

# HB134

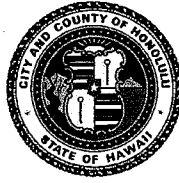
# HD1

RELATING TO TAXATION.

Removes the authority of the City and County of Honolulu to collect county surcharges on state tax under Act 247, Session Laws of Hawaii 2005, beginning on January 1, 2016. Allows all counties, including the City and County of Honolulu, to adopt ordinances allowing for county surcharges on state general excise and use taxes at a .25 per cent rate, beginning January 1, 2017. Amends the administrative fee for the collection of a county surcharge by the State. (HB134 HD1)

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

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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

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEES ON TRANSPORTATION AND  
PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS  
ON  
HOUSE BILL NO. 134, H.D. 1

March 19, 2015

RELATING TO TAXATION

House Bill No. 134, H.D. 1, repeals the half percent county surcharge on State tax for the City and County of Honolulu's (C&CH) rail project on December 31, 2015 and allows all of the counties to adopt a quarter percent county surcharge on State tax in its place. The bill also:

- Requires the counties to adopt an ordinance to levy the quarter percent county surcharge by December 31, 2015;
- Specifies that the quarter percent county surcharge, if adopted by a county, is to take effect on January 1, 2017;
- Establishes an unspecified repeal date for the quarter percent county surcharge;
- Authorizes counties with a population greater than 500,000 to use the proceeds from the quarter percent county surcharge only for capital costs of a locally preferred alternative for a mass transit project and expenses in complying with the Americans with Disabilities Act of 1990 with respect to the mass transit project;

- Authorizes counties with a population equal to or less than 500,000 to use the proceeds from the quarter percent county surcharge for operating or capital costs of public transportation systems and expenses in complying with the Americans with Disabilities Act of 1990 with respect to public transportation systems; and
- Requires the quarter percent county surcharge receipts to be distributed to the counties quarterly and establishes an unspecified percentage of the distributions to be deducted to reimburse the State for costs incurred in assessment, collection and disposition of the county surcharge.

The Department of Budget and Finance would like to inform the Committee that the HART has provided us with written responses to the questions (see attached testimony) that we raised about the financial aspects of the rail project during the February 12<sup>th</sup> hearing before the Senate Committees on Transportation and Public Safety, Intergovernmental and Military Affairs. We also met with the HART's financial staff to discuss the written responses.

It is our understanding that the HART has provided copies of this information to the Committees. We believe that the information will be particularly helpful to the Legislature in making an informed decision to either replace or extend the half percent county surcharge.

Further, because of the magnitude and complexity of the rail project (it is the largest public works undertaking in the State), we believe that it would be prudent to focus on completing the current scope of the project - the 20 mile route from East Kapolei to Ala Moana Center.

We are willing to assist the Committee in reviewing and analyzing the information provided by the HART.

Attachment

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEES ON TRANSPORTATION AND PUBLIC SAFETY,  
INTERGOVERNMENTAL AND MILITARY AFFAIRS  
ON  
SENATE BILL NO. 19

February 12, 2015

RELATING TO TAXATION

Senate Bill No. 19 makes permanent the half percent county surcharge on State tax for the City and County of Honolulu's (C&CH) rail project.

The Department of Budget and Finance has serious reservations about making the half percent county surcharge permanent based on the information available to date. In order to make an informed decision on any type of extension, we strongly believe that the Honolulu Authority for Rapid Transportation (HART) and City Administration need to provide the Legislature, Governor and taxpayers of the C&CH with, at a minimum, the following information:

- Updated cost projections for all aspects of the rail project's construction and development (i.e., land and right-of-way acquisition, design and project management, construction, equipment, etc.) based on current economic conditions, and identification and explanation of differences greater than \$5.0 million in the updated construction and development cost projections versus the baseline cost projections that were in place when construction contracts were first awarded.
- Updated cost projections for all aspects of the rail's operations and maintenance (i.e., administration, staffing, utilities, maintenance and repairs, etc.) using appropriate inflation indices to adjust costs to the time period

when the rail will be operational, and identification and explanation of differences greater than \$5.0 million in the updated operations and maintenance cost projections versus the baseline cost projections that were in place when construction contracts were first awarded.

- Updated revenue estimates for all revenue sources for the rail project (i.e., the half percent county surcharge on State tax, federal funds, developer assessments, rider fees, etc.), and identification and explanation of differences greater than \$5.0 million in the updated revenue estimates versus the baseline revenue estimates that were in place when construction contracts were first awarded.
- A detailed accounting of all expenditures and revenues for the rail project from January 1, 2007 to December 31, 2014, and a detailed accounting of all outstanding contract commitments as of December 31, 2014.
- An updated financial plan for the rail project and future rail operations that reflects updated annual revenues and expenditures, annual surpluses (deficits), and ending balances on a cash basis for the period from fiscal year 2013-14 to fiscal year 2033-34.
  - Included in the financial plan should be the amounts necessary each fiscal year to keep the rail project progressing and operating along with an explanation of the financial plan's underlying assumptions.
  - Two financial plan scenarios should be presented:
    - One with the half percent county surcharge sun-setting on December 31, 2022; and
    - Another with the half percent county surcharge sun-setting on December 31, 2027.

- Any proposed bond financing plans with details on size of issue(s), structure and terms, projected interest rates, debt service schedules, repayment pledges, etc.
- Actions being taken or planned to minimize actual and/or anticipated cost overruns.
- Alternative, non-State revenue sources being proposed, including additional funding from the C&CH's sources of revenues, and if no non-State revenue sources are being proposed, an explanation of the reason(s) for not pursuing non-State funding.

Until this information is provided, consideration of any extension of the half percent county surcharge would be premature.

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

To: The Honorable Clarence K. Nishihara, Chair  
and Members of the Senate Committee on Transportation

The Honorable Will Espero, Chair  
and Members of the Senate Committee on Public Safety, Intergovernmental and  
Military Affairs

Date: Thursday, March 19, 2015  
Time: 2:45 P.M.  
Place: Conference Room 229, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.B. 134, H.D. 1, Relating to Taxation

The Department of Taxation (Department) appreciates the intent of H.B. 134, H.D. 1, and provides the following comments for your consideration.

H.B. 134, H.D. 1, repeals Act 247, Session Laws of Hawaii 2005 (Act 247), and amends: chapter 46, Hawaii Revised Statutes (HRS), County Organization and Administration; chapter 237, HRS, General Excise Tax (GET) Law; chapter 238, HRS, Use Tax Law; and chapter 248, HRS, County Budgets.

H.B. 134, H.D. 1, also adds new sections to authorize counties to levy a surcharge on state tax at a rate no greater than 0.25% on all gross proceeds and gross income taxable under GET and Use Tax to fund public transportation systems in their respective counties. The measure requires the Department to levy, assess, collect and administer the county surcharge on state tax no earlier than January 1, 2017. If adopted, this measure will take effect upon approval, provided that: if none of the counties adopt an ordinance to levy a county surcharge on state tax by December 31, 2015, the measure will be repealed; counties may not adopt ordinances to levy a county surcharge after December 31, 2015; and the county ordinances enacting a county surcharge shall expire upon an undetermined date. Additionally, Act 247 shall be repealed on December 31, 2015.

In 2005, Act 247 authorized each county to establish a surcharge on state tax at rates no greater than 0.5% percent of all gross proceeds and gross income taxable under GET and Use Tax, to fund public transportation systems in their respective counties. Act 247 required the surcharge to be established by county ordinance prior to December 31, 2005. The City Council of Honolulu passed Ordinance 05-027 to establish the 0.5% surcharge to be collected by the Department beginning January 1, 2007.

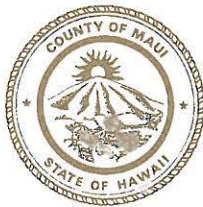
H.B. 134, H.D. 1, proposes to permit all counties to establish a county surcharge no greater than .25% by ordinance by December 31, 2015. In order for the Department to administer a county surcharge for the rest of the counties, the Department strongly recommends that all counties be required to adopt the same tax rate.

As the Department has noted in the past, different tax rates increase administrative and enforcement issues, and are likely to cause taxpayers to improperly source their income to counties with lower tax rates. If the all the counties adopt the surcharge, there will be no incentive for a taxpayer to improperly source their income.

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 this surcharge be no earlier than January 1, 2018. The Department also notes that additional resources, including an appropriation, may be needed for the Department to implement the new surcharge. The amount of funding that may be needed is not known at this time.

Thank you for the opportunity to provide comments.

ALAN M. ARAKAWA  
MAYOR



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Wailuku, Hawai'i 96793-2155  
Telephone (808) 270-7855  
Fax (808) 270-7870  
e-mail: mayors.office@mauicounty.gov

**OFFICE OF THE MAYOR**

Ke'ena O Ka Meia

COUNTY OF MAUI – Kalana O Maui

**TESTIMONY OF ALAN ARAKAWA, MAYOR  
COUNTY OF MAUI**

BEFORE THE SENATE COMMITTEE ON TRANSPORTATION

and

THE SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND  
MILITARY AFFAIRS

Thursday, March 19, 2015

2:45 p.m.

