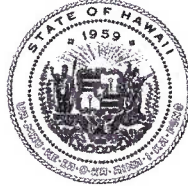


SB 1183 (PROPOSED SD 1)

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.

DAVID Y. IGE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 15, 2017
1:15 p.m.
State Capitol, Room 225

**S.B. 1183, Proposed S.D.1
RELATING TO TAXATION**

Senate Committees on Transportation and Energy &
Public Safety, Intergovernmental and Military Affairs

The Department of Transportation (DOT) **supports** S.B. 1183 which proposes to authorize counties to establish a surcharge on state tax. The bill also provides that ten per cent of the gross proceeds shall be deducted by the State and an unspecified per cent of the amounts retained shall be used by the DOT for transit oriented development and infrastructure improvement purposes.

The DOT recommends the following revisions be made to Section 11 of the bill.

SECTION 11. Section 248-2.6, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) If adopted by county ordinance, all county surcharges on state tax collected by the director of taxation shall be paid into the state treasury quarterly, within ten working days after collection, and shall be placed by the director of finance in special accounts. Out of the revenues generated by county surcharges on state tax paid into each respective state treasury special account, the director of finance shall deduct ten per cent of the gross proceeds of a respective county's surcharge on state tax [~~to reimburse the State for the costs of assessment, collection, and disposition of the county surcharge on state tax incurred by the State. Amounts~~]; provided that per cent of the amounts retained shall be [general fund realizations of the State.] used by the department of transportation for transit oriented development, and infrastructure improvement purposes, multimodal infrastructure related to transit and costs associated with the administration of the federally required State Safety Oversight program for rail transit."

DOT has no comments on the other portions of the bill.

Thank you for the opportunity to provide testimony.

Testimony by:

FORD N. FUCHIGAMI
DIRECTOR

Deputy Directors
JADE T. BUTAY
ROSS M. HIGASHI
EDWIN H. SNIFFEN
DARRELL T. YOUNG

IN REPLY REFER TO:



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



David Y. Ige
Governor

John Whalen
Chairperson

Jesse K. Souki
Executive Director

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96813

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STATEMENT OF

JESSE K. SOUKI, EXECUTIVE DIRECTOR
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE
SENATE COMMITTEES ON TRANSPORTATION AND ENERGY; AND
PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS

Wednesday, February 15, 2017
1:15 P.M.
State Capitol, Conference Room 225

in consideration of

SB 1183, SD1 – RELATING TO TAXATION

Chairs Inouye and Nishihara, Vice Chairs Dela Cruz and Wakai, and members of the committee.

This testimony reflects my view alone. The Hawaii Community Development Authority (HCDA) has not reviewed or acted on this measure.

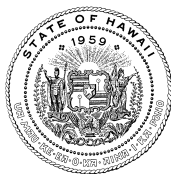
In my capacity as the HCDA Executive Director I respectfully offer **comments** on this SB 1183, SD1.

The HCDA supports the transfer of certain roadway parcels to the City and County of Honolulu as listed in section 13 of the bill. These are the same parcels that are listed in SCR 29, which is part of the Governor's package of bills.

HCDA defers to the affected agencies on all other portions of the bill

Thank you for the opportunity to provide **comments** on SB1183, SD1.

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON TRANSPORTATION AND ENERGY AND
PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS
ON
SENATE BILL NO. 1183, PROPOSED S.D. 1

February 15, 2017
1:15 p.m.
Room 225

RELATING TO TAXATION

Senate Bill (S.B.) No. 1183, Proposed S.D. 1, does the following:

Part I:

- Extends in perpetuity, the half percent county surcharge on State tax for the City and County of Honolulu's (C&CH) rail project;
- Authorizes the Neighbor Island counties to establish a county surcharge in the future with no specified adoption date limit;
- Provides for an unspecified State deduction (rather than ten percent) from the gross proceeds of a respective county; and
- Provides for monthly (rather than quarterly) transfers of county surcharge collections to the counties.

Part II:

- Establishes an income tax credit for low-income taxpayers effective January 1, 2017;
- Makes permanent the half percent county surcharge on State tax for the C&CH;

- Authorizes the Neighbor Island counties to establish an one half (rather than up to one half percent) percent surcharge on State tax by July 1, 2018;
- 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; and
- Allocates unspecified percentages of county surcharge collections (rather than the amounts actually collected in a county) to the respective counties, provided that if a county does not adopt a surcharge, the surcharge collections are to be allocated to the counties adopting the surcharge according to the unspecified percentages.

Part III:

- Authorizes the C&CH to extend the surcharge to December 31, 2032;
- Authorizes Neighbor Island counties to establish a surcharge from January 1, 2018 to December 31, 2032;
- Provides that an unspecified percent of the ten percent State deduction from the gross proceeds of a respective county is to be used by the Department of Transportation (DOT) for transit-oriented development and infrastructure improvement purposes;
- Provides that the Hawaii Community Development Authority transfer specified parcels of land to the C&CH by December 31, 2027; and
- Provides that the C&CH must meet specified requirements by December 31, 2027.

Part IV:

- Increases the general excise and use tax from four percent to four and one half percent from January 1, 2019;

- Provides that, between January 1, 2019 and an unspecified date, an unspecified amount of the additional revenues be transferred to the C&CH if the C&CH matches one half of the transferred funds, restricts use of the transferred funds to rail construction and reports to the Legislature annually on revenues and expenditures;
- Provides that, between January 1, 2019 and an unspecified date, an unspecified amount of the additional revenues be used by the State for education, DOT, affordable housing, and elderly programs and services purposes;
- Provides that, from an unspecified date, one hundred percent of the additional revenues be used by the State for education, DOT, affordable housing, and elderly programs and services purposes; and
- Repeals the C&CH's surcharge on January 1, 2019.

Part V:

- Makes the bill effective on July 1, 2050;
- Provides that Part I shall take effect on July 1, 2017;
- Provides further that Section 4 (the low-income tax credit) in Part II shall apply to taxable years beginning after December 31, 2016;
- Provides further that if the requirements of Sections 13, 14, and 15 in Part III are met as of December 31, 2027, then Part I of the bill be repealed;
- Provides further that if the requirements of Sections 13, 14, and 15 in Part III are not met as of December 31, 2027, then Parts I and III of the bill be repealed on January 1, 2028; and
- Provides further that Sections 17 to 20, 22, and 23 in Part IV shall apply to taxable years beginning after December 31, 2018.

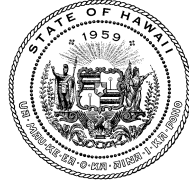
The Department of Budget and Finance strongly believes additional information is needed before the Legislature extends the half percent surcharge for the C&CH. Should this measure proceed for further consideration by the Committee on Ways and Means, our Department is willing to assist the Committee in developing a list of relevant data points that should be requested from the Honolulu Authority for Rapid Transportation and C&C Administration as part of further deliberations on this matter.

With respect to the Proposed S.D. 1, we recommend that focus be placed on Part I of the proposed draft. Parts II, III and IV appear to provide for a general one-half percent increase in the general excise tax as well as an extension of the one-half percent surcharge on State tax. If this were the case, the Administration would be strongly opposed to such an increase.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

To: The Honorable Lorraine R. Inouye, Chair
and Members of the Senate Committee on Transportation and Energy

The Honorable Clarence K. Nishihara, Chair
and Members of the Senate Committee on Public Safety, Intergovernmental, and
Military Affairs

Date: Monday, February 15, 2017
Time: 1:15 P.M.
Place: Conference Room 225, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: S.B. 1183, Proposed S.D. 1, Relating to Taxation

The Department of Taxation (Department) appreciates the intent of S.B. 1183, Proposed S.D. 1, and provides the following comments for your consideration.

S.B. 1183, Proposed S.D. 1, contains various provisions on county surcharge on all gross proceeds and gross income taxable under chapter 237, Hawaii Revised Statutes (HRS), General Excise Tax (GET), and chapter 238, HRS, Use Tax; GET and Use Tax rate increases; and an income tax provision as discussed below. The bill has a defective date of July 1, 2050.

Authority to extend or adopt County Surcharge Tax

First, Sections 1, 5, and 10 of this bill amend section 46-16.8, HRS. It seems that the intent of Sections 1, 5, and 10 of this bill is to: (1) extend *or* delete the sunset date of the City and County of Honolulu surcharge tax by ordinance; and (2) authorize the other counties to establish a surcharge tax by ordinance at the same rate of 0.5% of all gross proceeds and gross income taxable under GET and Use Tax laws, to fund public transportation systems in their respective counties.

The Department, however, notes that there are conflicts between the amendments made in Sections 1, 5, and 10 of this bill:

- Section 1 of this bill amends subsections (b) and (c) of section 46-16.8, HRS, to: (1) authorize the City and County of Honolulu to extend the surcharge tax beyond January 1, 2028 by ordinance; and (2) authorize each county that has not established a surcharge tax

prior to July 1, 2017, to establish a surcharge on state tax at a rate equal to 0.5%, as specified in Sections 6 and 7 of this bill.

- Section 1 authorizes the counties that did not adopt a surcharge by July 1, 2017 to establish a surcharge.
- Section 5 amends section 46-16.8 (a), (b), (c), (d), (e), (f), and (g), HRS, to allow each county to establish a surcharge tax by July 1, 2018, at a rate equal to 0.5%.
- Section 5 also provides that a county electing to adopt the surcharge tax is required to notify the Department within ten days after its adoption of the surcharge tax. For any ordinance that is adopted after July 1, 2017, no surcharge shall be collected prior to January 1 of the year succeeding the adoption of the authorizing ordinance.
- Section 10 amends subsections (b) and (c) of section 46-16.8, HRS, to: (1) authorize the City and County of Honolulu to extend the sunset date of the surcharge tax from January 1, 2028 to December 31, 2032 by ordinance; and (2) authorize each county that has not established a surcharge tax prior to July 1, 2017, to establish a surcharge equal to 0.5% to fund public transportation systems in their respective counties by ordinance.
- Section 10 provides that a county electing to adopt the surcharge tax is required to notify the Department within ten days after its adoption of the surcharge tax. The Department is required to collect the surcharge tax beginning on January 1, 2018, but not after December 31, 2032.

If the Committee wishes to advance this bill, the Department suggests that the Committee combine Sections 1, 5, and 10 of this bill and addresses the conflicting proposals.

Second, in order for the Department to administer a county surcharge for the rest of the counties, the Department strongly recommends that all counties be required to adopt the same tax rate. As the Department has noted in the past, different tax rates increase administrative and enforcement issues, and may cause taxpayers to improperly source their income to counties with lower tax rates. If each county adopts its surcharge at the same tax rate, there will be no incentive for a taxpayer to improperly source its income and ensure that each county receives the proper amount of revenue.

Finally, due to the substantial number of changes that must be done to the forms, instructions and computer system, the Department requests that the effective date for implementation of the surcharge for other counties be no earlier than January 1, 2019.

Disposition of the County Surcharge Tax Revenues

Sections 2, 8, and 11 of this bill amend section 248-2.6, HRS. It seems that the intent of these sections is to: (1) change the frequency of payment to the county; and (2) change the percentage deducted from county surcharge revenues to reimburse the State for costs of assessment, collection, and disposition of the surcharge tax. As currently drafted, these amendments conflict. The Department suggests combining these sections to eliminate any ambiguity.

Lastly, the Department collects and reports the county surcharge amounts to the Department of Budget and Finance and Department of Accounting and General Services each month. The Department defers to these agencies regarding the requirement to increase the frequency of the payments and reduction in the county surcharge revenues for the State.

Act 247, Session Laws of Hawaii 2005 (Act 247)

Sections 3, 9, 12, and 24 amends Act 247 by either deleting the sunset date of December 31, 2027, or extending the sunset date from December 31, 2027 to December 31, 2032. If the Committee wishes to advance this bill, the Department suggests that the Committee combine Sections 3, 9, 12, and 24 into one section addressing the sunset date of Act 247.

Low-Income Tax Credit

Section 4 of this bill amends chapter 235, HRS, to create a new low-income tax credit per taxpayer to reduce the State income tax liability for low-income taxpayers. The credit for *each taxpayer* is determined after completing the income tax calculations as specified below:

Federal Adjusted Gross Income (AGI):	A Credit that Reduces the Taxpayer's Income Tax Liability by:
Federal AGI below the federal poverty guidelines	___%
Federal AGI at least 100% but not more than 125% of the federal poverty guidelines	___%
Federal AGI above 125% the federal poverty guidelines	___%

The bill defines the "federal poverty guidelines" as the guidelines set forth by the United States Department of Health and Human Services (USDHS) each year for Hawaii.

First, the Department notes the federal poverty guidelines vary by the number of persons in a family or households. If the intent of the bill is to provide the credit to taxpayers based on federal poverty guidelines based on family size, this should be clarified; qualification for the credit can be based on the number of personal exemptions claimed on the tax return. For example, if joint taxpayers have three dependents (total of 5 personal exemptions), those taxpayers' income should be compared to the federal poverty guidelines for a household of 5 in Hawaii.

Second, the Department suggests adding a provision that married taxpayers who file separately need to combine their two incomes in order to determine qualification for the credit. This requirement will simplify the administration of the credit and is similar to the low-income renter's credit.

Third, the USDHS generally publishes preliminary and final poverty guidelines each

year. The Department suggests specifying that the federal poverty guidelines published by the USDHS by January 31 of each year, will be applied to determine qualification for the credit.

Finally, due to the substantial number of changes that must be done to the forms, instructions and the computer system, the Department requests that the effective date for implementation of the credit be for taxable years beginning after December 31, 2017.

Increase in GET and Use Tax Rates

Part IV of this bill increases the GET and Use Tax rates from 4% to 4.5% for the purpose of: (1) transferring an unspecified portion of the increase to a county that has already adopted a county surcharge on state tax; and (2) support the State's education, transportation, affordable housing, and elderly care needs.

Section 21 of this bill directs the additional revenues generated by the increase in GET and Use Tax pursuant to this bill be deposited into a special account in the general fund beginning January 1, 2019. The Department notes that it is unable to determine the additional revenues collected due to the increase in the GET and Use Tax. This is because any change in revenue is not solely caused by a change in rate. If the intent of the bill is to allocate 11.1% (0.5% divided by the new rate of 4.5%) of the total GET and Use Tax collected from the gross proceeds or gross income subject to the new 4.5% rate, the Department suggests amending Section 21 as such.

Finally, due to the substantial number of changes that must be done to the forms, instructions and computer system, the Department requests that the effective date for implementation of the GET and Use Tax rate increase be for tax periods beginning January 1, 2019.

Thank you for the opportunity to provide comments.



Randy Perreira
President

HAWAII STATE AFL-CIO

345 Queen Street, Suite 500 • Honolulu, Hawaii 96813

Telephone: (808) 597-1441
Fax: (808) 593-2149

The Twenty-Ninth Legislature, State of Hawaii
Hawaii State Senate
Committee on Transportation and Energy
&
Committee on Public Safety, Intergovernmental and Military Affairs

Testimony by
Hawaii State AFL-CIO
February 15, 2017

S.B. 1183 – RELATING TO TAXATION

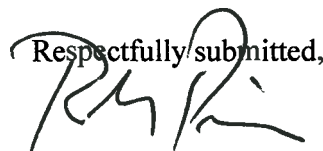
The Hawaii State AFL-CIO strongly supports S.B. 1183 which extends each county's authority to establish and collect a surcharge on state general excise and use taxes and requires a county's share of the county surcharge on state tax to be paid to the county on a monthly basis and deletes the repeal date for Act 247, Session Laws of Hawaii 2005, authorizing counties to levy a surcharge to fund public transportation systems.

Traffic on Oahu is continually getting worse. Each year, there are thousands of new vehicles on the road creating additional gridlock, increased frustration, and more time spent in a vehicle instead of at home with loved ones. Increasingly, commuters from West Oahu face the daunting reality that traveling to Honolulu or back to West Oahu can take upwards of three to four hours round-trip and on a bad day it could be considerably worse. Rail will help alleviate the daily traffic nightmare that so many commuters face and improve the quality of life for many.

Further, Oahu voters in 2008 approved the Honolulu Rail Transit Project and were promised a rail system that would be operational no later than 2020. In addition, the U.S. Department of Transportation signed a \$1.55 billion federal funding agreement to help build the 20-mile rail project. Unfortunately, lawsuits and other complications caused significant delays resulting in a number of unexpected costs. As a result, the rail project has gone over budget. Without extending or making permanent the half-percent increase to the general excise tax, the HART will not be able to complete the 20-mile planned route and Oahu taxpayers will be on the hook of paying back the federal government the \$1.55 billion they provided. In addition, a shortened rail line may not have as great of an impact reducing traffic.

Consequently, the Hawaii State AFL-CIO strongly urges the passage of S.B. 1183 to ensure rail is built as planned.

Thank you for the opportunity to testify.

Respectfully submitted,


Randy Perreira
President

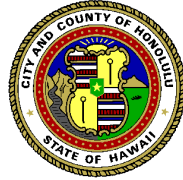
**OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU**

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

WEDNESDAY, FEBRUARY 15, 2017; 1:15 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 SB1183 SD1 PROPOSED RELATING TO TAXATION.

The City and County of Honolulu appreciates the intent of SB1183, SD1 Proposed, which extends the county surcharge on the general excise tax (GET) in perpetuity. Allowing the surcharge to be extended into perpetuity ensures that the City will have sufficient funds to cover construction and financing costs of the rail project and ensure that we can build the full twenty-mile guideway with all twenty one rail stations.

Oahu needs rail as a traffic alternative 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.

The Honolulu Authority for Rapid Transportation estimates that the total construction costs are \$8,200,000,000, exclusive of the financing costs. Extending the county surcharge on the GET is the best option to cover these costs because it is already in place and tourists and non-residents pay nearly thirty percent of the GET.

The City is examining the impacts of the remaining provisions in this measure and is open to having a discussion on these issues. Thank you for your consideration of these comments.

