.

Senate Committee on Ways and Means

Senator Jill N. Tokuda, Chair

Senator Donovan M. Dela Cruz, Vice Chair

February 27, 2017

1:30 p.m.

Conference Room 211

LATE

Re: SB1183 Proposed SD2, Relating to Taxation

Chairs, Vice Chairs, and Committee Members,

I am writing in **STRONG SUPPORT** of SB1183 Proposed SD2.

As a young professional and resident, I understand that rail and transit oriented development (“TOD”) is critical in my generation’s ability to continue to afford to live in Hawai‘i. I grew up in Pearl City, was fortunate to have the opportunity to attend college in Portland, Oregon before moving to Washington, D.C. to work. Portland and Washington, D.C. both have great public transportation options, including rail, which I utilized while living there. I particularly like Portland’s Free Rail Zone, which is a region of downtown Portland in which light rail and streetcar rides are free. I recently chose to move my family to Kaka‘ako as we can see the opportunities for new communities that are being created around rail stations. However, I strongly support SB1183 Proposed SD2, because it is a mechanism to ensure there is sufficient funding complete the full 20-mile, 21-station rail project as planned. This will allow residents another option to travel to Honolulu from the Ewa plains.

To say that “I won’t ride it, so I shouldn’t have to pay for it” is failing to understand how communities impact one another and are inherently interconnected. We built new development in Kapolei and West O‘ahu so that East O‘ahu and North Shore can continue to have our current quality of life without major developments. It is in O‘ahu’s General Plan for planned growth in West O‘ahu and I support the rail and growth in such areas, including Kaka‘ako, to preserve our rural areas in the North Shore and the Windward side.

While all projects have cost components, the GET surcharge has already been integrated into the business and consumer budgets and would have the least impact of the funding options currently being discussed. Rail and TOD is a critical piece of the picture to help make Hawai‘i a place that young people can afford to raise their families.

But building the homes without reasonable transit is like building the homes and no roads. Families deserve to be able to work and live in a way that doesn’t take 2 hours to drive 20 miles. Therefore, I humbly ask the Committee to PASS SB1183 Proposed SD2. Mahalo for the opportunity to provide testimony on this important measure.

Mahalo,
Jonathan Ching
Kaka‘ako, Honolulu

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 12:34 PM
To: WAM Testimony
Cc: kdesigns@flex.com
Subject: Submitted testimony for SB1183 on Feb 27, 2017 13:30PM

SB1183

Submitted on: 2/27/2017
Testimony for WAM on Feb 27, 2017 13:30PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Lee Stack	Individual	Oppose	No

Comments: Please do not pass legislation that aims to establish something "in perpetuity" as we can never be sure of future circumstances. 6.5 billion should have been enough to build a 20 mile rail system. If it is not, then scale the project back (fewer stations or other cost saving measures) to work within the projected budget. Plan B will still result in a rail system for Honolulu. Also, please consider a light rail system for the downtown area. The need for fixed elevated stations would be eliminated (how much do those cost btw?), there would be greater flexibility (stops could be moved or added to as is done with the bus) and better accessibility (simply walk on and off - like boarding a bus). One of the first rules of triage is to assess the damage and stop the bleeding - not to start blood infusions. Hold HART accountable for its budgeting and projections. Build it as was promised: on time and within budget.

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.

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