Conference Room 229

**HB 134, HD1 RELATING TO TAXATION**

Honorable Sen. Clarence K. Nishihara, Chair

Honorable Members of the Senate Committee on Transportation

Honorable Sen. Will Espero, Chair

Honorable Members of the Senate Committee on Public Safety, Intergovernmental  
and Military Affairs

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Thank you for this opportunity to offer testimony in **SUPPORT** of HB 134, HD1, which authorizes all counties to adopt ordinances allowing for county surcharges on state general excise and use taxes.

While I strongly support the intent of this measure, I respectfully urge the Senate to allow the counties to establish said county surcharges at a maximum rate of 1%. The current rate is 0.5% and the House is proposing to reduce the rate to .25%.

As the population of Maui County continues to grow it's an on-going struggle to keep our islands a safe and enjoyable place for both residents and visitors. We rely primarily on real property taxes and therefore our options to address the ever-increasing costs needed to maintain our status as a world class destination remains limited.

Accordingly, I humbly ask that the Senate pass this important measure but allow the counties the flexibility to add a surcharge of up to 1%.

**Bernard P. Carvalho, Jr.**  
Mayor



**Nadine K. Nakamura**  
Managing Director

**OFFICE OF THE MAYOR**

County of Kaua'i, State of Hawai'i  
4444 Rice Street, Suite 235, Līhu'e, Hawai'i 96766  
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Testimony of  
Mayor Bernard P. Carvalho, Jr.  
Before the Senate Committee on Transportation and  
Senate Committee on Public Safety, Intergovernmental and Military Affairs  
Thursday, March 19, 2015  
2:45 p.m.  
Conference Room 229  
HB 134, HD1 Relating to Taxation

Aloha Chairs Nishihara and Espero and members of the Committees,

On behalf of the County of Kaua'i, allow me to express my support for the overall intent of HB 134, HD1 Relating to Taxation. This measure allows all the counties, to adopt ordinances allowing for county surcharges on state general excise and use taxes at a .25% rate, beginning January 1, 2017.

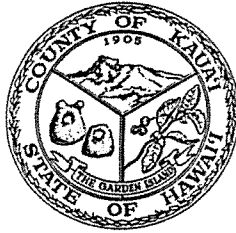
We would, however, appreciate your consideration of increasing the surcharge authority to .50%, and an increase in the duration of the tax to allow the County of Kaua'i some flexibility to utilize the funds to improve our public transit system and to support our aging transportation infrastructure.

Mahalo for your consideration.



**COUNTY COUNCIL**

Mel Rapozo, Chair  
Ross Kagawa, Vice Chair  
Mason K. Chock  
Gary L. Hooser  
Arryl Kaneshiro  
KipuKai Kualii  
JoAnn A. Yukimura



**OFFICE OF THE COUNTY CLERK**

Ricky Watanabe, County Clerk  
Jade K. Fountain-Tanigawa, Deputy County Clerk

Telephone (808) 241-4188  
Fax (808) 241-6349  
Email cokcouncil@kauai.gov

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

March 18, 2015

**TESTIMONY OF KIPUKAI KUALII  
COUNCILMEMBER, KAUAI COUNTY COUNCIL  
ON**

**HB 134, HD 1, RELATING TO TAXATION  
Senate Committee on Transportation**

**Senate Committee on Public Safety, Intergovernmental and Military Affairs  
Thursday, March 19, 2015**

**2:45 p.m.  
Conference Room 229**

Dear Chair Nishihara, Chair Espero, and Members of the Committee:

Thank you for this opportunity to submit comments for HB 134, HD 1, relating to taxation and the county surcharge on state tax. My testimony is submitted in my capacity as an individual member of the Kaua'i County Council and as Chair of the Economic Development & Intergovernmental Relations Committee.

In 2005, the counties were provided the opportunity to levy a county surcharge on state tax for public transportation. However, the counties were only allowed a specific amount of time to implement such tax. Throughout the years, the needs of each County's has changed and the need for additional revenue sources have been identified. HB 134, HD 1 in its current form repeals Act 247, Session Laws of Hawai'i 2005, and allows all counties the opportunity to implement county surcharges on state general excise and use taxes at a .25 percent rate beginning January 1, 2017.

Levying a county surcharge on state tax to be used for important public transportation services will support economic growth for our counties. The use of these funds will assist many County of Kaua'i projects including the expansion of our transportation system as well as road maintenance. Although I support the idea of providing the counties the opportunity to levy a county surcharge on state tax, I believe the proposed rate of .25 percent should be amended and increased to at least .5 percent. In addition, I would also like to suggest extending the amount of time the counties will have in adopting the implementing Ordinance.

For the reasons stated above, I respectfully ask that this measure be held in Committee or amended accordingly. Again, thank you for this opportunity to submit my comments. If you have any questions, please feel free to contact the Office of the County Clerk, Council Services Division, at (808) 241-4188.

Sincerely,

**KIPUKAI KUALII  
Councilmember, Kaua'i County Council**

AN EQUAL OPPORTUNITY EMPLOYER

**COUNTY COUNCIL**

Mel Rapozo, Chair  
Ross Kagawa, Vice Chair  
Mason K. Chock  
Gary L. Hooser  
Arryl Kaneshiro  
KipuKai Kualii  
JoAnn A. Yukimura



**OFFICE OF THE COUNTY CLERK**

Ricky Watanabe, County Clerk  
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**Council Services Division**  
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Lihue, Kauai, Hawaii 96766

March 18, 2015

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

**HB 134, HD 1 RELATING TO TAXATION**

**Senate Committee on Transportation**

**Senate Committee on Public Safety, Intergovernmental and Military Affairs**

**Thursday, March 19, 2015**

**2:45 p.m.**

**Conference Room 229**

Dear Chair Nishihara, Chair Espero, and Members of the Committee:

Thank you for this opportunity to submit testimony in opposition to the percentage of excise and use tax surcharge proposed in HB 134, HD 1, and in support of an amended bill that would 1) allow a .5 percent excise and use tax surcharge by the counties for the purpose of public transportation, 2) not allow the generated money to be used for ferries, and 3) allow the tax surcharge to take effect 180 days after a county has passed an ordinance authorizing the levying of the surcharge. I am writing as an individual member of the Kauai County Council and Chair of the Housing and Transportation Committee.

As presently written, the bill would repeal Act 247, Session Laws of Hawaii 2005, and allows all counties to establish by ordinance, county surcharges on state general excise and use taxes at a .25 percent rate beginning January 1, 2017. Although I agree with earmarking the surcharge for public transportation, I believe .25 percent is far too small to make a difference. For Kauai alone, this amount would not be sufficient to expand our bus system. If 10 percent is withheld by the State for administrative costs, .25 percent would yield less than half of our existing annual operational cost for the Kauai Bus. We are not just looking at maintaining status quo, we see an urgent need to expand our transit services to enable economic development, serve our growing senior population, lower the cost of living—especially for working families—and meet state energy and climate change goals.

While I concur that the revenues generated by the surcharge should be used for public transportation systems, I do not agree that “ferries” should be included in the bill, since the focus of the bill is on land transportation, and “ferries” do not constitute a form of land transportation nor a cost-effective substitute for land transportation.

HB 134, HD 1 would presently allow neighbor island excise and use tax surcharges to take effect in January, 2017 after being authorized by the end of 2015. This is an excessive amount of wasted time. If the counties affirm the need for those tax revenues, why make the counties wait for an entire year when our public

AN EQUAL OPPORTUNITY EMPLOYER

transportation systems are crying for expansion, fueled by an urgent need for improved and expanded bus services. Please amend the bill to take effect 180 days after the authorizing ordinance is passed.

Neighbor Island Land Transportation Systems Deserve Adequate Funding Support Similar to the City and County of Honolulu; Growth of Neighbor Island Economies is Important to State of Hawai'i.

Granting the neighbor island counties the same option as the City and County of Honolulu to raise adequate revenues for public transportation is both timely and fair. The neighbor islands are at the approximate stage of development, as was the City and County of Honolulu in the 1950's and 1960's. If the neighbor island counties can learn from the City and County of Honolulu's experience and use current best practices to develop land transportation systems that are more multi-modal,<sup>1</sup> the counties may be able to avoid some of the mistakes and dilemmas that have haunted Honolulu. On Kaua'i, it will be difficult, if not impossible, to grow our land transportation system without an earmarked source of money.

A smooth functioning land transportation system is essential for economic growth. A community stymied in gridlock cannot grow or prosper.<sup>2</sup> Land transportation is an economic driver, and the State, by virtue of its interest in neighbor island economic growth, has a large stake in well-functioning land transportation systems on the neighbor islands. By authorizing the counties to levy a county surcharge on state tax and by earmarking the revenues for land transportation, the State will be addressing one of its most pressing issues—traffic and transportation. The earmark will also limit and strategically focus the counties' expenditures on the economic driver that is pivotal for both the State and the counties, thereby helping to generate more excise and use taxes.