COUNTY COUNCIL

Mel Rapozo, Chair
Ross Kagawa, Vice Chair
Arthur Brun
Mason K. Chock
Arryl Kaneshiro
Derek S.K. Kawakami
JoAnn A. Yukimura



OFFICE OF THE COUNTY CLERK

Jade K. Fountain-Tanigawa, County Clerk
Scott K. Sato, Deputy County Clerk

Telephone: (808) 241-4188
Facsimile: (808) 241-6349
E-mail: cokcouncil@kauai.gov

Council Services Division
4396 Rice Street, Suite 209
Lihu'e, Kaua'i, Hawai'i 96766

February 14, 2017

**TESTIMONY OF JOANN A. YUKIMURA
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON**

SB 1183, RELATING TO TAXATION

Senate Committee on Transportation and Energy and Senate Committee on Public
Safety, Intergovernmental, and Public Affairs

Wednesday, February 15, 2017

1:15 p.m.

Conference Room 225

Dear Chair Inouye, Chair Nishihara and Members of the Committees:

Thank you for this opportunity to submit testimony on one of the most pressing issues affecting Kaua'i's future: a proposed ½ percent excise tax surcharge for public transportation.

While I bring the focus and expertise on transportation as chair of the Council Committee on Public Safety and Transportation, I am testifying as an individual Councilmember, and the opinions expressed here are mine alone.

I write in support of a ½ percent excise tax surcharge authorization to be exercised at the option of each neighbor island county and to be used for public transportation capital and operating costs in perpetuity, with public transportation defined to include public transit, roads, bikeways and multi-use paths, pedestrian ways and ADA improvements related thereto.

With all due respect and for the reasons articulated below, I oppose a portion of the revenues going to the State Department of Transportation.

A "Thank You" and an Apology

First, I'd like to thank you for re-authorizing the excise tax surcharge for neighbor island counties in 2015. Without that re-authorization, we would have had no possibility for funding the expansion of the Kaua'i Bus outlined in the "Kauai Multimodal Land Transportation Plan" ("Multimodal Plan" or "Plan"). To my utter chagrin, Kaua'i County last year, by one vote, failed to approve the bill establishing an excise tax surcharge on Kaua'i. I am sorry that we failed to do our part. However, we cannot give up.

The Vision

Implementation of the Multimodal Plan is one of the keys to a good future on Kaua'i. (See Figures 1.0 and 1.1 in Attachment) If we successfully implement the Plan, we won't have to pave over our island with asphalt, we will retain our rural character, and our economy will flourish because passengers and goods will move smoothly throughout the island and visitors will keep coming back to a beautiful island where it is easy to get around. The Multimodal Plan will also move us toward a more sustainable land transportation system, lowering the consumption of fossil fuels and reducing greenhouse gases. (See Fig. 1.2 in Attachment) To achieve this, the Plan, among other things, calls for a 1000% increase in weekday transit ridership over the next 20 years. This will require major inputs of capital and operating revenues.

What I Support

I support the basic concept of an excise tax surcharge in perpetuity for public transportation.

I would prefer that "public transportation" be defined as transit only, as with the City and County of Honolulu, and that spending be limited to transit. Many cities have recognized the urgency of establishing transit as a viable user-friendly option in order to move from a car dominated land transportation system to a more multimodal one. They've also recognized the environmental, economic and health benefits that come with the multimodal approach as compared to the impacts of simply building or widening roads. They have also considered that the excise tax is regressive and disproportionately hurts those who have fewer resources (see Fig. 1.4 in the Attachment).

It seems eminently unfair and unjust to use a regressive tax to fix damage caused by road users who can pay through user fees such as fuel and vehicle weight taxes. On the other hand, the beauty of an excise tax surcharge earmarked for transit lies in the fact that expanding transit helps those most burdened by the regressive tax. Families can save much money using transit.

For example, a county worker who commutes by car daily from Waimea to Lihue several years ago paid a monthly gas bill of \$350. Today, this county worker commutes by bus at a monthly cost of \$35 (he buys an annual pass for \$400). He thereby saves \$3,800 per year—"just as good as a pay raise!" he says.

While I prefer an excise tax surcharge earmarked for transit, I acknowledge that not all my colleagues on the Council agree; the flexibility to use the excise tax revenues for public transportation broadly defined to include roads, bike and pedestrian facilities is important in order to get the votes and establish the tax.

What I Oppose

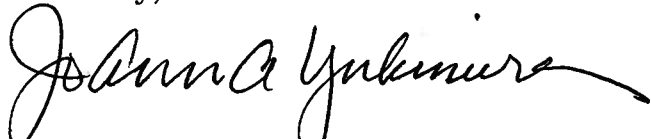
With all due respect and for the following reasons, I oppose general excise tax moneys being set aside for the State Department of Transportation, presumably for the development and maintenance of State highways:

1. It is poor policy when the jurisdiction levying the tax is not the jurisdiction spending the money. There is no alignment of accountability. The DOT does not report to the county mayor or council; yet the county will levy the tax for the DOT.
2. Under the proposed arrangement, neither the County nor the DOT would obtain sufficient monies to address our respective problems.
3. It is poor tax policy to use a regressive tax paid by road users and non-road users to support road repair, when the damage is caused by road users. This means that non-road users will be subsidizing road users who aren't paying their fair share. A Low Income Tax Credit for low income households is a good thing, but it will not offset the regressive impacts of the surcharge because those impacts affect more than just low income people. (See Fig. 1.4)
4. It is especially egregious that the heavy commercial trucks that cause the most road damage (see Fig. 1.3) would be pushing their cost of doing business on to the poor and those with fewer resources. This is widening the gap between the rich and the poor and is unjust.
5. When you price a service below actual cost there is more likely to be overuse and waste.

In summary, thank you for extending the possibility of an excise tax surcharge to neighbor island counties for public transportation. Please do not allow allocation of any of those revenues to the Department of Transportation. That would establish a long term framework that is not well structured. A better plan and source of revenue is necessary to put the DOT on firm ground for the future.

I deeply regret that I am unable to appear in person today; Wednesdays are Council Meeting days on Kaua'i, and the agenda contains important items I could not miss. Should you have any questions, please feel free to contact me at 808-652-3988 or Council Services Staff at (808) 241-4188.

Sincerely,



JOANN A. YUKIMURA
Councilmember, Kaua'i County Council

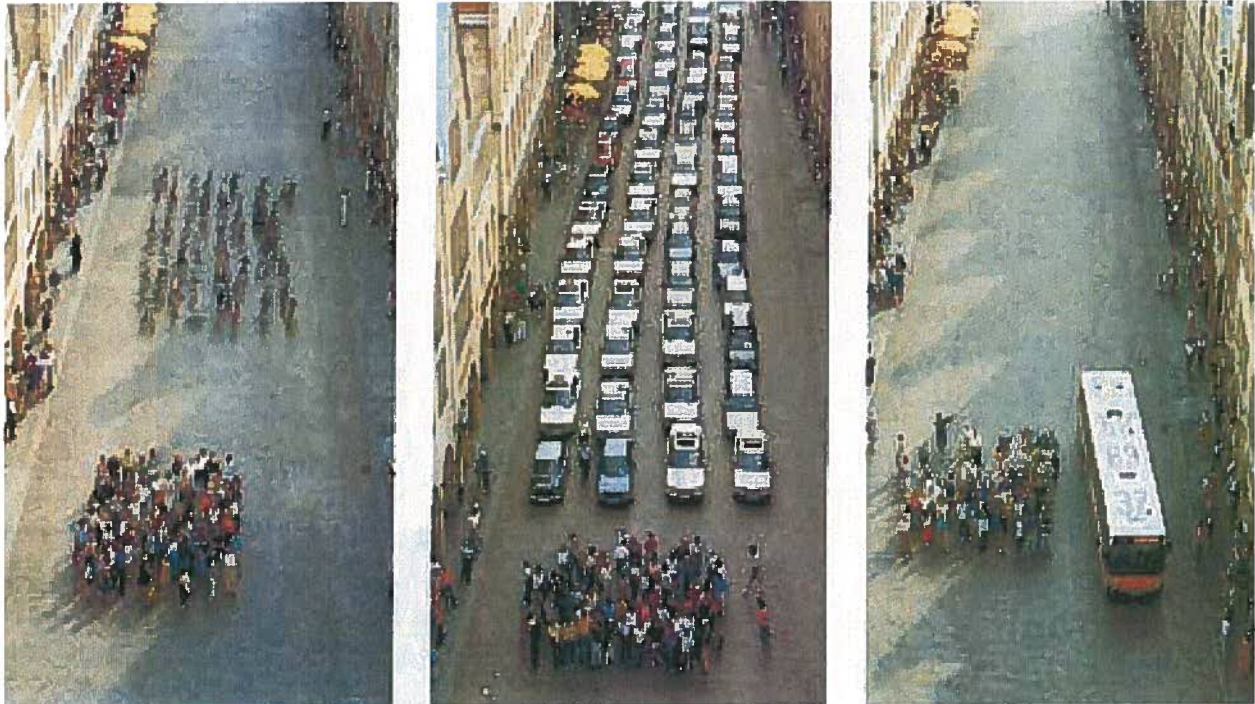
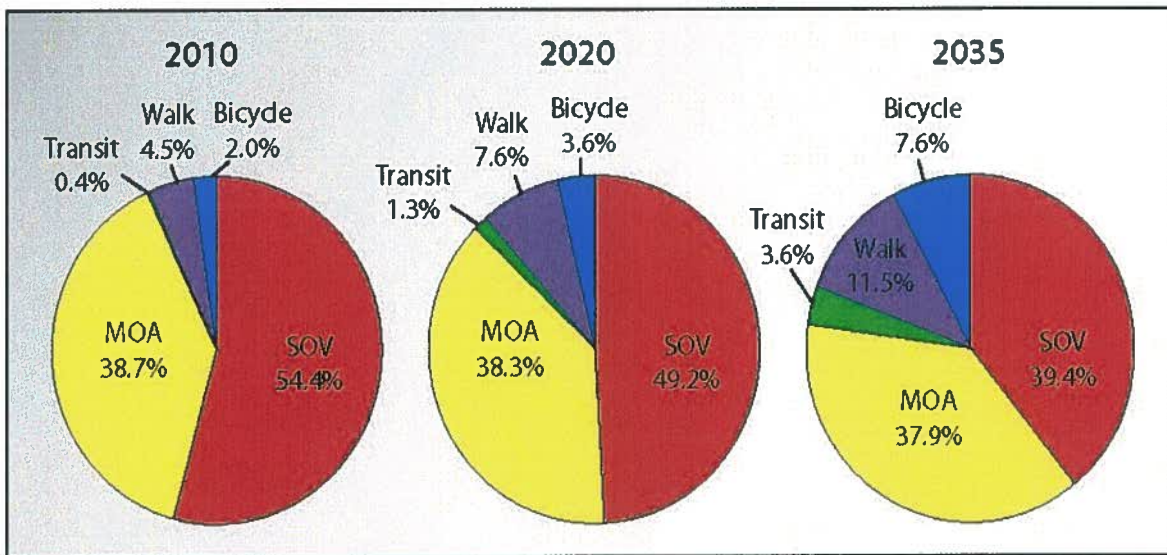


Fig. 1.0 Example of road space savings and increased road capacity through a multimodal approach

Preferred Mode Share - All Trips



* SOV = Single-Occupant Vehicle, MOA = Multiple-Occupant Auto

Fig 1.1 The “Preferred Mode Share” chart from the Kaua’i Multimodal Land Transportation shows the mode shift goals in the Kaua’i Multimodal Land Transportation Plan.

Indicator	2010 Level	Difference between 2010 and 2035	
		Baseline	Preferred
Annual VMT (Vehicle Miles Traveled)	771.5 million	↑ 19%	0%
Annual VMT per Capita	9,496	↓ 3%	↓ 18%
Annual Gallons of Motor Fuel Consumed	29.7 million	↓ 13%	↓ 27%
Annual Gallons of Motor Fuel Consumption per Capita	365	↓ 29%	↓ 40%
Annual GHG Emissions from Ground Transport (kg)	274 million	↓ 13%	↓ 27%
SOV* Mode Share	54.4%	0%	↓ 28%
MOA* Mode Share	38.7%	0%	↓ 2%
Transit Mode Share	0.4%	↑ 32%	↑ 839%
Walk Mode Share	4.5%	0%	↑ 156%
Bike Mode Share	2.0%	0%	↑ 274%
Fatalities from Motor Vehicle Collisions per 100 Million VMT	1.30	0%	↓ 15%
Weekday Transit Ridership	1,641	↑ 71%	↑ 1,002%
% of Adults Meeting the Minimum Levels of Physical Activity**	57%	0%	↑ 32%
Average Annual Household Transportation Costs	\$ 14,860	↑ 15%	↓ 6%

*SOV - Single Occupant Vehicle, MOA - Multiple Occupant Auto

**The CDC recommends adults get 30 minutes of moderate exercise 5 days a week to maintain a healthy lifestyle

Fig 1.2 The Indicator Chart above shows the projected impact that the preferred scenario of mode shift in the Kauai Multimodal Land Transportation Plan will have on various measures of environmental and human well-being.

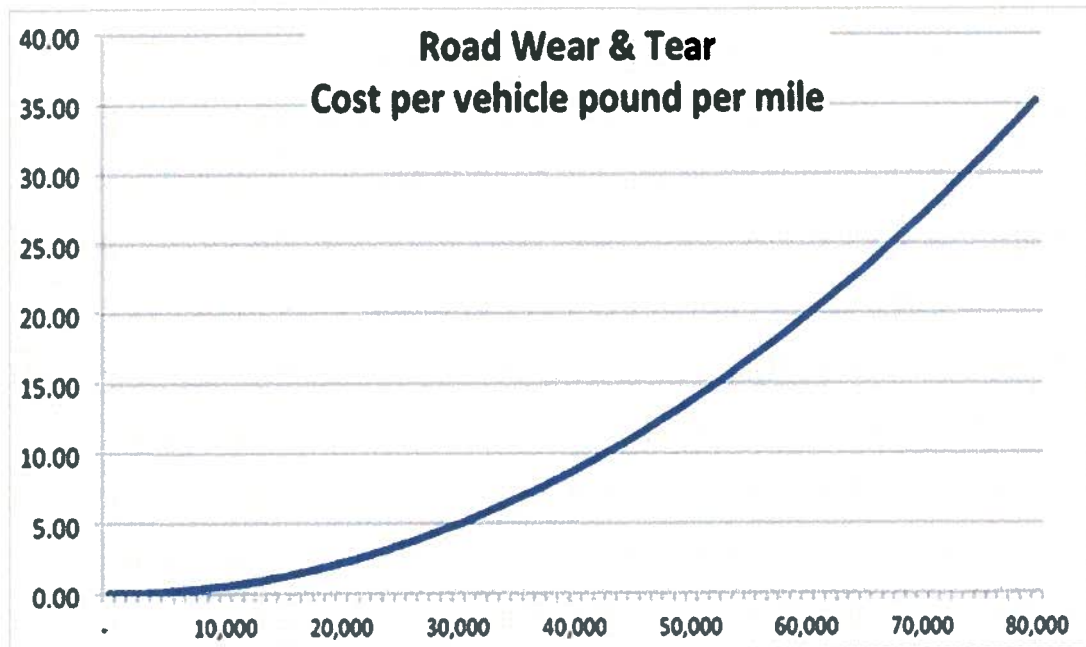


Fig 1.3 Shows the exponential impact heavier vehicles have. From "Yes Bicycle Riders Should Pay Their Fair Share" by Walker Angell in Bicycling, October 24, 2016, Streets mn.

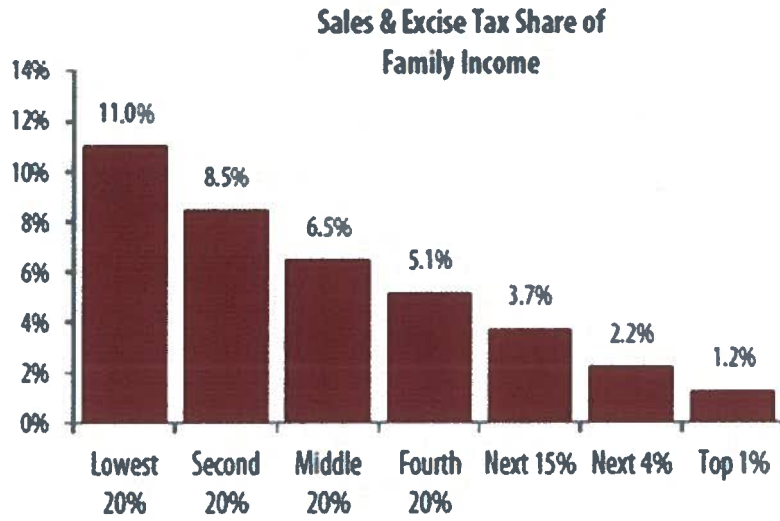
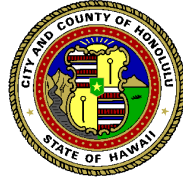


Fig 1.4

(Source: The Institute on Taxation and Economic Policy (ITEP),
 "State & Local Taxes in 2015" Report)

**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 TRANSPORTATION & ENERGY AND PUBLIC
SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS**

WEDNESDAY, FEBRUARY 15, 2017, 1:15 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 AFFAIRS AND MILITARY AFFAIRS**

**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 SD1 RELATING TO TAXATION

My name is Ron Menor and I am here to testify 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.

We appreciate the willingness of the members of the respective Senate subject matter committees to keep this important measure alive for further consideration. However, we do have several major concerns

As we stated in our testimony on the original version of SB1183, the Council supports the permanent extension of the current County excise tax surcharge. It is the most straightforward and effective way of ensuring adequate funding to complete 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).

We acknowledge that the State has other concerns and priorities, including the need for more highway and freeway improvements. We are open to the provisions of the Senate Draft 1 that would allow the State to retain a portion of surcharge proceeds for State programs and services. However, if the Legislature approves retention of too high a percentage of surcharge proceeds, the stream of revenues may not be sufficient to cover the total capital costs, including payment of debt service, over the entire duration of the project until its completion. We would ask the legislature to carefully consider this issue in determining the appropriate amount of revenue to retain.