Summary:

If the revenues generated by the surcharge are used for transportation that includes buses, bikeways, sidewalks and motorized vehicles, the State will be funding one of its priorities—economic growth. Without a well-functioning land transportation system on each neighbor island, neighbor island growth will be in jeopardy. An adequate excise and use tax surcharge will enable the counties to address this pressing and pivotal issue with a multi-modal approach. It will also offer the counties the possibility of freeing up general fund and county highway fund monies currently used for public transportation for other needs.

Revenues earmarked for public transportation will be a wise investment in the future that will promote economic development, lower the household costs of transportation, and protect the environment by reducing fossil fuel use and greenhouse gas production. However, the counties will need the ability to levy at least a .5 percent surcharge, as a .25 percent surcharge is not worth the cost and effort of collection.

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<sup>1</sup> I.e., based the "Complete Streets" approach giving balanced support to all modes of land travel: foot, bike, bus and vehicle.

<sup>2</sup> In addition to being the number one complaint of visitors in a recent Kaua'i Visitor Bureau exit survey, traffic congestion is fueling a large anti-development sentiment on Kaua'i. Residents are legitimately asking, "How can the County approve more development when we are caught in a daily gridlock and spend hours on the road right now?"

Chair Nishihara, Chair Espero, and Members of the Committee  
RE: HB 134, HD 1 Relating to Taxation  
March 18, 2015  
Page 3.

For the reasons stated above, I respectfully ask the Senate Joint Committee to amend HB 134, HD 1 accordingly. Thank you for this opportunity to provide input. If you have any questions, I can be reached at (808) 652-3988 or [jjukimura@kauai.gov](mailto:jjukimura@kauai.gov).

Very sincerely,



JOANN A. YUKIMURA  
Councilmember, Kaua'i County Council

AB:mn



IN REPLY REFER TO:  
CMS-AP00-01159

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas  
EXECUTIVE DIRECTOR AND CEO

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Damien T.K. Kim  
Carrie K.S. Okinaga, Esq.

Statement of  
**DANIEL A. GRABAUSKAS**  
Executive Director and CEO, Honolulu Authority for Rapid Transportation  
before the

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

Thursday, March 19, 2015  
2:45 p.m.  
State Capitol, Conference Room 229

In consideration of  
**HB 134, HD1**  
**RELATING TO TAXATION**

Chair Nishihara, Chair Espero, Vice Chair Harimoto, Vice Chair Baker, and Members of the Senate Committee on Transportation and Senate Committee on Public Safety, Intergovernmental and Military Affairs,

The Honolulu Authority for Rapid Transportation (HART) supports the intent of House Bill 134, HD1, Relating to Taxation which, among other changes, proposes to allow all counties, including the City and County of Honolulu (City) to adopt ordinances allowing for county surcharges on the State general excise and use taxes (GET) at a .25 percent rate, beginning January 1, 2017.

HART would like to thank your Committees of Transportation and Public Safety, Intergovernmental and Military Affairs for your action on earlier measures of extending the sunset date of the county surcharge for twenty-five (25) years. HART believes extending the GET sunset date to December 31, 2047, and maintaining the current .50 percent tax rate is a reasonable option in order to eliminate the projected project deficit and to start immediate plans for extensions to the University of Hawaii at Manoa (UH) and downtown Kapolei, selected as the locally preferred alternative.

Extension of the GET surcharge would provide necessary funding for the Honolulu Rail Transit Project without unduly adding to the tax burden on citizens of Honolulu. Transit users, including visitors to Oahu, will help pay for rail transportation through the GET surcharge, which is a more equitable method of assessing the costs of this public transportation system. Most agencies in the United States fund mass transportation services with a dedicated source of funding, such as sales taxes rather than property taxes. Thus, this policy would be consistent with best practices in most jurisdictions.

As noted earlier, HART's major contracts must be advertised by the end of this year and awarded by mid-2016 to stay on schedule. Staying on schedule is critical to prevent costly delays and to comply with the terms of the Full Funding Grant Agreement. According to State law, Hawaii Revised Statutes Section 103D-309 and Hawaii Administrative Rules Section 3-122-102, pertaining to HART's contracts, the City must have funding in place before HART can award contracts to complete the project. No contracts can be awarded without funding in place. With a dedicated source of financing, the City and HART will be better able to plan and construct a rail transit service in a secure financial position.

In addition, Honolulu's construction costs are among the highest in the nation, and rising. HART has consulted with a wide spectrum of the construction industry, including experts who track construction prices across the country as well as here in Hawaii. All projections lead us to believe that construction costs are expected to increase 12% to 15% each year over the next two years.

Pushing the project schedule back will mean higher bids and higher costs. For example, on a billion-dollar contract, with these projections, simply waiting a year will cost our taxpayers more than \$120 million to \$150 million with no benefit. Time is money and this is particularly true in the construction field.

Based on the legal necessity to have funding in place in order to sign contracts, along with rapidly rising market costs that are beyond our control, we believe extending the sunset on the GET now is the best course of action.

Thank you for this opportunity to provide written testimony.



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

**RANDY PERREIRA**, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

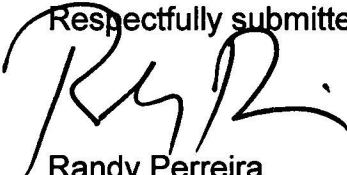
**The Twenty-Eighth Legislature, State of Hawaii  
The Senate  
Committee on Transportation  
Committee on Public Safety, Intergovernmental and Military Affairs**

**Testimony by  
Hawaii Government Employees Association  
March 19, 2015**

**H.B. 134, H.D. 1 - RELATING TO TAXATION**

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of H.B. 134, H.D. 1, which makes permanent the county surcharge on the general excise tax for the rail project. While we remain concerned about the increased construction costs above what was originally projected, the residents of Oahu have determined a need for a viable rapid transit system and additional funds are needed to continue the construction of the rail project.

Thank you for the opportunity to testify in support of H.B. 134, H.D. 1.

Respectfully submitted,  
  
Randy Perreira  
Executive Director

DATE : March 17, 2015

MEASURE : HB 134 HD1

FROM:

Jo Klinski, COO / CIPO

Magna Force, Inc.

Developers of the LEVX<sup>®</sup> Technology

PO Box 2577

Port Angeles, Washington 98362

Phone 360-457-9428

[www.levx.com](http://www.levx.com)

[jo@levx.com](mailto:jo@levx.com)

TO: Honorable Sate Senator Clarence Nishihara; Chair  
Senate Committee on Transportation;

Honorable State Senator Will Espero; Chair  
Senate Committee Public Safety, Intergovernmental and Military Affairs;

Distinguished Committee Members

COMMENTS:

We applaud Hawaii's efforts to further the development of a modern and efficient transportation system. We also understand that as with all efforts of this magnitude, there are many technological and financial hurdles to be overcome.

In support of your current and ongoing efforts to provide sustainable and environmentally responsible transportation alternatives for your citizens, I would like to submit a few facts regarding a completely new form of magnetic levitation technology called LEVX<sup>®</sup> for your consideration.

LEVX<sup>®</sup> technologies can dramatically reduce financing requirements for the implementation and ongoing operation of transportation systems in Hawaii, lessening the burden on taxpayers while creating new "green" jobs.

Please find a few interesting facts below, or contact me directly to receive more information at your convenience.

#### Cost Control Benefits

##### LEVX<sup>®</sup> Only

#### The key to short term ROI

- Vehicles suspend over rails organically – no energy required, eliminating connections to the local power supply, simplifying infrastructure requirements and lowering cost.

	<ul style="list-style-type: none"> <li>• Widely disbursed vehicle weight – less than 20 lbs. /sq. in., dramatically reduces construction materials and cost</li> <li>• Suspension, propulsion and braking without physical contact slash the cost of operations and maintenance.</li> </ul>
<b>Money Matters</b>	<ul style="list-style-type: none"> <li>• Heavy freight guideways constructed for less than \$6m per lane-mile (actual costs to technology owners)</li> <li>• Passengers for less than \$4m per lane mile (actual costs to technology owners)</li> <li>• Vehicles starting at \$250,000 (actual costs to technology owners)</li> <li>• Less than 1 kilowatt hour (1.34 horsepower hour) per mile</li> </ul>
<b>Increase</b>	<ul style="list-style-type: none"> <li>• Added capacity to existing right of ways – millions of freight shipments or millions of passengers per year</li> <li>• Up to 50% longer useful life of civil structures</li> </ul>
<b>Eliminate</b>	<ul style="list-style-type: none"> <li>• Oversized, heavy duty construction</li> <li>• Excessive engineering and professional services costs</li> <li>• Friction, wear, vibration and noise</li> <li>• New power plants, substations, power conditioning equipment, electrified third rails, overhead wires</li> <li>• Electromagnetic fields</li> <li>• Dangerous intersections</li> <li>• Delay and congestion</li> </ul>