Moreover, we would like to clarify that if the Legislature chooses to adopt this approach, our position is that surcharge revenues retained by the State should be used to fund programs and services only for those counties that have voted to establish a surcharge. The Honolulu City Council would not support use of Oahu surcharge revenues to fund programs and services for a neighbor island county that has not approved implementation of a surcharge.

With that said, we believe the GET surcharge is the best and most efficient option to cover all of the rail construction costs. It is a funding mechanism that is already in place and tourists and non-residents account for nearly 30% of the State's GET collections.

As elected officials, we recognize 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 of rail, the City will in all likelihood have to tap into real property

tax revenues to make up the difference. This would necessitate cutting 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.

We appreciate the complexity of this issue and recognize that there are no pleasant solutions but we are in this together. The City believes that the option for financing all of the capital costs for the rail project that is the least burdensome on our constituents would be a permanent or long-term extension of the excise tax surcharge.

Thank you for the opportunity to offer comments on this measure.



**Testimony to the Senate Committee on Transportation and Energy and
Committee on Public Safety, Intergovernmental and Military Affairs
Wednesday, February 15, 2017 at 1:15 P.M.
Conference Room 225, State Capitol**

RE: SENATE BILL 1183 PROPOSED SD1 RELATING TO TAXATION

Chairs Inouye and Nishihara, Vice Chairs Dela Cruz and Wakai, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **supports the intent of SB 1183 Proposed 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; and 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 the largest business organization in Hawaii, 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.



IN REPLY REFER TO:
CMS-AP00-01983

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

Wednesday, February 15, 2017

1:15 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:

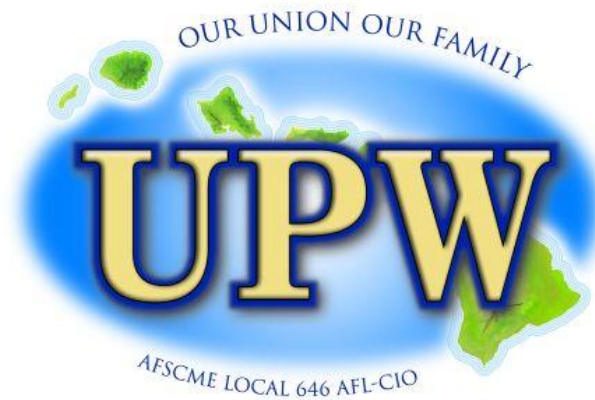
The Honolulu Authority for Rapid Transportation (HART) **supports the intent of Senate Bill 1183, Proposed SD1**, which would, in part, authorize counties that have established a surcharge on state tax prior to July 1, 2015 to extend the surcharge to December 31, 2032; provided that the Hawaii Community Development Authority transfers specified parcels to the City and County of Honolulu (City) prior to December 31, 2027. Senate Bill 1183 also authorizes an increase in 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 and provides that such a county matches up to half of the transferred funds. Any county adopting a county surcharge on state tax who receives additional tax revenue must report to the Legislature annually on revenues and expenditures. And finally, Senate Bill 1183 states that the unspecified amount of the additional revenues shall be used by the State for education, the State Department of Transportation, affordable housing, and elderly programs and services purposes.

While HART favors and supports legislative measures which seek to explore revenue 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) in perpetuity 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 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 costs. Therefore, the greater the percentage of surcharge revenue dedicated for the rail project the stronger the financial viability of the project. The City, as the issuer of the bonds, assumes the responsibility for the repayment of the bonds. The source of bond repayment is the GET surcharge. GET surcharge revenues are subject to fluctuations due to changes in economic conditions, consumer spending, and collection processing. Potential resource fluctuation and a decreased share of GET revenue would impact the total amount of debt needed, the number of years to bond maturities, total interest costs, and financial risks.

HART supports the intent of this bill to provide funding to complete the Project. However, the City has previously provided testimony stating the current 90%/10% share of the GET surcharge revenue in perpetuity is preferred to complete the Project, address any potential financial plan variations, and repay the bonds.

Thank you for this opportunity to provide written testimony.



THE HAWAII STATE SENATE
The Twenty-Ninth Legislature
Regular Session of 2017

COMMITTEE ON TRANSPORTATION AND ENERGY (TRE)

The Honorable Senator Lorraine R. Inouye, Chair
The Honorable Senator Donovan M. Dela Cruz, Vice Chair

COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS
(PSM)

The Honorable Senator Clarence K. Nishihara (Chair)
The Honorable Senator Glenn Wakai (Vice Chair)

DATE OF HEARING: Thursday, February 9, 2017
TIME OF HEARING: 2:45pm
PLACE OF HEARING: State Capitol
415 South Beretania Street

TESTIMONY ON SENATE BILL 1183: RELATING TO TAXATION.

By DAYTON M. NAKANELUA,
State Director of the United Public Workers,
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive bargaining representative for approximately 14,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

SB1183 authorizes counties that have established a surcharge on state tax prior to 7/1/2015 to extend the surcharge in perpetuity. It authorizes counties that have not

established a surcharge by 7/1/2017 to establish a surcharge on state tax and provides that the State shall retain an unspecified portion of surcharge proceeds for DOT. It also requires a county's share of the county surcharge on state tax to be paid to the county on a monthly basis.

The UPW strongly supports this measure. Thank you for the opportunity to submit this testimony.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, INCOME, GENERAL EXCISE, Indefinitely Extend County Surcharge on State Tax, Low Income Tax Credit, GET Increase

BILL NUMBER: SB 1183, Proposed SD-1

INTRODUCED BY: Senate Committee on Transportation and Energy and Committee on Public Safety, Intergovernmental, and Military Affairs

EXECUTIVE SUMMARY: This bill, while nominally allowing the City & County of Honolulu to adopt the county surcharge on the general excise tax indefinitely and allowing the other counties to adopt a similar surcharge, fundamentally changes the game by enacting a statewide increase on general excise and use taxes to replace the surcharge(s).

The bill presents many policy issues, including the scope of what the tax is supposed to cover. Policymakers need to decide exactly what it is they are funding, and the extent to which they are willing to write the counties a blank check. If it is to fund operational and maintenance costs, the statute needs to be amended to permit this, and taxpayers may well conclude that they have been lied to when the tax was adopted.

One large problem that has not yet been addressed is the 10% of all collections that goes directly into the general fund, ostensibly to pay for costs of collection but which is grossly in excess of those costs. The Foundation has contended in court proceedings that it is an unconstitutional tax that discriminates against Oahu businesses, and must be fixed. This bill does not fix the problem, and replaces it with a clear money grab to benefit the state highway fund.

SYNOPSIS: This bill has several parts.

Part I: Extension of Surcharge In Perpetuity

Amends HRS section 46-16.8 to allow any county to establish a surcharge on GET in perpetuity by ordinance. Collection of the surcharge will begin on January 1, 2018 for any county that has not yet adopted one but does.

For a county with population greater than 500,000, the surcharge revenue shall be only used for capital costs of a locally preferred alternative for a mass transit project and Americans with Disabilities Act compliance, and not for operating costs or to build or repair public roads or highways, bicycle paths, or support preexisting public transportation systems.

For a county with population 500,000 or less, the surcharge revenue shall be used only for operating or capital costs of public transportation within each county for public transportation systems, including public roadways or highways, public buses, trains, ferries, pedestrian paths or sidewalks, or bicycle paths, or ADA compliance relating to such projects.

Amends HRS section 248-2.6 to provide that collections of the surcharge be paid to the appropriate county or counties monthly. Provides that ___ % of the gross proceeds shall be used by the state department of transportation.

Makes conforming amendments.

Part II: Low Income Tax Credit

Amends HRS chapter 235 to establish a tax credit for low-income taxpayers. A nonrefundable income tax credit of ___% of state tax liability is allowed to taxpayers with federal AGI between 100% and 125% of the federal poverty guideline amount, and a credit of ___% of state tax liability is allowed to taxpayers with federal AGI below the federal poverty guideline amount.

Requires all claims for this credit, including amended claims, to be filed on or before the end of the twelfth month following the close of the taxable year for which the tax credit may be claimed. Failure to do so constitutes a waiver of the right to claim the tax credit.

Amends HRS section 46-16.8 to allow any county to establish a surcharge on GET by ordinance. Collection of the surcharge will begin on January 1, 2018 for any county that has not yet adopted one but does.

For a county with population greater than 500,000, the surcharge revenue shall be only used for capital costs of a locally preferred alternative for a mass transit project and Americans with Disabilities Act compliance, and not for operating costs or to build or repair public roads or highways, bicycle paths, or support preexisting public transportation systems.

For a county with population 500,000 or less, the surcharge revenue shall be used only for operating or capital costs of public transportation within each county for public transportation systems, including public roadways or highways, public buses, trains, ferries, pedestrian paths or sidewalks, or bicycle paths, or ADA compliance relating to such projects.

Amends HRS section 248-2.6 to provide that collections of the surcharge be paid to the appropriate county or counties monthly. Provides that ___ % of the gross proceeds shall be directed to the state highway fund.

Makes conforming amendments.

Part III: Extension of Surcharge to 2032 Plus Laundry List

Amends HRS section 46-16.8 to allow any county to establish a surcharge on GET until December 31, 2032 by ordinance. Collection of the surcharge will begin on January 1, 2018 for any county that has not yet adopted one but does.

For a county with population greater than 500,000, the surcharge revenue shall be only used for capital costs of a locally preferred alternative for a mass transit project and Americans with Disabilities Act compliance, and not for operating costs or to build or repair public roads or highways, bicycle paths, or support preexisting public transportation systems.

For a county with population 500,000 or less, the surcharge revenue shall be used only for operating or capital costs of public transportation within each county for public transportation systems, including public roadways or highways, public buses, trains, ferries, pedestrian paths or sidewalks, or bicycle paths, or ADA compliance relating to such projects.

Amends HRS section 248-2.6 to provide that collections of the surcharge be paid to the appropriate county or counties quarterly. Provides that 10% of the gross proceeds will be retained by the State, ___ % of which shall be used by the state department of transportation for transit oriented development and infrastructure improvement purposes.

Sections 13, 14, and 15 of the bill require the City and County of Honolulu to accept various fragments of land now owned by the Hawaii Community Development Authority; perform various public works projects (such as creating a bus rapid transit lane connecting central Oahu to the Pearl Highlands station and creating a secondary access road into Leeward Community College); and to do another laundry list of things for the State (such as transferring to the State all land owned by the City on which the DOE has a school or facility, accept all roads and streets in which there is an ownership dispute between the City, the State, or private landowners).

Part IV: General Excise Tax Hike

Amends the general excise tax and use tax laws to increase the base rate by 0.5% to 4.5%.

Amends HRS section 237-31 to provide that effective January 1, 2019, and ending on _____, \$___ shall be transferred on a quarterly basis to a county that has adopted a transportation surcharge, if the funds shall be used only for purposes specified in existing law, and if the county provides matching funds of at least half the state funds to be transferred.

Also provides that effective January 1, 2019, and ending on _____, \$_____ shall be expended for the purposes of education; highway and road construction, maintenance, and repair; affordable housing; and programs and services for the elderly.

After the ending date (referred to in the two paragraphs above), all of the additional revenues from the tax increase expended for the purposes of education; highway and road construction, maintenance, and repair; affordable housing; and programs and services for the elderly.

EFFECTIVE DATE: July 1, 2050. Part II takes effect on July 1, 2017.

STAFF COMMENTS: This bill relates to the 0.5% surcharge on the general excise tax that is currently imposed in the City and County of Honolulu, sometimes known as the “rail surcharge.” As originally enacted, the rail surcharge was scheduled to sunset on December 31, 2022. The surcharge authority was extended to December 31, 2027, by Act 240, Session Laws of Hawaii 2015, and the City & County of Honolulu extended the surcharge as authorized by Ordinance 16-1. To date, no other county has adopted a surcharge ordinance.

When the surcharge legislation was adopted back in 2006, taxpayers, especially those in Honolulu, were assured that the 0.5% surcharge was going to be temporary. And, as is now explicitly stated in HRS section 46-16.8. the funds were supposed to be paid to build the system,

and not go toward operations and maintenance (which are never-ending expenses). It now appears that the rail project may have cost overruns and additional funding is necessary.

This measure presents a number of issues.

First, the bill itself presents three different versions of the surcharge extension. It is unclear which version is to be used and under what circumstances.

Second, the bill presents the City & County of Honolulu (and no other counties) a laundry list of things the State wants. It is unclear whether the City would be forced to comply with this list or whether it is going to have some incentive to do so. In this respect the bill looks more like a statement of negotiating position than a bill.

Then, there is the GET increase. When it goes into effect on July 1, 2019, it is apparently intended to displace the county surcharges, but it is unclear if the bill language accomplishes this.

Should the Surcharge Be Extended, and If So, By How Much? This measure makes the surcharge *permanent*. An extension from 2027 to forever is a very long time, and it marks a shift in philosophy.

- If the surcharge is to pay for the *capital cost of the system as it is now proposed* which seems to have been the original intent, then an extension to finish what was started appears to be unavoidable, but our lawmakers must be vigilant to make sure the scope does not creep beyond what the people are willing to allow.
- If the surcharge is to pay for the *capital cost of the system and extensions of it*, such as the mayor's proposal to extend the system from Ala Moana Center to the University of Hawaii, then lawmakers need to ask themselves if this is properly part of the deal. If it is, then a somewhat longer extension of the surcharge may be needed to fund it.
- If the surcharge is to pay for the *capital cost and operations* (which is not allowed by section 46-16.8 as it is now written), then an indefinite extension is required. But it will then be obvious to voters across the state that they had been lied to when they were assured that the surcharge was to be temporary. This brings to mind the famous quote by Darth Vader in *The Empire Strikes Back*: "I am altering the deal. Pray I don't alter it any further."

What Is to Be Done About the 10% Diversion for Administrative Costs? Under the existing surcharge in the case of the City and County of Honolulu, a contributing factor to the financial woes of the City and County is the fact that the state is siphoning 10% of all surcharge collections into the general fund. This diversion was supposed to represent payment to the state for the costs incurred in administering the surcharge. After all, the department of taxation collects and enforces the tax and just writes the county a check. But the amount diverted turns out to be a massive amount of money, roughly \$25 million a year which is almost as much as the entire operating budget of the department of taxation. The amount is obviously far more than the costs involved. The Foundation has contended that a diversion of the City and County's revenue

of that magnitude is unconstitutional and its lawsuit is still pending in the court system. If the measure were to approximate the costs involved, our estimate is that the deduction should be about 40 or 50 basis points (0.4% to 0.5%) instead of 10%.

The language used in this bill drops the pretense that the 10% retained is for administrative costs. Instead, the percentage is changed to a yet unspecified amount to be expended by the state department of transportation. As amended, the retained amount is a tax to benefit all state residents, and it is only paid by businesses and residents of the county authorizing the surcharge. Something is still gravely wrong.

Is It “Fair”? Our tax system has been roundly criticized for being unfair to those on the lower end of the income spectrum. In particular, a 2015 study from the Institute on Taxation and Economic Policy (ITEP) (<http://www.itep.org/pdf/whopaysreport.pdf>) asserts that the lowest 20% of our population pays 13.4% of its income in state and local taxes, while the top 1% pays 7.0%. Because of this, that study called our tax system the 15th most unfair in the country.

Hawaii State & Local Taxes in 2015

Details, Tax Code Features, & Tax Code Changes Enacted in 2013 & 2014

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$18,000	\$18,000 – \$33,000	\$33,000 – \$52,000	\$52,000 – \$85,000	\$85,000 – \$170,000	\$170,000 – \$375,000	\$375,000 or more
Average Income in Group	\$10,100	\$25,000	\$42,100	\$66,800	\$116,800	\$236,500	\$811,300
Sales & Excise Taxes	11.0%	8.5%	6.5%	5.1%	3.7%	2.2%	1.2%
General Sales—Individuals	4.9%	3.9%	3.0%	2.3%	1.7%	1.0%	0.5%
Other Sales & Excise—Ind.	2.4%	1.6%	1.1%	0.9%	0.6%	0.3%	0.1%
Sales & Excise on Business	3.8%	3.0%	2.4%	1.9%	1.5%	0.9%	0.6%
Property Taxes	1.9%	1.2%	1.5%	1.3%	1.2%	1.3%	1.2%
Property Taxes on Families	1.8%	1.1%	1.4%	1.2%	1.1%	0.9%	0.5%
Other Property Taxes	0.1%	0.1%	0.0%	0.1%	0.2%	0.4%	0.7%
Income Taxes	0.5%	2.6%	3.7%	4.1%	4.3%	4.7%	5.9%
Personal Income Tax	0.5%	2.6%	3.7%	4.1%	4.3%	4.7%	5.8%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Total Taxes	13.4%	12.3%	11.6%	10.5%	9.2%	8.3%	8.4%
<i>Federal Deduction Offset</i>	—	–0.1%	–0.2%	–0.5%	–0.9%	–1.1%	–1.4%
OVERALL TOTAL	13.4%	12.2%	11.4%	10.0%	8.3%	7.3%	7.0%

Shares of family income for non-elderly taxpayers



These charts from the ITEP study shows us that the problem is that we have very broad excise taxes, which fund basically half of our state government. Excise taxes apply without regard to the payer’s ability to pay the tax. The lower your income, the greater the portion of your income must be spent to buy essentials like food, water, and power. Those who have more money spend as well, but they don’t need to spend as much in proportion to what they make. Our excise taxes are imposed on spending, so naturally they will fall more heavily on the poor as a proportion of their incomes. Here, the chart shows that excise taxes take up 11% for those in the lowest 20% income group, while taking up 1.2% for those in the top 1%. That difference explains the regressivity of our tax system, and is the root of the unfairness called out in the ITEP study.

The general excise tax is all-encompassing. The Hawaii courts have said it covers “virtually every economic activity imaginable.” *Pratt v. Kondo*, 53 Haw. 435, 436, 496 P.2d 1, 2 (1972). Not only does the general excise tax increase the cost of doing business, but it affects the cost of all other non-food purchases, be it clothes, textbooks for university students, rent for

those people who don't own their shelter which are generally the poor and middle class, the price at the pump for gasoline – everything right down the line.

More importantly, because the general excise tax is a tax on gross income, most businesses will try to recover as much of the cost of the tax by passing it on to the customer; that recovery is itself taxable. As Oahu taxpayers learned when the 0.5% surcharge on the general excise tax for transit went into effect, the amount passed on to the customer went not from 4% to 4.5% but the charge passed on at the drug store, grocery store, and so forth went from 4.166% to 4.712%. Thus, the tax rate passed on is more than the nominal 0.5%.

The bottom line is the same across the board. It is not a matter of not having enough revenue as it is the unwillingness of elected officials to tighten the counties' or the state's purse strings in bringing expenditures into line with resources and setting priorities for what resources are already available. Instead of doing the fiscally responsible thing, the easiest response is to just raise more taxes, as evidenced by this measure.

Digested 2/5/2017

The Twenty-Ninth Legislature
Regular Session of 2017

THE SENATE

Committee on Transportation and Energy

Senator Lorraine R. Inouye, Chair

Senator Donovan M. Dela Cruz, Vice Chair

Committee on Public Safety, Intergovernmental and Military Affairs

Senator Clarence K. Nishihara, Chair

Senator Glenn Wakai, Vice Chair

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 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.

Testimony of
Christopher Delaunay
Pacific Resource Partnership

THE SENATE
THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

COMMITTEE ON TRANSPORTATION AND ENERGY

Senator Lorraine R. Inouye, Chair
Senator Donovan M. Dela Cruz, Vice Chair

COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS

Senator Clarence K. Nishihara, Chair
Senator Glenn Wakai, Vice Chair

NOTICE OF HEARING

DATE: Wednesday, February 15, 2017
TIME: 1:15 p.m.
PLACE: Conference Room 225
State Capitol

Aloha Chairs Inouye & Nishihara, Vice Chairs Dela Cruz & Wakai, and Members of the Committees:

We **support the intent** of Senate Bill 1183 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.



(Continued From Page 1)

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

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.



HAWAII REGIONAL COUNCIL OF CARPENTERS

February 15, 2017
Hawaii State Capitol, 1:15p.m.
TRE/PSM Committee Hearing

Statement of the Hawaii Regional Council of Carpenters – SUPPORTS INTENT SENATE BILL 1183

Dear Chairs and Members of the Senate Committee on Transportation and Public Safety, Intergovernmental and Military Affairs:

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

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HILO OFFICE: 525 Kilauea Avenue, Room 205, Hilo, Hawaii 96720-3050 • Ph. (808) 935-8575 Fax (808) 935-8576

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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



Testimony of Move Oahu Forward
Before the Senate Committee on Transportation & Energy
and Public Safety and Military
Wednesday, February 15, 2017 at 1:15 p.m. in Room 225

Move Oahu Forward (MOF) is pleased to provide comments on Senate Bill 1183, SD 1, a compilation of different ideas with the hopeful and ultimate goal of arriving at a steady funding source for the Honolulu rail project that will 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.

We understand it is early in the legislative process of briefings, hearings and negotiations. As such, we will not in this writing comment specifically on the merits of the individual parts. That said, 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, important and needed for other priorities.

Taken together, SB 1183, SD1 can appear confusing and conflicting; however, read as 4 separate parts, each with positives and negatives, provides members with an opportunity to consider and garner the best options to move the measure forward. It could include other beneficiaries such as the Hawaii Department of Transportation for their road priorities, should the Legislature in its wisdom, decide to pursue this avenue and allowing all counties to benefit. As the process moves on, as with any partnership, there may be other opportunities and obligations.

The Federal Transit Administration continues to monitor Honolulu, both the ongoing construction work and the progress at the Legislature. 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 for a livable, accessible city we can all be proud of.

We thank you for your continued leadership.



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

Feb. 15, 2017, 1:15 P.M.

Room 225

(Testimony is 2 pages long)

TESTIMONY IN SUPPORT OF SB 1183 SD1 WITH COMMENTS

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

Blue Planet Foundation **supports the intent** of SB 1183 and provides comments on the bill which would authorize counties that have established a surcharge on state tax prior to 7/1/2015 to extend the surcharge in perpetuity, and counties that have not established a surcharge by 7/1/2017, to establish a surcharge on state tax.

Comments

There are a number of different bills before the legislature that are working to help resolve the City and County of Honolulu's challenges with rising construction costs associated with the development of the Honolulu Rail Project.

Blue Planet Foundation supports public investments in transit infrastructure projects that support compact development, reduce transportation energy use, reduce household transportation costs, and which utilize renewable energy.

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:

- 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 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 for 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.



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 TRANSPORTATION AND ENERGY

Senator Lorraine R. Inouye, Chair
Senator Donovan M. Dela Cruz, Vice Chair

SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS

Senator Clarence K. Nishihara, Chair
Senator Glenn Wakai, Vice Chair

AMENDED NOTICE OF HEARING

DATE: Wednesday, February 15, 2017
TIME: 1:15 p.m.
PLACE: State Capitol, Conference Room 225

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

ALOHA COMMITTEE CHAIR LORRAINE INOUE, COMMITTEE CHAIR CLARENCE NISHIHARA, AND COMMITTEE MEMBERS OF BOTH COMMITTEES:

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 PROPOSED. 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 OPERATING ENGINEERS
INDUSTRY STABILIZATION FUND**



Affiliated AFL-CIO
OPEIU - 8 - AFL-CIO (8)

*Uniting our strengths and working together
for a better tomorrow.*

February 14, 2017

Honorable Senator Lorraine R. Inouye, Chair
Honorable Senator Donovan M. Dela Cruz, Vice Chair
SENATE COMMITTEE ON TRANSPORTATION AND ENERGY

Honorable Senator Clarence K. Nishihara, Chair
Honorable Senator Glenn Wakai, Vice Chair
SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS

RE: **SUPPORT THE INTENT OF S.B. 1183 PROPOSED SD 1, RELATING TO TAXATION**

Aloha Committee Chair Lorraine Inouye, Committee Chair Clarence Nishihara, and all committee members:

I am Pane Meatoga III, the Community Liaison representing the Hawaii Operating Engineers Industry Stabilization Fund (HOEISF). We are a labor management fund representing 4000 unionized members in the heavy engineering site work and 500 general contractors specializing in heavy site and vertical construction.

We **SUPPORT THE INTENT OF S.B. 1183 PROPOSED SD 1, RELATING TO TAXATION**, 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; and requires a county's share of the county surcharge on state tax to be paid to the county on a monthly basis.

We express concerns about the current amendments written into S.B. 1183 SD1 which is filled with contradicting statements on the surcharge timeline and includes sections that are unrelated to the rail project.

HOEISF has always supported and advocated for the entire Honolulu Rail Project. This 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 needed transportation alternative for residents, and because it is elevated, will be independent from our highway system. The rail system will take cars off the road and provide a daily commuting alternative, especially for the thousands of residents whose destinations are the airport, Downtown, Kakaako and Ala Moana 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.

Sincerely,

A handwritten signature in black ink that reads "Pane Meatoga III". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

Pane Meatoga III
Community Liaison
Hawaii Operating Engineers Industry Stabilization Fund

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THE VOICE OF THE CONSTRUCTION INDUSTRY

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**Testimony to the Senate Committee on Transportation & Energy; and
Senate Committee on Public Safety, Intergovernmental & Military Affairs
Wednesday, February 15, 2017
1:15 pm
Conference Room 225**

RE: SB 1183 SD1 (proposed) – Relating to Taxation

Chairs Inouye & Nishihara, Vice-Chair Dela Cruz & Wakai, and members of the committees:

My name is Gladys Quinto Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii is in support of SB 1183, Relating to Taxation. BIA-Hawaii has been a strong proponent of the rail transit system as an appropriate "growth management" tool to increase the population density along the 20-mile transit corridor. To stop support for the transit system at this time would prevent future growth without a significant investment in roadway infrastructure, or allowing for more development into areas not currently planned for future growth (i.e. Hawaii Kai, Windward Oahu, North Shore, and Central Oahu-between Wahiawa and Waiialua).

We continue, however, to be concerned about the level of transparency and accountability as the project moves forward. We understand that in any construction project you will encounter delays and unforeseen circumstances that may increase construction costs. For a project of this size, a certain degree of cost overrun should be expected.

Our biggest concern is with the lack of information and a plan for providing the necessary infrastructure to support the planned growth within the transit corridor. The City should be required to provide a comprehensive plan to provide the necessary sewer, water, and drainage infrastructure capacity to support the planned densities along the transit corridor. Rather than reacting to or pre-selecting possible or potential landowners/developers along the transit corridor, the City should be proactive in providing the basic backbone infrastructure capacity to support the planned growth and let the market dictate where and when density should be developed along the transit corridor.

Without leadership on how infrastructure capacity should be provided along the transit corridor, investors/developers will be reluctant to pursue projects due to the risk and uncertainty of who will pay for the regional infrastructure improvements.

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



Senate Transportation and Energy Committee /
Senate Public Safety, Intergovernmental, and Military Affairs Committee
Chair Lorraine Inouye, Chair Clarence Nishihara

02/15/2017 at 1:15PM in Room 225
SB1183 Proposed SD1 – Relating to Taxation

TESTIMONY / OPPOSE
Corie Tanida, Executive Director, Common Cause Hawaii

Dear Chair Inouye, Chair Nishihara, and committee members:

Common Cause Hawaii opposes SB1183 Proposed SD1 and asks that you withdraw the bill.

We believe that this bill violates Title III, Section 14 of the Hawaii State Constitution which states that:

“No law shall be passed except by bill. Each law shall embrace but one subject, which shall be expressed in its title.”

The title of SB1183 is “Relating to Taxes”. While most of the bill does address taxes, there are several sections that do not. For instance, Section 13 of the bill pertains to transferring property from the Hawaii Community Development Authority to the City and County of Honolulu; Section 14 pertains to transportation; and Section 15 pertains to infrastructure projects.

We have no position on these issues, but believe that all are important and deserve to be evaluated separately. The public should be given every opportunity to research and comment on these proposals. Combining unrelated issues together, adds another barrier to public participation.

We ask that you withdraw or defer this bill and take up its varied purposes separately, as intended by the State Constitution.

Thank you for the opportunity to testify in **opposition to SB1183 Proposed SD1**.

DAVID
SHAPIRO
VOLCANIC ASH



Federal and city officials ramp up rail melodrama

Last week's meeting of city leaders and the Federal Transit Administration in San Francisco was more like an audition for the Academy Awards than a responsible attempt to fix what's wrong with Oahu rail.

It disappointed because until then, officials on both sides seemed finally serious about controlling runaway rail deficits.

As rail costs soared from \$5.2 billion to \$6.8 billion to \$8.3 billion to a worst-case projection of \$10.8 billion, the FTA — which put up \$1.55 billion — signaled flexibility on the route and number of stations and urged the city to “think

outside the box.”

Mayor Kirk Caldwell sensibly suggested that rail stop at Middle Street while the city figures out how to stop the bleeding and raise the \$1.5 billion to \$3 billion more needed to finish the route to Ala Moana Center.

City Council Chairman Ernie Martin endorsed a Middle Street pause and said emphatically he wouldn't support another extension of the half-percent rail excise tax, insisting, “We need to build rail with what we got.”

The Honolulu Authority for Rapid Transportation, led by Colleen Hanabusa, pursued possible options that, in addition to stopping

at Middle Street or Aloha Tower, included raising private capital, eliminating some of the 21 stations to save money, building part of the line at ground-level and avoiding Dillingham Boulevard and its costly utility relocations.

Then in San Francisco, hopes of more responsible leadership went “poof.”

The FTA reversed itself on flexibility, demanding that the city either build straight to Ala Moana or forfeit the federal share.

Caldwell abandoned pausing at Middle Street and begged to delay writing a rail recovery plan until the city can lobby next year's Legislature for another tax increase.

Martin dropped his pledge not to ask the Legislature for further tax extensions, saying he's seen the light and it's the “only way.”

Hanabusa cheered the political orchestration that reduced the range of options to only two: Either the Legis-

lature writes another blank check without a credible plan to stop the bleeding, or rail is left hanging unfinished somewhere over Halawa.

Key legislators say it's a nonstarter, but the city and FTA are betting they'll cave in to the theatrics just as they did in 2015, when they gave a five-year tax extension that was promised to be enough to finish, only to see the rail deficit triple within months.

So after 10 years of deceit, mismanagement and failure, little has changed; Honolulu rail is being built on politics and melodrama instead of sound engineering and honest accounting.

Cries to stay the course at any price carry a steep cost for the community.

Our tax base is only so deep, and billions squandered on rail cost overruns are billions lost for addressing homelessness, massive pension debt, decaying infrastructure and climate change.

Reach David Shapiro at volcanicash@gmail.com.

Rail Tax SENATE BILL NO. 1183, House HB1442

Testimony by John Bond, FTA HART Rail PA Consulting Party

Aloha Senate Chairs and committee members

REASONS TO REJECT INSANELY EXPENSIVE HONOLULU RAIL REGRESSIVE TAXATION PLAN

HART Rail Plan Remains Largely Guesswork Costing Billions With No Reliable Accountability

“Rail is already paid for” “Rail has a solid finance plan” “Rail will be built on time and on budget”

The public was told last year that we would know the cost to build rail by June 2016 and then we were told we would know the cost when the new financial plan was completed. And yet here we are today, with Mayor Caldwell and HART still trying to figure out just how much is needed to build rail. They don't know so why should they be given a blank check?

The City has already BROKEN the FTA Full Funding Grant Agreement (FFGA)- it has not and likely will not meet the terms of the agreement, which is why the FTA has held back two years of funding due to lack of City financial accountability and lack of a credible plan.

The mayor claims he wants to build rail everywhere with a forever tax but there are hundreds if not thousands of unanswered engineering questions. As usual the push is for Transit Oriented Development NOW and then in 10-15 years a huge range of real rail problems "might" be solved. Currently the HART rail project plans to end the rail at Kona Street, Ala Moana Center. However in order to actually take rail further to the University of Hawaii would be in itself another massive engineering fiasco of running through blocks of three story shopping center buildings and then rising high into the air to reach the University Avenue area. There are better route ways to get there but all were rejected due to politics and insider deals.

Aloha Stadium The Ideal Transit Hub

Rail should be stopped at Aloha Stadium which is outside of tsunami, hurricane storm surge flood zones (which the rest of the projected rail line IS NOT, especially Section 4 downtown) and become a major Oahu rail, BRT transit hub, which is why Aloha Stadium was built where it was in the first place in the 1970's. All major Oahu roads pass directly by the Aloha Stadium site. No better place to become a smart multi-modal car, bus, BRT hub for the 21st Century. The Aloha Stadium site also has the potential option to reactivate a Pearl Harbor ferry landing that could take huge numbers of defense workers off H-1 freeway and directly to base jobs from Ewa- Kapolei. For a fraction of the cost in time and money a real proven transit solution.

Rail Vote A Bait and Switch Con Job

"We made a commitment to build this 20-mile, 21-station system, approved by the voters and we have to work together to follow through on that promise." The truth is the November 2008 vote was extremely close, within a few percentage points, and based upon a low \$4.2 Billion cost with service starting in 2013. The City spent millions in public funds sending color brochures to every Oahu resident promising massive traffic reduction and photos of commuters riding in luxury rail coaches. The ballot question asked voters if they wanted the city to move forward with the steel wheel on steel rail transit system in which the Federal government was paying **one-third of the cost**, and the vote was non-binding. It didn't mean the City had to build the rail system; it only authorized the city to proceed with a plan. The massive Final EIS document was also released just before the vote providing little time for comment and analysis.

Rail EIS Fraud

\$300 million was spent on the Final EIS which was full of outright false statements and lies, as well as never factoring in the huge rail power requirements expected to be the largest public

electricity bill on Oahu. Also, much of the project would be built in identified tsunami and hurricane storm surge flood zones wiping out all of the surface station infrastructure and rail power sources. All Federal advice, lessons of Hurricane Sandy, are against this bad routing.

Eventual analysis showed the badly done AIS which forced a lawsuit as well as a fraudulent rail contractor form stating the Ewa farmland where the rail would run through was “below par-low quality” and also that the rail wouldn’t be in low sea level flood zones- which will cause billions in infrastructure loses from future hurricane storm surge and tsunamis. Previous public route plans showed the rail going directly into Kapolei via Farrington Hwy avoiding the farmland and showed rail above tsunami flood zones going to UH Manoa. Nearly all of the approved better commuter service routes were switched after a City Council vote. Rail manipulators continued changing the design into something much different than what the community was promised and voted for. Costs soared. Lies, Fraud and Misrepresentation increased every year.

Poor Rushed Rail Construction Will Cost Huge Future Maintenance Fees

Bad, rushed construction pushed by the City to create a sense that “we can’t stop now” caused widespread poor contractor work on the WOFH columns and railway supports. WOFH contractor Kiewit later agreed to replace the critical railway support “cost saving” plastic shims – with more plastic shims which substitute for reliable and durable concrete plinths. This means that in five years and before the railway actually goes into service the plastic shims will be going bad and will need to be replaced AGAIN. The use of plastic was a cost saving scheme at the time to sound good, but rail should have used concrete plinths for permanent durability. Just another big expensive O&M cost coming up later before rail even officially runs in 2025 ?

There will be a major rail disaster because of using plastic shims to keep elevated rail cars from toppling over the guideway after a derailment. PLASTIC is no way to run a railroad that runs night and day. They will all need to be replaced AGAIN in five years and should have been concrete plinths. HART has already approved \$265 million in change orders to Kiewit/Kobayashi for the first 10 miles of guideway so taxpayers are already paying for it with much more to come. HART will have a future bad accident as a result and give Honolulu rail a bad reputation.

21st Technology Rapidly Passing 19th Century HART Rail Scheme

Rail will cost more in environmental impacts that will cars on H-1. The fossil and non-renewable fuels to generate rail power is far more polluting. In addition, solar power can charge electric cars and buses overnight to run 150 miles all day while rail cannot use solar power because of the huge amount of constant traction power required on such a massive scale needed by rail.