<b>Resource Efficiency</b>	<b>The key to green industry</b>
<b>LEVX<sup>®</sup> Only</b>	<ul style="list-style-type: none"> <li>• Unmatched operational efficiency – lowest energy required of any transportation system</li> <li>• Choice of cleanest available energy supply/technology</li> <li>• Minimal construction materials required</li> </ul>

	<ul style="list-style-type: none"><li>• Utilizes a high level of recyclable and natural materials</li><li>• Zero or near zero emissions</li><li>• Immediate 95+% energy and emission reduction over replaced trucks and buses</li></ul>
<b>Money Matters</b>	<ul style="list-style-type: none"><li>• Reduced cost of transportation energy (95+% less than trucks/buses)</li><li>• Reduced cost of health care due to transportation sourced emissions</li><li>• Reduced waste with long lasting equipment</li></ul>
<b>Increase</b>	<ul style="list-style-type: none"><li>• Green jobs</li><li>• Fossil fuel independence</li><li>• Clean, quiet service options</li><li>• Continued operations during regional power outages</li></ul>
<b>Eliminate</b>	<ul style="list-style-type: none"><li>• Harmful emissions</li><li>• Brake dust</li><li>• Electromagnetic radiation</li><li>• Harmful noise</li></ul>

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, County surcharge on state tax

BILL NUMBER: HB 134, HD-1

INTRODUCED BY: House Committee on Finance

**EXECUTIVE SUMMARY:** Allows any county to impose a county surcharge on state tax of 0.25% on January 1, 2017, to sunset on \_\_\_\_\_, if a county adopts an ordinance prior to December 31, 2015. Allows the state to deduct \_\_\_% of the amounts received from the surcharge for costs of administration. This draft of the measure presents a number of issues. First, what is the goal to be accomplished? Is it merely to finish the project that was started, or is the scope going to creep to additional lines and stations or to an operating subsidy? Second, what is to be accomplished by shutting off the surcharge for one year if it is going to start up again immediately afterward? Is it worth the pain and confusion that tax rate changes inevitably bring? Third, is the legislature willing to do what our constitution requires and charge the counties no more than the reasonable cost of administration? And fourth, is this project worth putting Hawaii businesses and consumers through additional pain at the hands of our most regressive tax?

**BRIEF SUMMARY:** Allows any county to impose a county surcharge on state tax of 0.25% on January 1, 2017 if a county adopts an ordinance prior to December 31, 2015. Provides that a county with a population of over 500,000 shall use the surcharge for capital costs of a locally preferred alternative for a mass transit project or complying with ADA rules relating to the mass transit project, while each county with a population of 500,000 or less shall use the surcharge 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 and expenses complying with ADA rules. Allows the state to deduct \_\_\_% of the amounts received from the surcharge for costs of administration.

This act shall be repealed on \_\_\_\_\_.

Repeals Act 247, SLH 2005, on December 31, 2015. Thus, no surcharge is allowed for calendar year 2016.

**EFFECTIVE DATE:** Upon approval

**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.” It is currently scheduled to sunset on December 31, 2022.

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. The funds were supposed to be paid to build the system, and not go toward ordinary maintenance. It now appears that the rail project may have cost overruns and additional funding is necessary.

This measure would repeal the existing county surcharge on state tax on December 31, 2015 and allow any county that wants to impose a county surcharge on state tax to adopt an ordinance with the requisite public hearings by December 31, 2015. If the ordinance is adopted, a county may impose the surcharge on state tax again at the rate up to 0.25% instead of the rate of 0.5%. The surcharge has a sunset date that is now unspecified. This measure also would also allow the state to deduct \_\_\_ %, instead of the present 10%, for the administration of the surcharge.

This measure presents a number of issues.

**Should the Surcharge Be Extended, and If So, By How Much?** As originally introduced, this measure sought to make the surcharge permanent. An extension from 2022 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 the legislature 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*, as was indicated in HART's initial testimony that it was looking to the surcharge for an "equitable operating subsidy" (where "equitable" means "a bunch of it is paid by tourists"), then an indefinite extension is required. But it will then be obvious to voters across the state either that the deal has changed or that they had been lied to when they were assured that the surcharge was to be temporary.

**What Is to Be Accomplished by Shutting Off the Surcharge for One Year?** The present draft of the bill requires that there be no surcharge at all for calendar year 2016. That means that businesses of all types with varying taxable years are going to face the same issue they faced at the end of 2006 two more times: at the end of 2015 when the surcharge turns off, and at the end of 2016 when it is resurrected with a different tax rate. Lawmakers may recall that the legislation creating the surcharge mandated a hard closing of the books for all taxpayers, leading to plenty of confusion. As we learned from 2006, the Department of Taxation will need to educate the public and administer around the rate changes, and that will be both difficult and expensive. Is there justification for the pain, cost, and confusion that two rate changes will generate?

**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, almost as much as the entire operating budget of the department of taxation, and is obviously far in excess of

the costs involved. We believe this diversion to be in violation of the constitutional principle called “intergovernmental tax immunity” – governments don’t tax each other – and is therefore invalid. This principle was discussed, but not applied, in *State v. City & County of Honolulu*, 99 Haw. 508, 57 P.3d 433 (2002). If all or some of these unlawfully collected receipts go back to the City, the problems that the City is now complaining about are easier to solve. This measure does not specify how much the state can deduct for the costs of administering the surcharge. However, if the measure were to approximate the costs involved, our estimate is that the deduction should be in the neighborhood of 40 or 50 basis points (0.4% to 0.5%).

**What’s the Bottom Line?** Above all, lawmakers should be aware that of all the taxes imposed in Hawaii, the general excise tax imposes a serious burden on businesses and individuals alike. It is not only regressive, taking a larger percentage of a poorer family’s budgets than a high income family’s budget, but it also takes its share off the top of a business’ income without regard to the profitability of that business.

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 3/17/15



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*President/CEO*

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*Treasurer*

Gilbert Collins

Robin Tijoe

March 19, 2015  
2:45 PM  
Conference Room 229

**To: Senate Committee on Transportation**  
**Sen. Clarence Nishihara, Chair**  
**Sen. Breene Harimoto, Vice Chair**

**Senate Committee on Public Safety, Intergovernmental and Military Affairs**  
**Sen. Will Espero, Chair**  
**Sen. Rosalyn Baker, Vice Chair**

**From: Grassroot Institute of Hawaii**  
**President Keli'i Akina, Ph.D.**

RE: HB 134 -- RELATING TO TAXATION  
***Comments Only***

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer comment on HB 134, which would permit all counties to adopt ordinances allowing for surcharges on state excise and use tax at a rate of 0.25%.

This bill makes permanent and more wide-reaching a surcharge that was initially intended to be temporary, albeit at a slightly lower rate (for the time being). However, though a lower surcharge is a step in the right direction, we are concerned that the long term effect of raising the state excise tax is being overlooked.

The nature of our state's General Excise Tax already places Hawaii among the worst states for sales and user taxes. The 2014 ALEC-Laffer State Economic Competitiveness Index (otherwise known as *Rich States, Poor States*) ranks Hawaii 50<sup>th</sup> among all states for its sales tax burden, meaning that the GET contributes a significant negative effect to the state's economic outlook.<sup>1</sup> The Tax Foundation ranks Hawaii 37<sup>th</sup> in state business tax climate, in part because of the GET (ranked 31<sup>st</sup> in their study).<sup>2</sup> At least

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<sup>1</sup> See <http://www.alec.org/publications/rich-states-poor-states/>.

<sup>2</sup> Available at <http://taxfoundation.org/article/2013-state-business-tax-climate-index-results>.

one study of OECD countries has found that along with corporate and personal taxes, consumption taxes like the state excise tax can be economically harmful over the long-term.<sup>3</sup>

In fact, economic theory recommends using consumption taxes like the excise tax as a way to influence consumer behavior and discourage purchase or use of the product taxed. A report from Deutsche Bank making recommendations to boost economic growth in Europe following the financial crisis posits that ideally any increase in a consumption tax would be offset by no more than an equal decrease in demand. (For our purposes, that means we would hope that a .25% surcharge would cause no more than a .25% drop in demand, purchases, or revenue.) However, as the author of the report concludes, “this result is based on strong assumptions that make realistic implementation impossible”<sup>4</sup> In other words, the inevitable effect of raising the excise tax is to discourage consumption, and any realistic model has to account for the probability that an increase in revenue will be offset by the possibility of a greater decrease in consumption. The biggest loser in this transaction is the Hawaii business.

Nor are businesses the only ones burdened by the excise tax. A study from the Institute on Taxation and Economic Policy (ITEP) criticized Hawaii for its regressive taxation practices, ranking it the 15<sup>th</sup> unfair tax system in the country. The GET in particular came under criticism as falling particularly heavily on those least able to afford it. According to ITEP, payment of sales and excise taxes takes up an average of 11% of family income for the poorest 20% of earners.<sup>5</sup>

The current trend of increasing state and county revenues via various state tax increases and surcharges represents the sort of short-term planning that inevitably leads to economic troubles.