By the way, 750 V DC that HART rail cars will be using are notorious for failing air conditioning systems. It is well known and another problem being hidden from the public for now.

Regressive Tax Hurts Low Income The Most – Nothing “Fair” About It.

Hawaii’s regressive tax system has been roundly criticized for being unfair to those on the lower end of the income spectrum. In particular, a 2015 study from the Institute on Taxation and Economic Policy (ITEP) <http://www.itep.org/pdf/whopaysreport.pdf> asserts that the lowest

20% of our population pays 13.4% of its income in state and local taxes, while the top 1% pays 7.0%. Because of this, that study called Hawaii's tax system the 15th most unfair in the country.

The University of Hawaii Economic Research Organization, also known as UHERO examined the "administrative fee" of 10% that is now being skimmed off the General Excise Tax (GET) surcharge for Honolulu rail and concluded the State was hugely profiting with a cost between 0.35% and 0.50%, while retaining 10.00% of the surcharge collected. Caldwell wants to increase the State skim profit up to 25-30% in exchange for a permanent extension of the regressive tax. Clearly an intended bribe and an incredible lack of ethics to even suggest this evil scheme.

Oahu residents pay the most regressive tax of almost anywhere in the US, every single item sold or transacted is taxed making the true tax one of the highest anywhere, a tax of about 12 percent. The lowest income are hurt the worst in a state with extremely low salaries and extremely high cost of living. Don't pretend offering some tax credits will help low income. Their lives are day to day, paycheck to paycheck survival. They will never see it helping them.

The Hawaii general excise tax is all-encompassing with the Hawaii courts stating it covers "virtually every economic activity imaginable" (unlike most other states.) Not only does the general excise tax increase the cost of doing business, (which gets passed down) but it affects the cost of all other non-food purchases, be it clothes, textbooks for university students, rent for those people who don't own their shelter, which are generally the poor and middle class, and at the price at the pump for gasoline – everything right down the line. It really hurts.

Hawaii Mayor Harry Kim, unlike the mayor of Honolulu, has a sense of compassion and ethics. Most people on the island are one or two paychecks away from being homeless. "How can I raise taxes on these people?" he asked. (Doesn't this also apply to Honolulu and Oahu?)

Rail Job Creation - Another Con Job

The public was promised "thousands" of rail jobs- "Each year during construction, the rail transit project will help generate an average of 10,000 jobs. " (In fact, that's still listed on HART's website, <http://honolulutransit.org/inform/rail-facts?tag=Jobs>.) As of June 2016, there were less than 2,000 direct local jobs. What actually happens is rail work crews, many hired from the mainland, just move along to the next construction segment. The "10,000" is actually just the same smaller work force. The City and HART are just lying as usual. Councilmember Kobayashi says the train hasn't delivered what was promised in terms of jobs. "First it was 17,000 jobs, then 10,000 and here we are at 1,300," said Councilmember Kobayashi.

Rail is 4 times the cost of what the public was sold on. \$2.7 B to 9.5 B and rapidly climbing

The rail proponents are the ones with the tired argument that rail is for traffic relief when the rail EIS admitted that rail will have no significant traffic impact and there are many more cost effective traffic reduction measures that could have been built for a fraction of the cost including an Ewa Pearl Harbor vehicle ferry system such as Washington State has that could be entirely operational at a cost less than a single rail mile of construction (\$500 million.) Far more cars could be taken off H-1 with this logical and proven financially sane concept.

Rail Cost per capita to the 990,000 Oahu population is approximately \$6700 - \$7000 (based on a lower \$10 Billion cost projection and factoring in a 20% tourist contribution) with the Federal percent (\$1.5 Billion) now down now to just 15% of the share. Originally the Federal contribution was one third of the project cost. These incredible rail cost numbers would be political suicide on the mainland where people take the concept of “millions” wasted seriously. Honolulu completely DWARFS the costs of all other rail projects around the US and world- placing Honolulu off the charts in massive historic cost overruns- with no end yet in sight.

Rail Proponents and HART website make false claims

It is claimed that rail lawsuits were the major reason why the HART project ran billions over budget. The truth is delay costs from litigation added up to approximately \$78 million, according to HART officials. The bill for outside attorneys raised that by an additional \$3 million, meaning the city and HART have incurred at least \$81 million in costs related to litigation. The reason for litigation included the Hawaii Supreme Court finding in August 2012 that the city and state didn't follow the law when it began building rail columns in West Oahu. The rail rush job mentality, rather than doing the rail project right, was caught by the law requiring identification and protection of Native Hawaiian burials along the rail line. Why was it not done previously?

The Federal lawsuit to stop rail gave the plaintiffs access to FTA's internal email, which revealed intra-FTA concerns about the city's "lousy practices of public manipulation," Use of "inaccurate statements," Culture of "never [having] enough time to do it right, but lots of time to do it over," and an observation that the city had put itself in a "pickle" by setting unrealistic start dates for construction. Absolutely the way it was all done by City politicians who are arrogant.

No TOD without Rail - False

Included in the Mayor's testimony on SB1276: "Rail is the 'Transit' in Transit-Oriented Development. There is no TOD without rail and we need TOD to provide workforce housing." This is totally untrue as most cities in the world build TOD's around Bus Rapid Transit (BRT) or with at grade light rail trams. Nothing prevents work force housing NOW without TOD and it could be done easily with TOD's using buses or trams. Actually Caldwell really wants TOD real estate dealings to please his campaign contributors and could care less how long rail takes.

False - Tourists Pay For Rail Caldwell and HART Website Claims

". . . funding the project with the general excise tax, which is effectively a sales tax, because roughly one-third of it comes from tourists." Caldwell. – this is absolutely NOT TRUE. The property tax on hotels and visitor tax could be raised so that tourists actually pay a one-third share of the rail cost. But THAT will never happen. Instead right now the local Oahu public through regressive taxation is paying at least 80% of the rail cost. This is documented fact.

Electric Power Costs Will Be Huge – Larger than DoD, Biggest Monthly Bill in Oahu History

HECO has said over and over rail just can't be "Plugged into the grid." The power system has not even been defined as to where exactly it will be, how much it will cost to power rail, and a

wide range of additional engineering costs that are largely unknown. The biggest cost not explained is the ELECTRICITY, which will be competing at peak hours with other users will therefore drive up everyone's electricity rates, possibly causing brown outs. In the 1980s, San Francisco's BART was near bankrupt from PG&E electric bills. How can HART have an estimated Operations and Maintenance cost when the key power system cost is just guesswork? And then there is the issue of major high voltage power lines that need to be moved from the rail corridors and placed underground. Another guesswork cost by HART.

Rail On Prime Farmland Rather Than On Farrington Hwy Into Kapolei Required Falsification

The rail right of way was run through high grade valuable West Oahu farmland by having the City's Parsons Brinkerhoff rail contractor falsely fill out a federal form called the Farmland Conversion Impact Rating declaring the highly productive prime agricultural farmland land as "low grade, low quality." This form allowed a Federal Section 4f declaration by the Federal Transit Administration that no rail right-of-way mitigation was required. And now the City is running an Important Agricultural Lands dog and pony show as a way to cover up the Farmland Conversion Impact Rating fraud they perpetrated. And also another coverup of City Council Resolution 12-013 intended to preserve the high grade Ewa farmland, keeping it as farmable open space preservation within the larger Ewa Kapolei community. It is fraud upon fraud.

Rail Will Be Of No Use In A Major Emergency

Rail won't help when emergency services are needed. A bus way lane allows emergency vehicles like ambulances, fire trucks, and police to use it unimpeded during rush hour and provide lifesaving access that rail cannot and never will. In fact electrically powered rail is highly vulnerable to storm power loss and will be one of the very first transportation systems shut down during a major hurricane or tsunami. Once rail station access points are flooded and rail platforms are hit by high winds they will be evacuated and useless. Buses are far more flexible in natural emergencies and will continue to operate evacuating thousands of people mauka.

Buses and cars will be far more preferable than rail

HART Rail is basically obsolete technology, circa 1890, while far more efficient, practical and convenient autonomous cars and buses are coming very soon, with rides arranged through smart phone apps. All the smart investment money is going there – Google, Apple, Ford, GM, Chrysler, Uber, Lyft, etc. Cities are switching to less expensive electric buses which can be charged for 150 miles using solar power. HART Rail will require continuous high demand electrical traction power supplies that will skyrocket in cost, especially in warmer weather.

Commuting on TheBus from Ewa Beach to downtown can typically take 50 minutes. Taking a bus to a rail station and then a bus again and repeating that twice a day will be more expensive, exhausting and time consuming. This is why the vast majority of commuters on Oahu, who don't live like people in New York, will look to any and all other transit systems that don't require this insanity. Destroying the best bus system in America and forcing bus riders onto trains will only make everyone angry at how really stupid and fraudulent the whole rail concept is (Oh wait, rail isn't even ready and everyone is already coming to that conclusion.)

Rail requires too many bus-rail transfers for acceptable travel times- currently local City bus service is faster and better than rail will ever be. Low income riders pay much more each way in lost time at home as well as through the regressive taxation stealing every dime they make to survive. HART Rail is a cruel social injustice and making it forever is totally mean and vicious.

Rail will take nearly 10-15 years to become operational because of many, many bad planning, funding and design issues. The public was lied to. The existing financial “plan” is a disaster, getting worse with future higher O&M costs. The new rail cars are already found to be defective and need replacement while the cracking guideway is also badly defective, a dangerous accident waiting to happen with plastic shims needing replacement in just 5 to 10 years.

Meanwhile Honolulu Oahu has potholed roads which are not being repaired, water mains and sewer lines that break almost daily flooding streets and beaches with mud and sewage, badly maintained park facilities and a constantly failing City zoo. The City has a very bad Operations and Maintenance record. No one believes rail will be any different or any better.

Rail Will Become A Magnet For Criminals And Massive Homeless Populations

A massive growing Honolulu homeless population will be attracted to rail stations as panhandling campsites and the ideal location for drug dealing of all kinds. Homeless with free social services passes and people falling onto the rail tracks will shut the entire transit system down for hours making it unreliable as a commuter system. Tourists will be turned off as Honolulu rail extends the homeless and drug abuse problems across an entire 20 miles of Oahu. Driverless rail cars offers many new crime avenues for pickpocket and purse snatcher skills learned from decades of mainland rail venues and it will all be coming to Honolulu via rail.

John Bond, President
Kanehili Cultural Hui
A HART-FTA rail consulting party

Honolulu Mayor’s rail tax plan brings rail to new level of insanity

- Honolulu Star-Advertiser
- 5 Feb 2017
- DAVID SHAPIRO ——— Reach David Shapiro at volcanicash@gmail.com.

Mayor Kirk Caldwell and City Council Chairman Ron Menor think Oahu taxpayers are so rich we can pay not only for a \$10 billion rail system that’s \$5 billion over budget and climbing, but also for road projects on the neighbor islands.

The two offered leery lawmakers a ludicrous bribe if they bail out the city from its rail deficit by extending the Oahu’s half-percent rail excise tax surcharge. They invited the state to increase its controversial 10 percent skim of the tax to 20 percent or 25 percent, which could boost the state’s annual rake from nearly \$25 million to more than \$60 million.

Most preposterously, Caldwell suggested these funds raised solely from Oahu taxpayers be used for projects such as a highway widening on the Big Island and a bypass road on Kauai. Adding a 25 percent political premium to a grossly expensive project that's already wildly over budget would move Oahu rail past train-wreck status to bats-in-the-belfry crazy.

The scheme comes the same week a University of Hawaii study called the state's skim exorbitant and said it should be cut to 1 percent or less. Caldwell has been mired in rail's dysfunction since 2008, when he was former Mayor Mufi Hannemann's self-described "primary point person" on the project.

He's lost any conscience about the burden he'll put on his constituents to avoid needed cost-cutting adjustments as he and his cohorts continue to bungle rail.

It's easy to give away taxpayers' money when you've got it made with a \$165,000 mayoral salary and a \$200,000-to-\$300,000 side job at the bank.

But the excise tax he's so eager to spread around must also be paid by a homeless mother buying milk for her kids or a hardworking laborer who will never be able to afford one of the luxury condos along the rail route. Caldwell himself complained in 2011 that the state's skim, intended only to cover the cost of collecting the rail tax for the city, yielded enough to pay for the entire operation of the state tax department. Gov. David Ige says he's depending on the state's rail-tax share to cover an \$80 million upgrade to the tax department's computer system.

Why should Oahu taxpayers alone bear the cost of the tax department or a computer system that serves the whole state? Charging one county's residents a higher tax to fund projects in other counties is unprecedented and possibly unconstitutional.

If rail-tax revenues are to be spent statewide, the tax should be levied statewide. (Hear neighbor islanders scream about having to help pay for Oahu rail.)

Let's hope Oahu legislators, a sizable majority, have more scruples than our mayor and Council in protecting their constituents and will scuttle this shabby ploy.

US Transit Moving Into 21st Century While Honolulu Mentally Stuck In 19th Century

Local Oahu residents will be regressively taxed for 9-10 years with no working rail according to official HART rail PMOC warnings, while the HART project eats up tax cash and capital dumping money into off shore bank accounts. No US city has a more inept, corrupt and stupid "transit" scheme than Honolulu, the national poster child for 19th century in bred mental midget limited imaginations.

Breaking the best bus system in America that can deliver commuters downtown from Ewa Beach using express lanes in approximately 50 minutes, the substitute is a 100 times more expensive incompetently built HART rail extending commute times to at least double- 150 minutes each way

and costing at least four times as much in ticket fair while providing 2% or less highway traffic relief.

No city has a more socially unjust criminal conspiracy than Honolulu to defraud taxpayers and force long term financial suffering costing nearly \$500 million a mile. The City Council and mayor are devoid of any concept of ethics and fiduciary responsibility while lining their own pockets. All other American cities are making far more intelligent and socially just decisions than Honolulu. Bribes and payoffs are the reason.

Meanwhile 21st century electric buses and advanced autonomous vehicles are being rapidly deployed nationwide as at far greater cost savings than rail, which in Honolulu costs nearly 500 million a mile. Electric buses are quiet, can travel about 150 miles on a full charge and can be solar charged when parked while continuous electrical demands of HART rail will require the most expensive annual power bill in Oahu history, well over the US Department of Defense.

LA's first regular electric bus line is currently humming along DTLA streets after debuting last month; the first of four buses to be eventually rolled out by the Los Angeles Department of Transportation.

Ford is investing \$1 billion in a secretive artificial intelligence startup headed by former Google and Uber execs to advance its self-driving car efforts. Many major smart money transit investments are now going towards near-full-autonomy cars, vans, buses and trucks which will soon revolutionize the transportation industry.

General Motors has invested \$500 million in ride-hailing service Lyft and spent nearly \$1 billion acquire Cruise Automation, a self-driving startup. Ford recently bought Chariot, a shuttle-bus service based in the Bay Area.

The technology will deliver near-full-autonomy — a "level 4" capability — that can be used in very large geo-fenced urban areas. The Argo AI founder and Ford executives characterized the eventual application as an order of magnitude more sophisticated as the semi-self-driving systems currently on the road.

Ford just invested \$1 billion in a secretive AI startup founded by former Google and Uber execs

<http://www.businessinsider.com/ford-invests-1-billion-argo-ai-for-self-driving-cars-2017-2>

Dash Buses Go Electric While Metro Sticks With Natural Gas

<http://www.lamag.com/driver/dash-buses-go-electric-metro-sticks-natural-gas/>

VOLCANIC ASH



DAVID
SHAPIRO

City needs to prove rail's worth before funding flows

Mayor Kirk Caldwell is begging the Legislature for another excise tax bailout for Oahu's runaway rail project, claiming, "This project is just too important to let it die (or) let it stop at Middle Street."

Lawmakers should make him prove it before dumping more money into this end-

less fiasco.

The last cost-benefit analysis on rail was back when the projected cost was \$4.5 billion — \$3 billion from a local excise tax surcharge and \$1.5 billion from federal funds.

Expected benefits in terms of ridership and traffic relief are unchanged; if anything, critics contend those numbers are as over-optimistic as original financial projections.

Costs have changed massively. The \$4.5 billion is now \$10 billion and climbing. The local share is up from \$3 billion to \$8.5 billion.

Caldwell won't say what he thinks rail will ultimately cost. Rather than nail it down, he wants legislators to write a blank check for future overruns by permanently extending the half-cent excise tax that was supposed to last only 15 years.

The near-tripling of local costs with no increase in benefits cries for a fresh

cost-benefit study to assess if it's still worth pushing rail to Ala Moana, or if it makes sense to trim back and pursue cheaper traffic-relief measures.

Caldwell is pressuring the Legislature with a federal threat to withhold its funding unless local money covers the deficit by April.

But with the new regime in Washington, who knows if our funding will be released no matter what we do? And it makes no sense to let the feds, whose share is now 15 percent and shrinking, call 100 percent of the shots.

Out-of-control rail is devouring funds sorely needed for other state and city priorities.

In addition to the forever excise tax surcharge, the city is plotting a \$65 million increase in gas taxes and parking fees, which usually fund road maintenance, to pay for rail. Higher property taxes and garbage fees for rail are also on the table.

The Legislature, which already scoops 10 percent of

the rail excise tax, is threatening to take even more, meaning strapped Oahu taxpayers must not only pay for rail overruns, but also pay more for state services than neighbor islanders.

Our tax base is only so deep, and if every available penny is sucked out for rail, where do we get money for roads, schools, hospitals, decaying infrastructure, affordable housing, and pension debt?

The Legislature should pause further rail bailouts until the city produces a credible bottom-line cost for finishing to Ala Moana and an honest new cost-benefit analysis to prove it's worth it.

Meantime, the city can use existing funds to get rail to Middle Street, feed it into the bus system and provide commuters a measure of relief.

Reach David Shapiro at volcanicash@gmail.com.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 15, 2017 8:34 AM
To: TRE Testimony
Cc: Rocky.Rhoads@protonmail.com
Subject: *Submitted testimony for SB1183 on Feb 15, 2017 13:15PM*

SB1183

Submitted on: 2/15/2017

Testimony for TRE/PSM on Feb 15, 2017 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Rocky Rhoads	BOHICA	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.