Nor is there any guarantee that this surcharge will stay at 0.25%. This emphasizes the need for a more careful look at the project and spending that have instigated this push for a permanent tax increase. The people of Hawaii were told that this was a temporary measure, but are now faced with the possibility of a permanent drain on their pocketbook. In the end, it adds up to a significant burden on our businesses, our economy, and our citizens.

Thank you for the opportunity to submit our comments.

Sincerely,  
Keli'i Akina, Ph.D.  
President, Grassroot Institute of Hawaii

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<sup>3</sup> Norman Gemmill, Richard Kneller, & Ismael Sanz, *The Timing and Persistence of Fiscal Policy Impacts on Growth: Evidence from OECD Countries*, 121 *Economic Journal* F33-F58 (2011).

<sup>4</sup> Frank Zipfel and Caroline Heinrichs. *The Impact of Tax Systems on Economic Growth in Europe*, Deutsch Bank Research, Oct. 5, 2012. Available at [http://www.dbresearch.com/PROD/DBR\\_INTERNET\\_EN-PROD/PROD000000000295266/The+impact+of+tax+systems+on+economic+growth+in+Europe%3A+An+overview.pdf](http://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD000000000295266/The+impact+of+tax+systems+on+economic+growth+in+Europe%3A+An+overview.pdf)

<sup>5</sup> See <http://www.itep.org/whopays/states/hawaii.php>.

1065 Ahua Street  
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Website: [www.gcawhawaii.org](http://www.gcawhawaii.org)



# GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

March 19, 2015

TO: HONORABLE CLARENCE NISHIHARA, CHAIR, HONORABLE BREENE HARIMOTO AND MEMBERS OF THE SENATE COMMITTEE ON TRANSPORTATION

HONORABLE WILL ESPERO, CHAIR, HONORABLE ROSALYN BAKER, VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS

SUBJECT: **H.B. 134, HD1 RELATING TO TAXATION.**

Removes the authority of the City and County of Honolulu to collect county surcharges on state tax under Act 247, Session Laws of Hawaii 2005, beginning on January 1, 2016. Allows all counties, including the City and County of Honolulu, to adopt ordinances allowing for county surcharges on state general excise and use taxes at a .25 per cent rate, beginning January 1, 2017. Amends the administrative fee for the collection of a county surcharge by the State. (HB134 HD1)

Hearing

DATE: Thursday, March 19, 2015  
TIME: 2:45 P.M.  
PLACE: Conference Room 229

Dear Chair Nishihara and Chair Espero Luke, Vice Chair Harimoto and Vice Chair Baker, and Members of the Committee,

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

The GCA is a supporter of the Honolulu Rail Transit project and supports its efforts to ensure the project is completed in its entirety. The funding of the project is the most crucial component to make certain that the project is delivered to the City and County of Honolulu and its residents. With that GCA supports all efforts in finding the most viable solution of funding available and the due diligence required in uncovering all options.

The GCA continues to support the Honolulu Rail Transit Project together with the concerted efforts of all parties involved to plan and construct the rail transit project. Rail will provide the most reliable, cost-efficient and convenient transportation pipeline between urban Honolulu and West Oahu.

GCA appreciates the opportunity to share its testimony.

Testimony of WOEDA in Support of HB 134, HD1

**To: Committee on Transportation and Committee on Public Safety,  
Intergovernmental and Military Affairs**

**Date: Thursday, March 19, 2015**

**Time: 2:45 PM**

**Place: Conference Room 229 - State Capitol**

Honorable Chairs and Members of the Committee,

I am Kristi Hirota-Schmidt, representing the members of the West Oahu Economic Development Association, also known as WOEDA, and testifying in support of HB 134, which extends the general excise tax surcharge to complete the rail project.

Our association is made up of business, community and government leaders dedicated to supporting the economic growth of West Oahu. Our area is the fastest growing population and business base in the state, with the number of businesses here doubling in the past 10 years and many more expected in the future as Kapolei builds out.

For business, time is money. Traffic congestion adds unnecessarily to the cost of doing business. Many of us, our employees and our customers have to travel regularly between downtown Honolulu and Kapolei. Delays due to traffic are more often the norm rather than the exception.

WOEDA believes that the rail project is vital to the success and well being of the “new city” of Kapolei. We strongly support the rail project because it will reduce future traffic congestion, make it easier to travel between town and West Oahu and improve the business climate of our island.

Rail construction is already underway in West Oahu, and HART needs to complete construction and finish the rail project. We are concerned that any delay would only cost the public much more money in the end.

For these reasons, we request that bill HB 134, HD1 be amended to “restore the full half percent amount, and extend the sunset so the project can be completed to UH Manoa and downtown Kapolei”.

Thank you for allowing me to provide you with our testimony.

Respectfully on behalf of WOEDA,



Kristi Hirota-Schmidt  
President

March 15, 2015

From:

John Bond, President  
Kanehili Cultural Hui,  
PO Box 75578  
Ewa, Honouliuli, Oahu 96707

FTA Letter and Shared Drive Documents as Questions and Comments On:  
Important Ewa Agricultural Lands - Farmland Conversion Impact Rating” (NRCS-CPA-106)  
HART - Honolulu Rapid Transit Corridor Project – Community Environmental Impacts  
West Oahu Farrington Highway (WOFH) rail guide way, stations and  
Honolulu City Transit Oriented Developments

To:

Therese McMillan, Acting Administrator  
Federal Transit Administration  
1200 New Jersey Avenue, SE  
Washington, DC 20590

CC:

Anthony Foxx, Secretary  
U.S. Department of Transportation  
1200 New Jersey Ave, SE  
Washington, DC 20590

Calvin L. Scovel III, Inspector General  
U.S. Department of Transportation  
1200 New Jersey Ave, SE  
Washington, DC 20590

Mr. Ted Matley, Community Planner  
Federal Transit Administration, Region 9  
201 Mission Street, Suite 2210  
San Francisco, Ca. 94105-1831

Elizabeth Merritt, Attorney  
National Trust for Historic Preservation  
1785 Massachusetts Ave NW  
Washington, DC 20036

Daniel Grabauskas, Executive Director  
Honolulu Authority for Rapid Transportation  
1099 Alakea Street, 17th Floor  
Honolulu, Hawaii, 96813

Michael J. Boots, Chair  
Council on Environmental Quality  
1200 Pennsylvania Avenue,  
NW. Washington, DC 20460

Kanehili has invited you to view the following shared folders:



**Ewa Farmland**



**Historic Ewa Villages**

The Ewa Farmland folder contains many important documents related to this specific FTA letter. Included are the legal mechanisms that created the entire important Hawaii farmlands identification process- from State Constitution, City reso creating the Important Agricultural Lands position, City reso Ag Lands ID policy, including ID of productive farmlands within the Urban Growth Boundaries, HART-DPP MOU's showing transit funds going into Transit Oriented Developments, Judge Tashima TCP Ruling, testimonies, Ewa rail station maps, 2012 Thielen IAL Report, 4f definition, Ewa farmland valuation, **Farmland Conversion Impact Rating for Section 4f**, news articles, Land Use Commission testimony, Ewa TOD real estate development plans, photos of active use of Ewa farmlands with still existing and in use Ewa Plantation infrastructure, TCP definition, existing wildlife areas, wetlands for native and migratory birds.

March 15, 2015

Aloha Therese McMillan, and concerned parties:

This correspondence to FTA is specifically about the Farmland Conversion Impact Rating that was applied to the Honouliuli Ewa Plain farmland which is now planned to have three transit stations and Transit Oriented Developments as part of the FTA funded Honolulu Authority Rapid Transit (HART) system.

The issue is that the Farmland Conversion Impact Rating done by the contracted project engineering company was erroneous, very possibly intentionally so, which resulted in no subsequent important prime farmland mitigation. This led to the HART rail project constructing an elevated fixed guide way through this very important farmland. FTA may argue that the guide way itself has a "de minimus" (no or minimal effect) impact on this traditional agricultural farmland, however the next planned rail construction phases are three stations and planned TOD's: East Kapolei, UH-West Oahu and Hoopili. The impact on the important agricultural lands will be very severe and essentially destroy them forever. FTA is funding this farmland destruction and it certainly isn't a "de minimus" impact.

Kanehili Cultural Hui (KCH), HART PA consulting party had identified a very important Section 4f discrepancy with the "Farmland Conversion Impact Rating" (NRCS-CPA-106) a fundamental requirement and farmland rating document for all Federally funded transit corridor type projects which uses prime or unique agricultural land.

As a consulting party Kanehili Cultural Hui (KCH) specifically brought this issue up at the Annual HART Programmatic Agreement meeting on Monday, March 2, 2015 at the HART Ali'i Place, Suite 150 conference room to discuss Implementation of the PA over 2014 and planned activities for 2015. During that meeting KCH president John Bond asked Ted Matley of FTA if the West Oahu Farrington Highway (WOFH) Farmland Conversion Impact Rating decision could be revisited again because of very credible evidence that the Farmland Conversion Impact Rating was very erroneous and quite possibly intentionally so. Mr. Matley agreed to this request.