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 12, 2017 4:45 PM
To: TRE Testimony
Cc: codysilva89@gmail.com
Subject: *Submitted testimony for SB1183 on Feb 15, 2017 13:15PM*

SB1183

Submitted on: 2/12/2017

Testimony for TRE/PSM on Feb 15, 2017 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Cody Silva	Individual	Support	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.

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HAWAII REGIONAL COUNCIL OF CARPENTERS

February 15, 2017
Hawaii State Capitol, 1:15p.m.
TRE/PSM Committee Hearing

Statement of the Hawaii Regional Council of Carpenters – SUPPORTS INTENT SENATE BILL 1183

Dear Chairs and Members of the Senate Committee on Transportation and Public Safety, Intergovernmental and Military Affairs:

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 Houghtailing 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

Senate Committee on Transportation

Senator Lorraine R. Inouye, Chair
Senator Donovan M. Dela Cruz, Vice Chair

Senate Committee on Public Safety, Intergovernmental, and Military Affairs

Senator Clarence K. Nishihara, Chair
Senator Glenn Wakai, Vice Chair

February 15, 2017
1:15 p.m.
Conference Room 225

Re: SB1183 Proposed SD1, Relating to Taxation

Chairs, Vice Chairs, and Committee Members,

I am writing in **STRONG SUPPORT** of SB1183 Proposed SD1, which authorizes counties that have established a surcharge on state tax prior to 7/1/2015 to extend the surcharge in perpetuity and authorizes counties that have not established a surcharge by 7/1/2017 to establish a surcharge on state tax.

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 SD1, 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 SD1. Mahalo for the opportunity to provide testimony on this important measure.

Mahalo,
Jonathan Ching
Kaka‘ako, Honolulu

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 14, 2017 6:13 PM
To: TRE Testimony
Cc: rebecca.ji.soon@gmail.com
Subject: Submitted testimony for SB1183 on Feb 15, 2017 13:15PM

SB1183

Submitted on: 2/14/2017

Testimony for TRE/PSM on Feb 15, 2017 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Rebecca Soon	Individual	Support	No

Comments: I am happy to submit my testimony to you today in strong support of proposals to extend the 0.5% GET surcharge to support the Honolulu rail project's completion of the full 20 mile, 21 station plan. At its core, I support this measure because it is what is right. Whether you live on the rail route or off of it, rail IS the major infrastructure project of our generation that has the potential to make the difference for the future of Hawai'i. We all opine over the rising cost of land, rapid shrinking of the middle class, and lack of economic opportunities for future generations – rail is one piece in the puzzle that attempts to set Hawai'i on a positive path. As a recent graduate of UH Manoa, I have many peers that would greatly benefit from rail today. As a small business owner, and as a young professional, I know rail is a critical component in building an island community for our future that cares about all people, especially the most marginalized. Decades ago, we as a community decided to centralize growth in West and Central O'ahu. With the development of O'ahu's second city, rapid transit was envisioned as a component to ensure smart growth. Instead, we voted down two projects, which we now look back upon and wish we hadn't. Let's not make the same mistake again. Rail is about many things – creation of jobs, investment in local industry, development of affordable housing, building sustainable communities, and providing social equity through access to economic and educational opportunities. Hawai'i voters wanted each of these things when we voted to support rail in 2008. We now need our Senators and Representatives to make the difficult decisions, which will allow us to complete the project we need. I urge you to vote in favor of extending the GET surcharge and support the completion of this important project. Mahalo for the opportunity to share mana'o on this important issue.

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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Chairs Inouye and Nishihara and Members of TRE/PSM:

I am providing this testimony to you in support of the SB1183 and SB1176 as a measure to extend the GET surcharge and allow the rail line to be built as intended and as necessary for future generations.

I recently graduated from the University of Hawaii at Manoa and live at the Ko Olina boat harbor. Most days I commute via TheBus, and so I see first hand the value that would be brought to students, families, and businesses once the rail is built. If rail were built today, I would ride it every day. Instead, I spend an average of 5 hours on the road each day and have recently had to buy a boat slip at Ala Wai for days that traffic is even worse.

Few students have this option and instead miss school, miss extra-curricular activities, or miss key studying time. The traffic makes going to school nearly impossible for non-traditional students, who may have childcare, work, or other demands that already make achieving higher education more challenging.

The University of Hawaii System already has three campuses on the rail transit alignment: UH-West Oahu, Leeward Community College and Honolulu Community College. Allowing a rail line that can eventually connect to UH Manoa is important for our island's future. Each campus offers different programs and classes, and students need to have the option of being able to travel between campuses quickly and easily to access the courses they need and want. There are other private school campuses, including HPU, that will also benefit from the planned downtown rail station.

Rail is an important part of Hawaii's future, not only in transportation and development of sound neighborhoods, but also to ensure equal access to education for communities throughout the island.

I would like to ask the committee to extend the GET surcharge to ensure we can bring this project to completion and lay the groundwork for an extension to UH Manoa to expand the educational opportunities available to students in our institutions of higher learning.

Thank you for the opportunity to testify,

Katherine Vessels
William S. Richardson School of Law, c/o 2016
Small Business Owner

TO: State Senate Committees for Transportation and Energy and for Public Safety, Intergovernmental, and Military Affairs

FROM: Frank Genadio

SUBJECT: Senate Bill 1183, SD1

DATE: February 15, 2017

Honorable Ladies and Gentlemen:

This testimony is submitted in opposition to the passage of Senate Bill 1183, SD1 or any other version of the bill. There is only one way to describe the SD1 version—it is a “camel” (i.e., a horse designed by a committee; in this case, committees). The surcharge applied to the General Excise and Use Tax (GET) effective January 1, 2007 was for the specific purpose of developing a rail system on O’ahu. Aside from the fact that the state has “raked off” about \$200 million of the surcharge for projects other than rail, an amount at least twenty times more than needed for “administration and handling” of the tax change, O’ahu taxpayers are now being faced with their (rail) money being used for added non-rail projects across the state. If you want to fund education, roads, affordable housing, elderly programs, and services (?) programs, then do so through other legislation. To me, the surcharge extension in Part I (in perpetuity) contradicts the one in Part III (through 2032); how does the transfer of land parcels from the Hawaii Community Development Authority to the city enter or impact the surcharge discussion?

I am sure you realize that an extension through December 31, 2032 is not adequate to fund the obsolescent steel wheels on steel rails (SWSR) system, and ANY extension would be, to say the least, damaging to future electoral prospects for the legislators. The interim executive director of the Honolulu Authority for Rapid Transportation (HART), Krishniah Murthy, seems to be already exploring other means to fund completion to Ala Moana Center. The most effective of the other means is a change in technology.

My written testimony for the committees’ meeting of February 6, 2017—which, by the way, was never published on the Web site despite being submitted more than 24 hours in advance—described a method to complete the 20-mile alignment within the (estimated) \$6.8 billion budget provided through the 21-year GET surcharge (of \$5+ billion) coupled with federally obligated funds (of \$1.55 billion). The attachment to this message shows costing for conversion of SWSR to an urban magnetic levitation (maglev) system based on American technology, a total cost for completion of the minimum operable segment (MOS) using available funding. With the new proposal from the Honolulu Transit Task Force for a change to at-grade rail, the attachment now also shows a comparison of its costs with maglev. It was necessary to extrapolate costing on the SWSR project to date due to the city’s and HART’s lack of transparency on funding to date. The conversion costs shown are conservative; the figures are higher than the costs derived from the 2014 book, “Maglev America,” significantly padded for the “price of paradise.” It should be noted that procured SWSR trains could be placed in service to, perhaps, a convenient turnaround point at Aloha Stadium on guideway already built, with maglev trains able to operate on the full 20-mile length with embedded levitation panels between the rails of the SWSR segment.

U.S. Representative Colleen Hanabusa, while still serving as the Chair of HART's Board of Directors last year, called for a peer review of the rail project. I testified to HART (at her last meeting) supporting the review while asking that it includes a maglev engineering team. I am not referring to a financial audit but, instead, a review that includes all options that can prevent the city's project from becoming the nation's "poster child" for mismanagement and cost overruns on infrastructure development. I am sure you noted that this huge project was not on the list of the nation's top 50 infrastructure projects; federal officials, from both the past and the present administrations, appear to be keeping "hands off" to avoid being associated with our project. Even Region IX of the Federal Transit Administration (FTA), a strong partner of the city for years, is withholding funds until the city shows a recovery plan.

Some of you were closely involved in the project while serving as members of the City Council. Three mayors and several councils, as well as a mostly complacent legislature, must all share the responsibility for bringing this project to a precarious position where 70 percent of residents now favor termination. (As cited in a Honolulu Star-Advertiser, January 18, 2016, poll that showed a 57% approval for rail with a \$6.57 billion cost; dropping to 41% at \$8 billion; 30% at \$10 billion; and only 22% if costs reach \$12 billion.) Members of the City Council also claimed—falsely—that the FTA would not accept any technology change away from steel wheels, and that the terms of the Full Funding Grant Agreement (FFGA) signed in 2012 were inviolable. Even HART has carried on the misinformation campaign started by the city in 2008; its Web site stated that steel wheels are required by the FFGA. In fact, the FFGA refers only to "80 light metro fully automated (driverless) rail vehicles," a description that not only fits urban maglev but also conventional monorail. I believe that conversion to urban maglev would restore public confidence in the project.

Aside from the reduced costs for completion of the MOS, a maglev offers significant savings in operations and maintenance (O&M) costs. Calculations made for 30 years of O&M, and based on the current \$126 million O&M cost estimate for rail's first year of operations, indicate savings with maglev of \$2.9 billion at two percent inflation and \$3.4 billion at three percent. With transit fare revenues limited to 27-33 percent of O&M, conversion to maglev means a lot of money that can stay in taxpayers' pockets.

If the rail project proceeds, it is not too early to think about extensions to provide service to Waikiki, the Manoa campus of the University of Hawaii, and West Kapolei (i.e., the council-approved locally preferred alternative, or LPA). Continuing with obsolescent SWSR technology will definitely "throw good money after bad." Completing the current project within budget with maglev would bode well for public acceptance for extending the surcharge as well as for gaining federal funding support to the LPA under the New Starts program. Please think about the positive impact on rail ridership and the subsequent improvement of level-of-service on the roadways that, after all, was the supposed initial goal for implementing rail.

Conversion to maglev can only start with the legislature's denial of the city's request for authority to extend the GET surcharge. Do not pass any bills proposed for surcharge extension and tell Mayor Kirk Caldwell, City Council Chair Ron Menor, HART's Krishniah Murthy, developers, and union leaders to "get their act together" and participate in a rail peer review that

emphasizes completing the MOS by 2025 with the existing budget. This review, which should cover costs, technology, and the alignment, can be conducted with the cooperation and funding support of the FTA. The first step toward applying a 21st Century solution to the rail project is to kill SB1183 and also defeat EVERY bill introduced in the State Legislature that would enable the city to extend the surcharge past December 31, 2027. Mahalo and Aloha.

Frank Genadio
Lt. Col., USAF (Ret.)
92-1370 Kikaha Street
Kapolei, HI 96707
(808) 672-9170

Costs for Conversion to an At-grade Rail System, February 2017 (From Honolulu Transit Task Force Report)

Starting point: The projected cost of the current elevated system to Middle Street — \$6.22B.

Five miles of dual rail tracks at street level at \$139M/mile — \$695M for five miles.
Changing the 80 rail cars from high-floor to low-floor type. Based on the total car contract amount (\$200M) and using a 1/3-of-total change order charge — \$66M.
Modification of maintenance yard equipment to service low-floor rail cars — \$100M.
Preparation of EIS Technical Memorandum — \$10M.
A/E redesign of the street level route (typically 20% of construction cost) — \$139M.

Using the above figures, the total cost of a modified HART project would be **\$7.23B**.

Operating and Maintenance Costs — \$2.7M per mile, or **\$54M** yearly.

Costs for Conversion to an Urban Magnetic Levitation System, February 2017 (Conversion costs based on information in “Maglev America”)

Starting point: Twelve miles of completed guideway before pause, as follows:

Rail Car contract modified for 40 rail cars and systems — \$1B.

Maintenance and Storage (M&S) Facility — \$115M.

Guideway and Track elements for 12 miles — \$700M.

Sitework and special conditions for 12 miles — \$604M.

Right-of-way, Land, Existing Improvements — \$198M.

Professional Services — \$1.123B.

Total Cost (actual and estimated) for all 21 Stations — \$970M.

Cost for Pearl Highlands Transit Center — \$280M.

Sub-total for Modified Steel Wheels Project — \$4.99B.

Conversion of twelve guideway miles for maglev use — \$120M.

Modification of Maintenance and Storage Facility to accommodate maglev — \$50M.

Eight miles of maglev-only guideway (to Ala Moana Center) — \$400M.

Forty maglev rail cars (10 trains) — \$200M.

Contract renegotiation, manufacturing start-up, etc. — \$100M.

Unanticipated or unexpected costs (i.e., “buffer” for rounding) — \$40M.

Sub-total for Maglev Conversion Plan — \$910M.

Total of committed funding and maglev conversion plan funding required would be **\$5.9B**.

Contingency fund — \$900M.

Operating and Maintenance Costs — Less than half of steel wheels, or **\$51.66M** yearly.

(NOTE: Using “M” for million and “B” for billion.)

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 13, 2017 8:26 AM
To: TRE Testimony
Cc: eschiff5@gmail.com
Subject: Submitted testimony for SB1183 on Feb 15, 2017 13:15PM

SB1183

Submitted on: 2/13/2017

Testimony for TRE/PSM on Feb 15, 2017 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Eric Schiff	Individual	Oppose	No

Comments: I strongly oppose SB1183. No additional extension whatsoever.

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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Testimony opposing HI SB 1183.

Senate Transportation and Energy Committee

Wednesday, February 15, 2017

Conference Room 225 at 1:15 pm

Chairwoman Lorraine Inouye and members of the Committee,

My name is Jeremy Lam and I am strongly opposed to authorizing the “forever tax” for the completion of the rail project. From the very inception during Mufi Hanneman’s term in 1994, the project has been filled with untruths and yet the leaders of our community have continued to push this costly project forward. The City and HART have never apologized to the public or encouraged a moratorium until further financial and cost analyses could be done. Many leaders seem to have a hidden agenda. Some agendas are more obvious as Kirk Caldwell’s relationship to PRP. Some are less obvious till they later surface like Nestor Garcia’s vote on the project after failing to disclose his side employment benefits.

Transit lies have become commonplace. It will improve traffic. It can be done with no further taxes. It will have a robust ridership of 200,000 people for several hours during the day. The feds will pay a big portion of it. Rail is fast. The City did a thorough vetting of all the options. Steel on steel construction maybe noisy but is the state of the art. The public around the island wants rail. We are providing social equity. Transit oriented development will save us. Rail will save energy. We will not need human beings to handle security. It will be safe. There will be ample parking around all the stations. Everyone wants to go to Waikiki, Ala Moana and the University. A Councilman once stated the train will run at a profit! It will result in less bus transfers. It will not compete with the Bus or Handivan for funding. Mufi said we have a contingency fund that will cover all lawsuits and cost overruns. The untruths are endless.

With the costs now certain to run to \$11 billion, we would like you to stop the bleeding and let us get off the train. Take another poll. Do not ask if you want the route to end at Ala Moana. Ask the voters if they want to pay over \$500 million a

mile to complete the rail system. Do they want the “forever tax” passed? I think you know what the answer will be. You have only to look at input, comments and postings from social media to get a flavor of present public opinion. Sometimes I read facebook comments on a rail issue and I become sad.

The Senate leadership should stop, look and listen to its constituents and stand up to the developers, banks, electric company and all who will benefit monetarily from this money pit that is rail. Use the limit of the money that is already provided and no more. Consider giving the feds back the remaining monies we did not spend or even all of it. As you can plainly see, this will only save us money in the future.

We live in Honolulu on a small island. We appreciate the view planes from the mountains to the sea, the greenery and scenery. We have no aerial advertising. We have no billboards and thankfully no bus billboards. The giant concrete monoliths that make up the rail route is not Hawaii. Forcing the cement towers through the heart of our beautiful city is not what our island needs. And you are surely aware of the pension fund, the sewerage costs, the union raises and other demands on our budget. Please vote against moving this bill forward and burdening your constituents with this “forever tax”. Thank you for the opportunity to testify!

With warm regards,

Jeremy Lam

2230 Kamehameha Avenue

Honolulu, HI 96822

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 12, 2017 11:53 PM
To: TRE Testimony
Cc: Veedubh20@hotmail.com
Subject: Submitted testimony for SB1183 on Feb 15, 2017 13:15PM

SB1183

Submitted on: 2/12/2017

Testimony for TRE/PSM on Feb 15, 2017 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Allen Rideout	Individual	Oppose	No

Comments: I oppose the bill of sb1183! Stop raising more taxes! Mahalo!

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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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 12, 2017 11:04 AM
To: TRE Testimony
Cc: MSMatson@hawaii.rr.com
Subject: Submitted testimony for SB1183 on Feb 15, 2017 13:15PM

SB1183

Submitted on: 2/12/2017

Testimony for TRE/PSM on Feb 15, 2017 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Michelle Matson	Individual	Oppose	No

Comments: SUBMIT STRONG OPPOSITION TO THIS OPEN-ENDED "SURCHARGE" PRACTICE IN PURPSUIT OF SOAKING HAWAII TAXPAYERS TO RAM THE CONTINUOUSLY CORRUPT AND ESCALATING O'AHU ELEVATED RAIL BEHEMOTH THROUGH AT ANY COST.

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testimony opposing SB1183

I strongly oppose this measure. **Do not extend the rail tax.** Whatever it brings in will never be enough. Costs for building and maintenance will continue to exceed the current shibai figures, just as they have repeatedly in the past, necessitating additional taxes. We can't afford it.

The more sane and responsible approach is to not grant any additional funds to this heavy rail project that only benefits developers and investors, not local people. Instead, insist on replacing it with the cheaper, more convenient, and more efficient light rail or BRT, using the elevated portions and extending it in both directions at grade. With this approach, even having to return the Fed money already received would be a savings in the long run.

Do not extend the rail tax.

Do not waste any more of our money on this boondoggle project.

Enough of this pandering to special interests at our expense already!

Wendy Arbeit

Makiki

arbeit@hawaiiantel.net

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 11, 2017 7:02 AM
To: TRE Testimony
Cc: jbeyhi@yahoo.com
Subject: Submitted testimony for SB1183 on Feb 15, 2017 13:15PM

SB1183

Submitted on: 2/11/2017

Testimony for TRE/PSM on Feb 15, 2017 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
John Begg	Individual	Oppose	No

Comments: No additional, layered and stacked taxes. HI County is not thoroughly harvesting property taxes due to the weak-lack of building oversight. Open permits, dwellers living in un-permitted structures and receiving resident tax rates, generating property income from AirBnB, etc.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 13, 2017 10:29 PM
To: TRE Testimony
Cc: pjburniske@yahoo.com
Subject: Submitted testimony for SB1183 on Feb 15, 2017 13:15PM

SB1183

Submitted on: 2/13/2017

Testimony for TRE/PSM on Feb 15, 2017 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Penelope Burniske	Individual	Oppose	No

Comments: Aloha Everyone, You all have heard, or at least you should have heard, the people expressing their concerns with the runaway costs of the rail and the unhappiness of the continuing bickering over who did what. I am not going to address any of those concerns at this time for the very reason you have heard it. Having relocated here 15 years ago I was so impressed with our bus system, the friendliness of the drivers and our roads. Now, 15 years later, I am distressed to see what has happened not only to our buses but our roads. In the last two years I have had to replace struts in my car, had it realigned twice and last week one of my tires had a hunk of metal in it so it had to be replaced ~ Our roads are like driving in a third world country and this is just in the Kakaako area! What once was a role model for transportation our buses are becoming dirty and unkept. The ride is so bad on some of them it is a wonder you don't lose the fillings in your teeth! Imagine, if you can, what we could have done with 2 or 3 billion dollars to repair the roads, add bus lanes all over the entire island that would have serviced all residents of the island and even purchased new buses too. Mind boggling!! Dan Grabauskas said the question will not be resolved until summer. "We have not yet opened the bids for the final 10 miles and the final 12 stations," he said. "That's going to make or break us." I am requesting you take a very serious look at what is happening ~ Perhaps even taking a walk down some of our streets and really looking at what is going on before you vote to continue with this craziness of building something that is obsolete before it is even finished. Truly the residents of this island financially cannot afford to continue supporting it and as representatives of the people neither should any of you! Penelope Burniske Kakaako Area Honolulu Hawaii

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 13, 2017 4:15 PM
To: TRE Testimony
Cc: patriciablair@msn.com
Subject: *Submitted testimony for SB1183 on Feb 15, 2017 13:15PM*

SB1183

Submitted on: 2/13/2017

Testimony for TRE/PSM on Feb 15, 2017 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Blair	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 13, 2017 4:07 PM
To: TRE Testimony
Cc: lindalegrande2243@gmail.com
Subject: Submitted testimony for SB1183 on Feb 15, 2017 13:15PM

SB1183

Submitted on: 2/13/2017

Testimony for TRE/PSM on Feb 15, 2017 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Linda Legrande	Individual	Oppose	No

Comments: I agree with Wesley K. Machida, Director of Dept of Budget & Finance: We need to do an official accounting of ALL expenditures and revenues for this project from 1/1/07-12/31/16 with a status report for each phase, % of work completed, estimated completion dates for work commenced & estimated start & completion dates for work not yet begun. We also need a status report on land & right-of-way, list of contract work over \$1 million, both anticipated and unanticipated. This is an absurdity that this conversation is still going on. You can believe that the residents of Honolulu do NOT want their taxes extended in perpetuity.

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TO: Members of the Committees on Transportation and Energy & Public Safety, Intergovernmental and Military Affairs

FROM: Natalie Iwasa (7 pages)
Honolulu, HI 96825
808-395-3233

HEARING: 1:15 p.m. Wednesday, February 15, 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

Aloha Chairs and Committee Members,

Thank you for allowing me the opportunity to provide testimony on SB1183, which would:

PART I (repealed 12/31/27 or 1/1/28)

- extend the Honolulu surcharge in perpetuity;
- require monthly payments of the surcharge to the county;
- assess a flat fee to reimburse the DoTAX for costs for administering the surcharge;

PART II (effective 7/1/17 with credit applicable to tax years after 12/31/16)

- create an unspecified percentage for a low-income tax credit for 1) taxpayers with adjusted gross incomes (AGIs) below the federal poverty guidelines and with a state income tax liability and 2) taxpayers with AGIs between 100% and 125% of federal poverty guidelines;
- allow other counties to implement a surcharge tax;
- create another state fee of an unspecified percentage to be deposited into the state highway fund created by section 248-8;
- beginning 7/1/18 allocate “remaining county surcharge on state tax revenues” in unspecified percentages to each county, except that if not all counties have adopted a surcharge, the allocation goes only to those counties that have adopted a surcharge;

PART III (repealed 1/1/28 if properties under Sec. 13 are not transferred from state to Honolulu and if requirements under Sec. 14 starting on page 36 of bill and Sec. 15 starting on page 37 are not met by 12/31/27)

- allow Honolulu to extend the surcharge to 12/31/32 (from 12/31/27);
- allow 10% of the surcharge to be used by the DOT for transit oriented development and infrastructure improvement;

PART IV (generally applicable to taxable years beginning after 12/31/18)

- Increase the GET/use tax by .5%. (It appears the intention is to increase the tax by 25% to 4.5%; therefore, suggest amending the bill to insert “rate.”) Part of the increase would go to the county and part to state education, transportation, affordable housing and elderly care.

- repeal the county surcharge effective 1/1/19; and
- create a new county special account into which the additional revenues created by the increase in GET/use tax will be deposited and requires the county to report to the legislature how the funds were expended.

Mistakes and Uncorrected Errors

The rail project has been poorly planned and poorly managed, and mistake after mistake (and some would say deception) have compounded the problems we face today. During the past two years, I have found numerous errors and questionable numbers in HART's reports. Some of those errors and inconsistencies were included in testimonies to the legislature in 2015 and during the February 6 hearing on SB1183.

I have attempted to work with HART to get a few of these errors corrected, but errors persist. For example, prior to HART's formation, approximately \$8 million of federal new starts funding was netted with expenses in the city's financial statements. This has resulted in an understatement of both revenues and expenses on several of HART's reports. I provided information regarding this error to HART staff last summer and was told that *I* should contact the city to request an explanation. To date, this error has not been corrected. Attached is the communication I received from the staff person.

Most recently HART had an error in its cash balance and questionable numbers in its cash flow projection that was given to the FTA on December 1, 2016 (attached). When Councilmember Pine questioned HART staff about this, the response in part was, "they are accurate." When cash in their cash flow table does not match cash reported in HART's own audited financial statements, that's a problem. When a HART staff member says the report is "accurate," that's a much bigger problem.

A Special Account for Counties with Surcharges

Requiring the set up of special accounts for the additional tax revenues is a way to mitigate concerns that taxes paid by one county are being used for the benefit of taxpayers across the state. However, it is important to recognize that with special accounts, it will be easy to justify moving other statewide resources from those counties to counties without the surcharge. As a practical matter, I think in the end counties with surcharges would still be paying more for statewide projects.

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.

Natalie

From: Sakihama, Bruce [bsakihama@honolulu.gov]
Sent: Tuesday, July 26, 2016 11:33 AM
To:
Cc: Morioka, Brennon T; Arakaki, Diane
Subject: RE: HART's presentation on debt to Budget Committee - clarifications needed
Attachments: Copy of Revenue 2010-630-5196.xlsx; Copy of SC-DTS-0700001 Payments from 630-5196.xls; BEGINNING CASH BALANCE_10.16.2009_INFORMATION.xls

Dear Ms. Iwasa,

This is in response to your email of July 22, 2016 to Mr. Dan Grabauskas.

Regarding the grant drawdown of \$7,912,219.00, please see the attached information that we have received from the City regarding the FTA drawdowns in FY2011. The \$7,912,219.00 received from the drawdowns were used to pay the \$10,000,000 of HART invoices per the attached schedule "copy of SC-DTS-0700001 Payments from 630-5196". We agree with your position that it is not possible to verify and identify the \$7,912,219.00 per the City's Comprehensive Annual Financial Report (CAFR) Transit Fund financial statements for FY2011. Although we are confident that the grant drawdown was received and used to pay the contractor invoices, HART does not have the records or working papers that were used by the City that shows how the grant drawdowns and invoice payments were reported in the FY2011 CAFR. We recommend that you contact the City to request this information with an explanation of where and how it is reported in the CAFR.

With regards to the beginning cash balance, we have attached a detail cash and expenditure report from FY2007 to October 16, 2009 which is the start of preliminary engineering. The report shows all of the cash receipts and expenditures for the period for Fund 290 and Fund 690, with a combined ending cash balance of \$298,287,408.77. For your information, the Document ID codes are as follows:

AD = Automatic Disbursements by check
CRD = Cash Receipts
EFT = payments via Electronic Fund Transfer
ICPT = Internal City Transfers
JVA = Adjusting Journal Vouchers
JVIA = Interest income credited
JVPR = Payroll items
RBF = Reclassification Between Fund Expenditures

We hope that we have provided you with the information that you require to complete your reconciliation of HART's reported revenues and expenditures. Please feel free to contact us if you have additional questions.

Sincerely,

Bruce Sakihama
Fiscal Officer
Honolulu Authority for Rapid Transportation
1099 Alakea Street, Suite 1700
Honolulu, HI 96813
Email: bsakihama@honolulu.gov

From: Natalie aka Bike Mom

[Natalie Iwasa, testimony on SB1183, SD1, page 4 of 7](#)

Sent: Friday, July 22, 2016 2:42 AM

To: Grabauskas, Dan

Cc: Kobayashi, Ann; Fukunaga, Carol A; kpine1@honolulu.gov; Manahan, Joey; Ozawa, Trevor; Morioka, Brennon T; Formby, Michael; info@honolulustransit.org

Subject: HART's presentation on debt to Budget Committee - clarifications needed

Aloha Dan,

Unfortunately I was unable to attend Wednesday's Budget Committee meeting. However, I was able to view it online and appreciated the questions Councilmembers Fukunaga and Kobayashi asked you. I understand why Councilmember Fukunaga is confused by the presentation given to the council and ask you to consider the following.

As you know, I have questioned the amount of federal funds shown in the "Table A-1, Capital Plan Cash Flows" in the "Project To 2015" column. The amount listed is \$411 million, yet when I added up all of the revenue from federal grants per audited financial statements and adjusted for the related receivable as of June 30, 2015, the total through fiscal year (FY) 2015 was about \$20 million less.

Several weeks after I did that calculation, I was provided additional information for the Department of Budget and Fiscal Services -- the city's audited financial statements for FY 2011 included \$12,992,803 in federal new starts funding under miscellaneous revenues. That leaves an unexplained variance in the federal funding of \$7,912,219.

I also have questions on "All Other" income listed in the Capital Plan Cash Flows, because \$7,368,144 of interest and other income was reported on audited financial statements for FYs 2007 - 2009. This amount should be included as part of the beginning cash balance of \$298 million. Instead, the beginning cash balance is made up solely of the GET surcharge (\$378,393,662 less expenditures of \$80,478,167 through FY 2009). The \$378,393,662 agrees with audited statements, and the GET of \$1,091 million in "Project To 2015" also ties out to audited amounts (\$1,470 million per audited statements less \$378 million for FYs 2007 -2009, less \$1 million).

It should be noted the ending cash balance of \$293 million in the Capital Plan Cash Flows does agree with the audited financial statements, so money doesn't appear to be missing. It appears it is miscategorized and/or netted with expenditures. I would therefore like to suggest the following:

- Show how the Beginning Cash Balance of \$298 was determined. The amount should include interest and other revenue as reported in the audited statements, less any receivables.
- Check and revise as applicable the various "Project Funding Sources" listed under "Project To 2015."
- Check and revise as applicable "Project Uses" listed under "Project To 2015."
- Define terms and be consistent in their usage, for example:
 - "Federal Funds Received" = the cash received from the FTA (and deposited into HART's bank account)

- “Federal Funds Appropriated” =
 - “Federal Fund Draw Downs” =
 - “Federal Funds Received by the FTA on behalf of HART” = .
- Include the terms “cash basis” or “accrual basis” as applicable, and do not mix them in the same report, as was done in the revenue report to the state senate last year.

As you get ready to prepare the recovery plan for the FTA, it is important these numbers be properly reported. I previously sent you copies of my calculations and other documents related to this. If you have questions, please let me know.

Feel free to share this with others.

A hui hou, Natalie

Natalie Iwasa

Honolulu, HI 96825

Phone 808-395-3233

Unless expressly stated, this email is intended for the sole use of the person or persons I sent it to. As a professional, volunteer and neighborhood board member, I have various responsibilities, and those responsibilities at times may create conflicts of interest. Therefore, any opinions stated in this email are mine and do not represent those of my firm or any other organizations I may be a member of.

Senate Committees Monday, February 6, 2017

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 6.)

² July 2016 report page 19. (Attached page 7.)

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

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
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
Federal Grant	\$1,550	\$54	\$192	\$212	\$254	\$323	\$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
Total Revenue	\$6,372	\$1,780	\$428	\$458	\$511	\$591	\$279	\$291	\$304	\$317	\$330	\$344	\$359	\$266	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Project Sources	\$6,372	\$1,780	\$428	\$458	\$511	\$591	\$279	\$291	\$304	\$317	\$330	\$344	\$359	\$266	\$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
Debt Service	\$1,337	\$0	\$7	\$20	\$34	\$51	\$74	\$94	\$112	\$125	\$128	\$120	\$112	\$103	\$92	\$79	\$66	\$52	\$38	\$23	\$8
Total Project Uses	\$9,502	\$213	\$713	\$896	\$904	\$1,209	\$765	\$868	\$682	\$458	\$243	\$209	\$137	\$103	\$92	\$79	\$86	\$52	\$38	\$23	\$8
Net Current Change	(\$3,130)	(\$98)	(\$285)	(\$438)	(\$394)	(\$618)	(\$486)	(\$577)	(\$379)	(\$141)	\$87	\$136	\$222	\$163	(\$92)	(\$79)	(\$66)	(\$54)	(\$38)	(\$23)	(\$12)
Debt Proceeds	\$6,155	\$0	\$215	\$653	\$660	\$892	\$836	\$946	\$777	\$649	\$526	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less Debt Repayment	(\$6,170)	\$0	\$0	(\$215)	(\$267)	(\$274)	(\$350)	(\$370)	(\$398)	(\$508)	(\$429)	(\$204)	(\$251)	(\$261)	(\$337)	(\$350)	(\$303)	(\$377)	(\$431)	(\$406)	(\$421)
Ending Cash Balance	(\$2,847)	\$192	\$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.

February 15, 2017

Dear Madam Chair and Committee Members:

I am in opposition of extending the GET surcharge in perpetuity, and any legislature, 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 was identified as being problematic in 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 have not been accurately identified. Ridership is questionable and fares have not been published. It is deplorable to base finances for 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.

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 "new" 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 "new" 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.

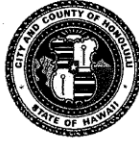
I implore you to STOP THE BLEEDING! If you entertain the idea of extending the GET surcharge, you are either uninformed, have amnesia or are not representing your constituents' best interests.

Sincerely,
Lawrence M. Friedman

**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", with a long horizontal flourish extending to the right.

Kirk Caldwell
Mayor

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 14, 2017 9:40 AM
To: TRE Testimony
Cc: al@makaha.us
Subject: Submitted testimony for SB1183 on Feb 15, 2017 13:15PM

SB1183

Submitted on: 2/14/2017

Testimony for TRE/PSM on Feb 15, 2017 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Allen Frenzel	Individual	Oppose	No

Comments: Aloha, Please no blank check for rail! No more money; no more bailout for Caldwell's fiasco. "A railroad is like a lie you have to keep building it to make it stand." - Mark Twain Mahalo, AL Frenzel

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

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 14, 2017 1:06 PM
To: TRE Testimony
Cc: barbarapolk@hawaiiantel.net
Subject: Submitted testimony for SB1183 on Feb 15, 2017 13:15PM

SB1183

Submitted on: 2/14/2017

Testimony for TRE/PSM on Feb 15, 2017 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Polk	Individual	Oppose	No

Comments: I oppose SB1183 proposed SD1 because it violates the Hawaii State Constitution by including in one bill sections that do not pertain to the title of the bill. I urge you to withdraw the bill and take up its provisions at another time, with adequate notice. I take no position on SB1183 as originally presented.

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

Katherine T. Kupukaa
Mililani, Hawaii

COMMITTEE ON TRANSPORTATION AND ENERGY
Senator Lorraine R. Inouye, Chair
Senator Donovan M. Dela Cruz, Vice Chair

COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS
Senator Clarence K. Nishihara, Chair
Senator Glenn Wakai, Vice Chair

DATE: Wednesday, February 15, 2017
TIME: 1:15 p.m.
PLACE: Conference Room 225
State Capitol
415 South Beretania Street

RE: OPPOSE SB 1183 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 busses, tour busses, 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 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.

Thank you Chair and Senators for allowing me to speak. My name is Steve Miller, I am testifying as a private citizen and I am opposed to this Bill.

What started off as a bad Bill has now mutated in a multi-headed Hydra of bad ideas and needs to be stopped now before it can inflict more damage to the taxpayers of the City & County of Honolulu.

How much taxpayer money are you willing to spend to finish the project?