KCH has done extensive auditing of the HART rail project's handling of historic and cultural issues and has found several discrepancies and previously overlooked Traditional Cultural Properties and one with a very erroneous boundary to achieve a "no effect" on the project Area of Potential Effect (APE). There is substantial evidence that the HART rail project's consultants intentionally misrepresented important APE decisional information to push construction forward.

The KCH analysis is twofold: 1. The original very low farmland rating document done by rail contractor Parsons Brinkerhoff does not reflect the obvious reality of the Ewa Plain farmland based on observation and known published criteria of what constitutes prime or valuable Oahu farmland in Hawaii. Our shared drive links provide the documents, maps and photos to support this analysis.

KCH: 2. The value of the Ewa Plain farmland must be seen in the full context of both ancient and modern Hawaiian cultural values- ahupua'a (mountain to sea) as well as why it was a 1000 year old continuously used Traditional Cultural (Agricultural) Property. How could a traditional native Hawaiian agricultural society based upon Konohiki (deeply skilled land and water management) support the largest pre-western population on Oahu if these lands weren't among the very best on the island? These Ewa farmlands were the major native Hawaiian population center because of the rich volcanic soil, fresh spring water and very abundant sunshine. And to this very day these same prime and valuable farmlands support large scale agricultural production.

**FTA support for important farmland destruction is a social and environmental injustice and not Smart Growth. Instead of rail transit the Ewa Plain community is getting massive new urban sprawl, vast environmental damage, a huge increase in highway traffic and an important food security safeguard completely eliminated.**

It should not ever be forgotten that during the early Honolulu rail design and engineering process there was an enormous amount of political pressure (and still is) placed on government agencies and employees to "get on board" and not be the odd nail that needs to be hammered down by powerful land development interests that want rail construction moved forward as fast as possible, no matter what had to be done to make that happen. At the time key project reviews were being made the State Historic Preservation Division was in a very weak and understaffed situation and considered the worst SHPO in the United States- on verge of being shut down and taken over by the NPS. ***It is no surprise to see that the very flawed Farmland Conversion Impact Rating form was run through with few if any questions asked.***

KCH asks: How could the Hawaiian Island's largest and most profitable sugar plantation – Ewa Plantation, thrive and prosper for over 100 years on the Ewa Plain if it didn't have an ideal combination of abundant sunshine, pure spring water and rich Waianae volcano soil (rated A and B quality) which caused it to be an agricultural powerhouse? Please review the link to the Historic Ewa Villages which show that the Ewa plantation was a major historic and culturally important community in the Hawaiian Islands known worldwide. It's fame and fortune was all a result of the very valuable agricultural lands that sustained it and providing thousands of jobs.

Further, as we show in numerous supporting government documents and agricultural evaluations that there is no way this very valuable prime farmland and Traditional Cultural Property doesn't meet and exceed the criteria of the Farmland Conversion Impact Rating regulatory threshold of 160 points. **Not fairly and honestly addressing these major obvious discrepancies while there is still time, however short, will forever be a dark stain on the**

**HART project and the involvement of the Federal Transit Administration in sponsoring the destruction of a very valuable and a culturally very important agricultural TCP.**

**The Honolulu City Council INTENDED that these Ewa TCP Farmlands be identified and mapped- even when in an already designated Urban Boundary.**

*The Honolulu City Council passed a resolution in 2011 to advocate establishment of an Agricultural Liaison:*

RESOLUTION URGING THE CITY ADMINISTRATION TO CREATE AN AGRICULTURAL LIAISON POSITION – CCR 11-70.

*The Honolulu City Council also passed a resolution in 2012 to expedite the identifying and mapping of important agricultural lands:*

RESOLUTION URGING THE CITY’S AGRICULTURAL LIAISON TO EXPEDITE THE IDENTIFYING AND MAPPING OF IMPORTANT AGRICULTURAL LANDS AND ENSURE THAT THE CITY WORKS TO PRESERVE THE AVAILABILITY OF AGRICULTURAL LANDS FOR FARMING – CCR 12-23.

It is very important to note that the resolution contained a Further Resolved clause: *“that the process of identification and mapping of important agricultural lands **also consider agriculturally productive lands within urban growth boundaries** that are classified as prime agricultural lands, provided adequate water supply is available;*

This highlighted statement is very important because it says that even IF the agriculturally productive lands are in a designated urban growth boundary, as the three HART Rail stations and TOD’s will be, the lands that meet the prime agricultural lands criteria must be mapped- and they HAVE NOT BEEN. This is because there has been direction from the Honolulu Mayor’s office to City Department of Planning and Permitting to **prevent this Important Agricultural Lands (IAL) identification. Mayor Caldwell supports this valuable farmland destruction.**

The Federal Transit Administration most likely knows by now that there is a great deal of unhappiness and dissatisfaction about the HART Rail project- how over budget it is, etc. However, FTA management may not be aware that one of the single greatest issues is the HART Rail project creating a massive urban sprawl development project that will pave over and destroy West Oahu’s largest contiguous farmland – the remaining Ewa Plantation lands.

The Honouliuli Ewa Plain agricultural farm lands MUST be seen in their full ecological, cultural environmental, and historic cumulative context and not as a single abstraction. In Hawaii this is the “Konohiki” viewpoint and also the “ahupua’a” sustainability concept because islands have limited space and resources. A Continental US farmland rating system for a massive heavy rail transportation project in the very limited confines of traditional island farmlands tied in with vast sprawling home developments and shopping centers under the guise of Transit Oriented Development that FTA is supporting isn’t simply just unfair or inadequate, it is tragic and possibly even criminal in intent. **The Ho’opili farmland constitutes 31% of all of the farmland on O’ahu currently producing food for the local market.**

<http://www.hoopilitraffic.com/>

<http://www.stophoopili.com/>

<http://www.civilbeat.com/2015/03/letter-to-the-honolulu-city-council-hoopili-doesnt-fit/>

## From the March 2012 Agricultural Liaison Important Agricultural Lands Progress Report:

### A. Mandatory Standards Counties Shall Use to Map IAL

Act 183 provides eight standards and criteria to identify important agricultural lands.

The Act specifically states that “lands need not meet every standard and criteria” to be identified as IAL. “Rather, lands meeting any of the criteria below shall be given initial consideration; provided that the designation of [IAL] shall be made by weighing the standards and criteria with each other to meet the constitutionally mandated purposes...”

1. Land currently used for agricultural production;
2. Land with soil qualities and growing conditions that support agricultural production of food, fiber, or fuel- and energy-producing crops;
3. Land identified under agricultural productivity rating systems, such as the agricultural lands of importance to the State of Hawaii (ALISH) system adopted by the board of agriculture on January 28, 1977;
4. Land types associated with traditional native Hawaiian agricultural uses, such as taro cultivation, or unique agricultural crops and uses, such as coffee, vineyards, aquaculture, and energy production;
5. Land with sufficient quantities of water to support viable agricultural production;
6. Land whose designation as important agricultural lands is consistent with general, development, and community plans of the County;
7. land that contributes to maintaining a critical land mass important to agricultural operating productivity; and
8. Land in or near support infrastructure conducive to agricultural productivity, such as transportation to markets, water or power.

**FTA transit funds are going into this very valuable farmland destruction and many West Oahu residents believe this will be creating a future environmental catastrophe.**

Not only will there be a loss of key valuable traditional open space farmland, a loss of an important food security safeguard, a massively overcrowded highway system that even HART rail admittedly cannot adequately address, but also the loss of native endangered and migratory bird habitats, water runoff pollution of the impervious surface rail station - TOD development projects which will direct their storm water runoff into West Loch Pearl Harbor and the Ewa shoreline ecosystem, poisoning Ewa fisheries, reef system and shoreline habitat of sea birds, mammals and edible limu. **ALL of the FTA sponsored HART Rail impacts are VERY NEGATIVE, a social and environmental INJUSTICE and not SMART GROWTH.**

***FTA may not know that the Ho'oplili TOD project which covers over and destroys prime agricultural farmland is opposed by a large number of West Oahu residents as well as former Hawaii governors George Ariyoshi, John Waihee and Ben Cayetano.***

*FTA may not know that a large number of agricultural experts and community groups believe that this great misuse of very valuable traditional cultural property is tragically WRONG.*

FTA and HART rail are the major sponsors of this valuable agricultural land and TCP obliteration which frankly appears to be more about real estate development and land speculation than the public transit system people were lead to believe they were getting.

*It is also not lost on many local residents that the FTA HART rail agenda has required the decimation of the very popular TheBus system which has been the only mass transit system to be recognized twice by the American Public Transportation Association as America's Best Transit System for 1994–1995 and 2000–2001, beating other transit systems.*

**From the March 2012 Agricultural Liaison Important Agricultural Lands Progress Report:**

## **Conclusion**

Hopefully this Report has been helpful in assisting the Council as the City embarks upon this process. The Administration and the Council should remain in close communication throughout the IAL mapping and policy development process. In addition to informal communications, progress reports will position City policy makers to adopt maps and policies in a timely manner and in coordination with their other land use responsibilities.

Hawaii residents have been waiting a long time for this Constitutional mandate to be met. Now that the initial responsibility has been delegated to the Counties, it is an opportunity to demonstrate the ability of local government to collaborate and achieve this strategic objective to increase our self-sufficiency and a diversified agricultural economy.

**Administrative Testimony, March 5, 2015 – City Council Bill 3 to Remove Ewa farmland's Ag-1 designation and replace the land with a HART and FTA funded Transit Oriented Development.**

Testimony of Kamana'opono Crabbe, Ph.D  
Ka Pouhana, Chief Executive Officer, Office of Hawaiian Affairs (OHA).

*The irrevocable loss of this prime agricultural land from agricultural use raises significant concerns. Although OHA readily acknowledges that the Land Use Commission previously reclassified the project area from the State Agricultural District to the Urban District in 2012, and that City and County plans have deemed Kapolei the secondary urban center 2, the continued loss of agricultural land threatens the future of agriculture in Hawai'i.*

*Policies supporting increased agriculture must be implemented, rather than policies that result in paving over prime agricultural land.*

As the Department of Permitting and Planning DPP acknowledges “the vast majority of the project site consists of ‘A’ and ‘B’ rated soils” according to the University of Hawai‘i Land Study Bureau Detailed Land Classification for the Island of O‘ahu; and (“[t]he majority of the project site is classified as ‘Prime’ according to the Agricultural Lands of Importance to the State of Hawai‘i system. DPP, Findings of Fact, Analysis, Conclusions of Law, and Recommendation on File No. 2014/Z-5, pages 5-6.

(2) General Plan for the City and County of Honolulu, I. Population, Obj. C, Pol. 2, IIV. Physical Development and Urban Design, Obj. C; ‘Ewa Development Plan, 1-1, 2-3, 2-8, Table 2.2.1.

*Support for agriculture has a direct connection to Hawai‘i’s ability to grow its own food. One of the targets of the Aloha+ Challenge, which has been supported by OHA, the mayors of the four counties, and the legislature, and Governor Abercrombie, is to double local food production by 2030.~ The benefits of supporting agriculture in Hawai‘i are vast, ranging from the obvious—food security, fresher food, maintenance of a rural landscape, and potential for reduced environmental impacts—to the less obvious—improved health for consumers and farm workers, a diversified employment industry, connection to the ‘aina, and sense of community.*

*In this testimony, which follows up on OHA’s December 3, 2014 testimony to the Planning Commission and OHA’s September 19, 2014 comments to DPP, OHA reiterates its concern about the applicant’s request to remove prime agricultural lands, with both high soil and productivity ratings, from all present and future agricultural use.*

(See more testimony and government documents in the Shared Drive link in this letter.)

\*\*\*\*\*

*What is a 4(f) "use"?*

*In discussing 4(f), "use" may mean either a direct use or constructive use. A direct use occurs when land is permanently incorporated into a transportation facility or when there is a temporary occupancy of land that is adverse to a 4(f) resource. Constructive use occurs when a project's proximity impacts are so severe that the protected activities, features, or attributes that qualify a resource for protection under Section 4(f) are "substantially impaired".*

\*\*\*\*\*

What are Traditional Cultural Properties - TCP’s?

TCPs are “places of religious and cultural significance” (NHPA Section 101 and NHPA regulations, Section 106). NHPA guidance (Parker and King 1990:1) defines a TCP as a property “... that is eligible for inclusion in the National Register because of its association with cultural practices or beliefs of a living community that (a) are rooted in that community’s history, and (b) are important in maintaining the continuing cultural identity of the community.” TCPs derive their importance from the practices or beliefs of a community because they are integral to the community’s history and identity. The people who are best able to identify these places and their importance are the members of the community that understand their value.

\*\*\*\*\*

Federal law concerning major projects like this multi-billion dollar FTA funded railway requires that in the identification of historic and cultural sites, a “reasonable and good faith effort” be made. We don’t see this as having been the case and certainly Federal Judge Wallace Tashima stated in his ruling in 2014 that he was greatly concerned about the identification of ALL Traditional Cultural Properties (TCP) along the rail route. Kanehili Cultural Hui provided to FTA and HART extensive detailed reports on all of these TCP issues for many years and not once were they acknowledged or taken seriously until we filed our HART Programmatic Agreement Stipulation 9 objection letter.

The Honouliuli Ewa Plain was the site of a very important ancient Hawaiian community with kalo fields feeding many hundreds of thousands of people over 1000 years. Annual Makahiki Ceremonies and processions along the ancient trail network through this traditional agricultural property honored the very important god of agriculture- Lono. The main waterway through this Ewa Plain farmland is called Kalo’i Gulch (actually the surface feature of a much larger below surface karst waterway that flows to the ocean). The name says what the area was used for: Kalo farming. These Kalo farms were all connected by a series of ancient trails (Malden in 1825 identified the main network but hundreds of smaller trails existed) and this was all managed under a Konohiki land management system in the ahupua’a of Honouliuli.

#### **What can be done to remedy this situation?**

It could not be more clear what a great and tragic injustice is coming to the Ewa Plain- sponsored by the Federal Transportation Administration and the City’s HART Rail project. FTA should immediately review and correct the erroneous **Farmland Conversion Impact Rating** based upon all of the substantial evidence Kanehili Cultural Hui has submitted in this letter and linked shared drive.

In addition, Mayor Caldwell should immediately direct City DPP to accomplish an honest **Important Agricultural Lands (IAL) identification** of Ewa Traditional Cultural Place agricultural farmlands as was the intent of City Council resolutions CCR-11-70 and CCR 12-23.

Further, before City Council Bill 3 is passed that will permanently remove and allow obliteration of these valuable Ewa farmlands, the Ewa TCP issue now under review through the HART Programmatic Agreement Stipulation IX should be settled as well as the pending Hawaii Supreme Court case concerning this same issue. These criteria should be accomplished first so that the Mayor and City Council don’t have dirty hands in what really appears to be very unfair, dishonest and bad faith without integrity of due process.

Sincerely,



John Bond, President  
Kanehili Cultural Hui  
P.O. Box 75578  
Kapolei, Hi. 96707

# Hawai'i Construction Alliance

P.O. Box 179441  
Honolulu, HI 96817  
(808) 348-8885

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March 18, 2015

The Honorable Clarence K. Nishihara, Chair  
The Honorable Breene Harimoto, Vice Chair  
and members

Senate Committee on Transportation  
Hawai'i State Capitol  
Honolulu, HI 96813

The Honorable Will Espero, Chair  
The Honorable Rosalyn H. Baker, Vice Chair  
and members

Senate Committee on Public Safety, Intergovernmental, and Military Affairs  
Hawai'i State Capitol  
Honolulu, HI 96813

## **RE: Comments on HB134 HD1**

Dear Chair Nishihara, Chair Espero, Vice Chair Harimoto, Vice Chair Baker, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; the Laborers' International Union of North America, Local 368; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

We offer the following **comments on HB134 HD1**, relating to taxation. HB134 HD1 proposes to remove the authority of the City and County of Honolulu to collect county surcharges on state tax under Act 247, Session Laws of Hawaii 2005, beginning on January 1, 2016; allow all counties, including the City and County of Honolulu, to adopt ordinances allowing for county surcharges on state general excise and use taxes at a .25 per cent rate, beginning January 1, 2017; and amends the administrative fee for the collection of a county surcharge by the State.

Over the past several years, our unions have been strong advocates for the Honolulu Rapid Transit project, an important endeavor which will:

- Provide commuters with a fast, safe, and reliable alternative to driving in traffic congestion, eliminating tens of thousands of car trips that would otherwise be taken in private vehicles;
- Generate thousands of jobs in construction, engineering, and related fields, as well as additional indirect jobs in all sectors of our island's economy;

- Create the potential for transit-oriented development to take place in and around station areas, giving families the opportunity to affordably live, work, shop, and play closer to home; and
- Offer a more sustainable future for our island home through reduced CO2 emissions and less dependence on costly, imported oil.

These benefits, among others, will not be realized if the project does not have adequate financing to complete the Locally Preferred Alternative (LPA), which extends from West Kapolei to the University of Hawai'i at Mānoa. An adequate funding mechanism to fully complete the project to West Kapolei and the University of Hawai'i at Mānoa will ensure that work on the project can continue seamlessly, without demobilization of contractors and crew, demobilization of the precast yard, and further uncertainty in the planning process.

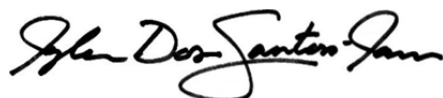
**Therefore, the Hawai'i Construction Alliance respectfully requests that HB134 HD1 be amended to:**

- **Restore the authority of the City and County of Honolulu to collect county surcharges of 0.50 percent on state tax under Act 247, Session Laws of Hawaii 2005; and**
- **Extend the authority of the City and County of Honolulu to collect county surcharges on state tax for a total period of not less than 25 years beyond the current sunset date to complete extensions to West Kapolei and the University of Hawai'i at Mānoa.**

We are proud of the remarkable work that our members have accomplished so far in constructing the project, including relocating utilities along the route, constructing facilities at the Rail Operations Center, drilling and pouring hundreds of shafts and columns, erecting balanced cantilever structures over the H-1 freeway, and casting and erecting numerous segments which comprise the westernmost two miles of the guideway. We look forward to having even more members work on this historic project in the years ahead as it advances toward full completion to West Kapolei and the University of Hawai'i at Mānoa.