This is not a rhetorical question. At some point there has to be a number where you say "no more" otherwise you're saying you're willing to spend up to infinite amount of taxpayer dollars. Of course you scoff and say it can't cost an infinite amount of dollars since there isn't an infinite amount of taxpayer dollars available. And you're right. There is a finite amount of taxpayer dollars available. So at what point do you say "enough already"? I believe that point is now. And I was originally a rail supporter. However this project has been so mismanaged with so many errors compounding upon mistakes that it is no longer feasible to continue.

Two years ago the mayor was here saying please, please, please like a spendthrift child who had burned through his monthly allowance the first weekend it was given to him. Now he's back asking for more and it's up to you to be the tough love parent who says No.

The way I see it there are basically two options left. End it at Middle Street and convert it to a guided busway or try and continue as far as you can on maglev. The third option is tear it down which is going to happen.

The GE tax is a highly regressive tax as you know there are a lot of people who are living on the line as it is. How much more of their income are you going to take from them? If we're having any discussion on the GE tax it should be on removing it for food, over the counter medications and feminine hygiene products. Not how much more money can we wring out of taxpayers.

In the beginning I was not an anti-rail. But after seeing what this project has become and if allowed to continue I am terrified of what this project will do to the city finances. I was not anti-rail. That was a mistake which I am willing to admit. It's time for the city and state to admit it was a mistake and stop this now.

Thank you. Are there any questions.

Steve Miller – SB1183 February 15th 2017

February 15, 2017

page 1 of 2

RE: SB1183 SD1

From: Barbra J. Armentrout

TESTIMONY

Thank you for letting me testify regarding SB1183. I am against extending the GET surcharge in perpetuity. It is very difficult for the elderly and disabled citizens of Honolulu living on limited Social Security and Disability now. There are citizens now trying to live on less than \$800 month and having to pay taxes on medicine which most elder people have to take for their diabetes and other debilitating illnesses already takes money out of their monthly checks. Most elderly residents live on income now that falls below federal poverty guidelines.

Having an income tax credit in the bill would help somewhat and I believe also if the city would create a bus transit lane on the freeway that HandiVans and any companies the Handivan contracts to operate as paratransit (Handivan) also be allowed to use that bus transit lane also. Anything that includes Bus should include paratransit Handivan otherwise it is discriminatory to ADA passengers.

I now advocate for the elderly and disabled paratransit riders who sometimes have to wait 1 to 2 hrs for Handivan pickups plus other improvements needed. I have been advocating for Paratransit improvements since 2012 and know of some who have been advocating for 10 yrs.

(continued on page 2)

RE: SB1183 SD1

From: Barbra J. Armentrout (continuation from page 1)

The Handivan audit released in early 2016 has listed numerous deficiencies that have yet to be corrected. Hopefully when the Paratransit Management Plan that has been drafted is to be released soon those deficiencies will be corrected.

Additionally, yes the city is building the rail, but they must also work to improve the paratransit system for the elderly and especially the disabled so that system of transportation for the disabled not fall behind so it will match the efficiency of the rail system whenever it is finished and also that the Rail be affordable for the Hawaii citizens who do live on a limited income.

At previous HART meetings, I constantly ask for Operations and Maintenance costs when Rail is completed, and have yet to be told what they will be.....

My fear is that low income and elderly and disabled on a limited income will not be able to afford the rail when it is finished. As they are struggling now to even afford the \$4.00 RT Handivan if they ride to Doctors, Pharmacies, grocery stores or any ride once a day times 30 days in a month It costs them now \$120.00 a month to ride the Handivan. Low Income residents income does not afford much money now for transportation. There is so many improvements needed for Paratransit that if the current company handling paratransit can't improve the problems then it should be put out to bid by a company that can handle 4,000 riders a day.

I thank the committee for their diligence in the questions they are asking for this bill. The Rail is only one mode of Oahu transportation along with cars, buses, and HandiVan.

Georgette Yaird Karlene-Kone
(808) 224-0219

A. Amendments proposed to become effective July 1, 2017.

Section 27 of the bill proposes, in part, that the statutory amendments proposed in Part II shall become effective 7/1/2017. Part II includes sections 4 – 8.

1. Section 4.

Section 4 proposes to amend chapter 235, Hawaii Revised Statutes (HRS), [Income Tax Law], by adding a new section entitled “low income tax credit.” The tax credit shall be available to taxpayers with federal adjusted gross incomes below, at, and within 125% the federal poverty guideline, such that the taxpayer’s state income tax liability shall be reduced by respective percentage amounts to be determined (TBD).

2. Section 5.

Section 5 proposes to amend HRS § 46-16.8, “County surcharge on state tax” [County Organization and Administration]. The amendments enable a county to establish the 05% surcharge but only if the county adopts the surcharge by ordinance no later than July 1, 2018, and provide that the surcharge shall not be imposed until January 1 of the year following the date the ordinance is adopted. Other than renumbering, the proposed amendments do not alter the uses of revenue as currently authorized under the statute, including, effectively¹, that the C&C may use surcharge revenue only for rail capital and attendant ADA compliance costs; and that Hawai`i, Maui, and Kaua`i counties may use revenue for capital or operating costs of new or existing public transportation systems, roadways, highways, sidewalks, bicycle paths, and pedestrian paths.

3. Section 6.

Section 6 proposes to amend HRS § 237-8.6, “County surcharge on state tax; administration” [GET law]. The amendments fix the amount of allowable county surcharge on the Hawai`i GET at .05%.

4. Section 7.

Section 7 proposes to amend HRS § 238-2.6, “County surcharge on state tax; administration” [Use Tax Law]. The amendments fix the amount of allowable county surcharge on the Hawai`i GET at .05%.

5. Section 8.

¹ The several counties are not described by name in the statute but are differentiated by whether a county’s respective population exceeds or is less than 500,000.

GEORGETTE YAINDL #8940
Preventive Law Hawaii LLC
P.O. Box 307
Kailua-Kona, HI 96745-0307
Telephone No. (808) 224-0219

Attorney for Plaintiffs

IN THE CIRCUIT COURT OF THE THIRD CIRCUIT

STATE OF HAWAII

ROBERT REICHMAN and MARGARET	)	CIVIL NO. 16-1-0018
KIJE HAZELWOOD, Husband and Wife,	)	(Foreclosure) (Hilo)
)	
Plaintiffs,)	
)	
v.	)	CERTIFICATE OF SERVICE
)	
WILLIAM LEE DUFF; COUNTY OF)	
HAWAII DEPARTMENT OF REVENUE;)	
ARTHUR WILLIAM LEHR and JOAN	)	HEARING DATE: DECEMBER 2, 2016
MARIE LEHR, Husband and Wife; STATE	)	HEARING TIME: 8:30 A.M.
OF HAWAII DEPARTMENT OF)	
TAXATION; JOHN DOES 1-10; JANE	)	JUDGE: THE HONORABLE GLENN S. HARA
DOES 1-10; DOE PARTNERSHIPS 1-10;)	
DOE CORPORATIONS 1-10; DOE)	
ENTITIES 1-10; and DOE)	
GOVERNMENTAL UNITS 1-10,)	
)	
Defendants.)	
)	

CERTIFICATE OF SERVICE

Pursuant to Rule 5, Hawaii Rules of Civil Procedure and Rule 5, Hawaii Circuit Court Rules, I hereby certify that certified copies of ORDER CONFIRMING FORECLOSURE SALE, APPROVING COMMISSIONER'S REPORT, ALLOWANCE OF COMMISSIONER'S FEES, ATTORNEY'S FEES, COSTS, AND DIRECTING CONVEYANCE; EXHIBIT "A", filed _____; and JUDGMENT (RE: ORDER CONFIRMING FORECLOSURE

Section 8 proposes to amend HRS § 248-2.6, “County surcharge on state tax disposition of proceeds” [County Budgets; Tax Funds]. The amendments: require the director of taxation pay surcharge revenue collected into the state treasury monthly instead of quarterly; authorize the director to withhold a percentage amount TBD for deposit into the state highway fund; disallow the withholding of any amounts for reimbursement of State administrative costs; and require the director to pay the remaining balance due any county on a monthly instead of quarterly basis.

The amendments provide that for surcharge revenue collected before July 1, 2018, after withholding the amount to be deposited into the state highway fund, the surcharge amount collected shall be distributed to the county in which it was generated; and that after July 1, 2018, after withholding the amount to be deposited into the state highway fund, all remaining surcharge revenues collected shall be distributed to counties that have adopted a surcharge based on percentage distributions TBD to be used by the respective counties as presently specified under HRS § 46-16.8, as addressed in the discussion of Section 5 above.

B. Amendments proposed with no effective date.

1. Section 27 renders the remaining Parts I, III, and IV effective July 1, 2050.
2. Section 27 provides that if the requirements of Part III, sections 13-15 are met by Dec. 31, 2027, then part I is repealed; and if they are not met, then parts I and III are repealed on Jan. 1, 2028.

a. Part III.

Section 13 identifies fifty-three (53) parcels held by the Hawai`i Community Development Authority to be transferred to the City and County of Honolulu (C&C).

Sections 14 and 15 identify a total of thirteen (13) rail development requirements to be performed by the C&C.

Section 10 proposes to amend HRS § 46-16.8, “County surcharge on state tax” [County Organization and Administration] by authorizing the C&C, effectively, to extend by ordinance the surcharge from January 1, 2023 until December 31, 2032, instead of 2027, at the same .05% rate; and that counties that have not established a surcharge by July 1, 2017, may do so at any rate not to exceed .05% state tax.

Section 11 proposes to amend HRS §248-2.6, “County surcharge on state tax disposition of proceeds” [County Budgets; Tax Funds] by disallowing the director of taxation from withholding any of the revenue collected for purposes of reimbursing administrative costs and instead requiring the director to withhold ten percent of the revenue collected from which a percent amount TBD shall be used by the Department of Transportation for transit oriented development and infrastructure improvement purposes.

SALE, APPROVING COMMISSIONER'S REPORT, ALLOWANCE OF COMMISSIONER'S

FEES, ATTORNEY'S FEES, COSTS, AND DIRECTING CONVEYANCE; EXHIBIT "A"), filed

and entered _____; CERTIFICATE OF SERVICE duly shall be served on the

date stated below via deposit into U.S. Mail, 1st class, postage paid, addressed to:

PAUL J. SULLA, JR.
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Defendants, Pro Se

LYNNE K. KUSHI, ESQ.
140 Haili St., Suite A
Hilo, HI 96720

Commissioner

DAVID BRIAN BURKE and JOHN ALLEN DAVIDSON
c/o Crescent Foods, Inc.

b. Part I.

Section 1 proposes to amend HRS § 46-16.8, "County surcharge on state tax" [County Organization and Administration] by authorizing, effectively,² the C&C to adopt an ordinance extending the surcharge in perpetuity, instead of until December 31, 2027; and enabling any county that has not adopted a surcharge by July 1, 2017 to do so by ordinance at a rate not to exceed .05% state tax.

Section 2 proposes to amend HRS § 248-2.6, "County surcharge on state tax disposition of proceeds" [County Budgets; Tax Funds] by requiring the director to make monthly instead of quarterly payments of surcharge revenue collected into the state treasury, authorizing the director to deduct a dollar amount TBD, instead of ten percent, from the revenue collected to reimburse the department of taxation for administrative costs, and requiring distributions thereafter be made to the county in which the revenue was realized monthly instead of quarterly.

3. Section 27 provides that Part IV sections 16-20 and 22-23 apply to the taxable years beginning January 1, 2019.

16-20; 22-23 amends sections of chapter 237 and 238 (increase the GET on nonmanufacturing transactions by 0.5 to 4.5%) Part IV

21 provides that beginning Jan 1, 2019 until dates unknown unspecified amounts of the revenue generated by the .5% increase in the GET shall be made available to (1) the C&C if it matches the state amount 50-50 and expends the funds only on rail capital and operating costs; and (2) to fund "education, and highway repair, maintenance, and new construction; affordable housing; and elder services." Further, that on a date to be determined, all the revenue shall be used for number (2). Part IV

Final Comments:

1. Sections 3, 9, 12, and 24

Sections 3, 9, 12, and 24 propose to amend the 2005 and 2015 Acts that enable the counties to impose the surtax by ordinance, set the surtax amount at .05% Hawai'i GET, and provide for surtax revenue collection, disposition, and distribution. Senate

² Applies to "each county that has established a surcharge on state tax prior to July 1, 2015"

Act 134

Rules require, however, only that this bill set forth amendments to the statutes being amended.³ Whereas, sections 3, 9, 12, and 24 are superfluous and their removal renders the bill more intelligible and its several intentions more apparent, they may and should be stricken.

2. Sections 13-15 Part III.

Section 13 seeks to direct the transfer of fifty-three (53) certain parcels held by the Hawai'i Community Development Authority to the City and County of Honolulu (C&C). Sections 14 and 15 seeks to direct the C&C to complete thirteen (13) specified rail development requirements. These provisions appear to be merely aspirational and therefore will not have force of law. Whereas their removal renders the bill further more intelligible and its intentions more apparent, they may and should be stricken.

3. Section 25.

This section proposes to require that the bill, if enacted, shall amend any other conflicting act of the 2017 legislature. This also appears without the force of law and therefore may be stricken.

³ "Every bill introduced or reported out of any committee, which amends an existing section or subsection of the Hawai'i Revised Statutes or Session Laws of Hawai'i, shall set forth the section or subsection in full, and the matter to be deleted shall be enclosed in brackets and stricken and any new matter added to the section or subsection shall be underscored." Rule 45, Rules of the Senate, 2017-2018 (Jan. 21, 2017).

Order Confirming Foreclosure Sale, Approving Commissioner's Report, Allowance Of Commissioner's Fees, Attorney's Fees, Costs, And Directing Conveyance; Exhibit "A" filed herein, Confirmation of Foreclosure Sale hereby is entered in favor of Plaintiffs as to their Complaint for Foreclosure, filed herein. This Court expressly directs pursuant to HRCF Rule 54(b) that said Confirmation of Sale is entered as a final judgment in favor of Plaintiffs and against all Defendants as there is no just reason for delay.

DATED: Hilo, Hawaii, _____


Judge of the Above-Entitled Court

APPROVED AS TO FORM:



PAUL J. SULLA, ESQ.

Attorney for Defendant William Lee Duff



LYNNE K. KUSHI, ESQ.

Commissioner

Robert Reichman et al v. Defendant William Lee Duff et al, Civ. No. 16-1-0018 (Foreclosure)
(Hilo), Judgment

GET According to the federation of Tax Administrators, as of January 1, 2017, only 13 states tax food grocery items, 5 of which are taxes collected by localities not the state, another two include a mix of state and local taxes, putting Hawaii in the company of Alabama, Kansas, Mississippi, Oklahoma, and South Dakota as the only states that impose and etc. See, <http://www.taxadmin.org/assets/docs/Research/Rates/sales.pdf>

TAT

Traffic fines

HART has until April 30 to submit a new recovery plan to build the entire 20-mile and therefore cannot rely on actions this legislature takes. Project expected to cost as much as \$8.2b could rise to \$9.5 b (media)

According to FTA, FY 2016 allocated to Hawaii county governments amounted to \$292,047,038, including \$250,000,00 to rail.
(<https://www.transit.dot.gov/funding/apportionments/funding-state>)

Of the remaining \$42,047,038, according to The Hawaii State DOT's Statewide Transportation Improvement Program (STIP), effective January 20, 2017,

Kauai's transportation agency: \$4,606,686 FY 2017
([http://www.kauai.gov/Portals/0/Council/Documents/B_2016_812_\(Operating_Budget\).pdf?ver=2016-06-03-123344-177](http://www.kauai.gov/Portals/0/Council/Documents/B_2016_812_(Operating_Budget).pdf?ver=2016-06-03-123344-177), at 194)

_____ Plaintiffs
 _____ Defendant William Lee Duff
 _____ Defendant State of Hawaii Department of Taxation
 _____ Defendant County of Hawai'i Department of Finance
 _____ Defendants Arthur William and Joan Marie Lehr
 _____ Commissioner Lynne M. Kushi, Esq.
 _____ David Brian Burke and John Allen Davidson, Purchaser

GEORGETTE YAINDL #8940
 Preventive Law Hawaii LLC
 P.O. Box 307
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 Telephone No. (808) 224-0219

Attorney for Plaintiffs

IN THE CIRCUIT COURT OF THE THIRD CIRCUIT

STATE OF HAWAII

ROBERT REICHMAN and MARGARET	)	CIVIL NO. 16-1-0018
KIJE HAZELWOOD, Husband and Wife,	)	(Foreclosure) (Hilo)
)	
Plaintiffs,	)	JUDGMENT
v.)	
	)	<i>(RE: ORDER CONFIRMING</i>
WILLIAM LEE DUFF; COUNTY OF	)	<i>FORECLOSURE SALE, APPROVING</i>
HAWAII DEPARTMENT OF REVENUE;	)	<i>COMMISSIONER'S REPORT,</i>
ARTHUR WILLIAM LEHR and JOAN	)	<i>ALLOWANCE OF COMMISSIONER'S</i>
MARIE LEHR, Husband and Wife; STATE	)	<i>FEES, ATTORNEY'S FEES, COSTS,</i>
OF HAWAII DEPARTMENT OF	)	<i>AND DIRECTING CONVEYANCE;</i>
TAXATION; JOHN DOES 1-10; JANE	)	<i>EXHIBIT "A")</i>
DOES 1-10; DOE PARTNERSHIPS 1-10;)	
DOE CORPORATIONS 1-10; DOE	)	THE HONORABLE GLENN S. HARA
ENTITIES 1-10; and DOE)	
GOVERNMENTAL UNITS 1-10,	)	HEARING DATE: DECEMBER 2, 2016
	)	HEARING TIME: 8:30 A.M.
Defendants.)	
_____)	

JUDGMENT

In accordance with Rule 58, Hawaii Rules of Civil Procedure ("HRCPP"), and pursuant to

EXHIBIT "A"

Hawaii one of 4 us states that do not fund public transportation, leaving it to localities and the ability of loalties to qualify, apply for, and obtain federal grants, according to American Association of State Highway and Transportation Officials (AAHSTO) Survey of State Funding, Final Report FY 2014 - 2016. (Alabama, Arizona, Utah)