We thank you for the opportunity to provide these comments on HB134 HD1.

Mahalo,



Tyler Dos Santos-Tam  
Executive Director  
Hawai'i Construction Alliance  
execdir@hawaiiiconstructionalliance.org

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**Date:** Wednesday, March 18, 2015 5:14:28 PM

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**HB134**

Submitted on: 3/18/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Brooke Wilson	PRP	Support	No

Comments:

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**Date:** Wednesday, March 18, 2015 7:31:07 PM

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**HB134**

Submitted on: 3/18/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
David Z. Arakawa	Land Use Research Foundation of Hawaii	Comments Only	No

Comments: The Land Use Research Foundation of Hawaii submits the following COMMENTS to HB 134, HD1, RELATING TO TAXATION, which proposes: (1) To remove the authority of the City and County of Honolulu (City) to collect county surcharges on state tax under Act 247, Session Laws of Hawaii 2005, beginning on January 1, 2016; (2) To allow all counties, including the City, to adopt ordinances allowing for county surcharges on state general excise and use taxes (GET) at a .25 per cent rate, beginning January 1, 2017; and (3) To amend the administrative fee for the collection of a county surcharge by the State. (HB 134 HD1) LURF understands and respects the concerns of the House Finance Committee, however, under the circumstances, LURF respectfully recommends that HB 134, HD1 be AMENDED: (1) To restore the full .50 per cent amount of the City's surcharge on the State GET; and (2) To extend the sunset so the project can be completed to the University of Hawaii at Manoa (in the East) and to downtown Kapolei (in the West).

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## HAWAII REGIONAL COUNCIL OF CARPENTERS

March 18, 2015

The Honorable Clarence K. Nishihara, Chair,  
The Honorable Breene Harimoto, Vice Chair, and  
Members of the Senate Committee on Transportation

The Honorable Will Espero, Chair,  
The Honorable Rosalyn H. Baker, Vice Chair, and  
Members of the Senate Committee on Public Safety, Intergovernmental and Military Affairs

Statement of the Hawaii Regional Council of Carpenters on HB134 HD1  
Relating to Taxation

Thursday, March 19, 2015  
2:45 p.m., Room 229, State Capitol

Dear Chair Nishihara, Chair Espero, Vice Chair Harimoto, Vice Chair Baker, and members,

The Hawaii Regional Council of Carpenters represents 6,000 union carpenters and drywall installers in the state. We **support the intent of HB134 HD1**, but respectfully request the following amendments:

- Restore the authority of the City and County of Honolulu to collect **county surcharges of 0.5 percent** on state tax under Act 247, Session Laws of Hawaii 2005; and
- Extend the authority of the City and County of Honolulu to collect county surcharges on state tax for a total period of **not less than 25 years beyond the current sunset date** to complete extensions to West Kapolei and the University of Hawaii at Manoa.

The City and County of Honolulu utilizes this provision to fund the construction of the Honolulu Rail Transit project and bring in allocated federal funds. This source of revenue is also essential to the locally preferred alternative (LPA), which can only be financed through general excise and use tax surcharge revenues, interest earned on the revenues, and any federal, state, or private revenues. The LPA is a vital addition to the current rail line. It will benefit both residential commuters and students by extending the current rail system westward to downtown (West) Kapolei, and eastward to the University of Hawaii at Manoa.

To ensure that the rail project and LPA continue seamlessly, without a risk of a costly construction halt and restart, an adequate source of funding must be in place.

### STATE HEADQUARTERS & BUSINESS OFFICES

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To date, \$1.3 billion has been spent building the rail project. Construction crews have completed more than two miles of the guideway, and construction on the Rail Operations Center is more than 60 percent complete. With 60 percent of the project's construction contracts awarded and over 1,300 people currently employed through rail-related jobs, we need leadership to see this through.

Thank you for the opportunity to provide these comments on HB134 HD1.

**HAWAII OPERATING ENGINEERS  
INDUSTRY STABILIZATION FUND**



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

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

March 19, 2015

Honorable Clarence K. Nishihara, Chair  
Honorable Breene Harimoto, Vice Chair  
And members of the Committee on Transportation

Honorable Will Espero, Chair  
Honorable Rosalyn H. Baker, Vice Chair  
And members of the Committee on Public Safety, Intergovernmental  
Military Affairs  
415 South Beretania Street, Room 204  
Honolulu, HI 96813

RE: HB 134, HD1- Relating to Taxation

Chairs Nishihara and Espero and members of the Committee,

My name is Kimberly Ribellia, Government Liaison, of the Hawai'i Operating Engineers Industry Stabilization Fund (HOEISF), a labor management fund representing 4000 unionized members in heavy engineering site work and 500 general contractors specializing in heavy site and vertical construction.

HOEISF supports the intent HB 134, HD1 which extend the county surcharge on state tax, but respectfully requests the committees consider language that would increase the surcharge to the original 0.05% and extends the surcharge for another 25 years.

HOIESF supports the extension of the county surcharge on state tax which will allow the Honolulu Authority on Rapid Transit to complete the current 20-mile segment of the mass transit system. The 25 year extension of the county surcharge will also provide the opportunity to move forward with extension of the transit system to the University of Hawai'i at Manoa campus and to Kapolei.

Thank you for this opportunity to testify in this matter.

Sincerely,

Kimberly Ribellia  
Government Liaison  
HOEISF

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**Subject:** Submitted testimony for HB134 on Mar 19, 2015 14:45PM  
**Date:** Monday, March 16, 2015 2:00:52 PM

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**HB134**

Submitted on: 3/16/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Victoria Cannon	Individual	Oppose	No

Comments: We strongly oppose. Victoria and Trudy Cannon

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**HB134**

Submitted on: 3/16/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sara Perry	Individual	Oppose	No

Comments: I strongly oppose the extension of this tax because it pertains to the rail surcharge being extended indefinitely. I also do not support neighbor islanders being forced into the option of being taxed for these and similar projects either. I urge you to force HART to work within their already approved budget, and not give them another cent of our tax money. Taxpayers, like myself, are tired of funding this project which is continually over budget and will never be profitable. Mahalo, Sara E. Perry Waianae

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Panos D. Prevedouros	Individual	Oppose	No

Comments: Timeout! Rail is only 5% constructed. It is FAR from having run out of money yet. Ernie Martin is right: (1) conduct forensic audit, and (2) replace unqualified HART board members. This bill hands over MORE taxpayer monies that are not needed now and without any accountability. The only sound option is to defer the bill this year. HART should come back next year and show REAL evidence for monies needed now... not five years from now.

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
eric	Individual	Oppose	No

Comments: How can you run out of money when it's AG land you started building on.  
Fire all of the board and HART members they're not doing their jobs

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ray Pendleton	Individual	Comments Only	No

Comments: Timeout! Rail is only 5% constructed. It is FAR from having run out of money yet. Ernie Martin is right: (1) conduct forensic audit, and (2) replace unqualified HART board members. This bill hands over MORE taxpayer monies that are not needed now and without any accountability. The only sound option is to defer the bill this year. HART should come back next year and show REAL evidence for monies needed now... not five years from now.

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ted Peck	Individual	Oppose	No

Comments: I agree with Panos. Timeout! Rail is only 5% constructed. It is FAR from having run out of money yet. Ernie Martin is right: (1) conduct forensic audit, and (2) replace unqualified HART board members. This bill hands over MORE taxpayer monies that are not needed now and without any accountability. The only sound option is to defer the bill this year. HART should come back next year and show REAL evidence for monies needed now... not five years from now. Lots of our money and lots of pressure. Do the right thing. You wouldn't give your child more money if they spent a bundle and couldn't explain where it went. Don't do any different with our community's money. I support rail, but the biggest challenge is managing it. Help HART and the City do that right, for future generations, by holding them accountable. Thanks in advance. Ted Peck

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**Date:** Tuesday, March 17, 2015 3:09:49 PM

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
William Harris, M.D.	Individual	Oppose	No

Comments: I have opposed the rail project from its inception and see this only as another sneaky maneuver to keep it going.

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Michael Uechi	Individual	Oppose	Yes

Comments: I am strongly opposed to any extension of the GET as well as any money going to support the train as it will not decrease traffic for the Leeward and Central Oahuans; traffic will be worse after it is completed. The train should be stopped now, alternatives that will benefit commuters restudied. The GET should be amended for State use to help the \$40 billion in unfunded liability facing the state, to include the public worker pensions and health insurance; the state hospital system; repairing state buildings and schools; the state computer system; widening and modernizing roads and many more that require money for these essential projects that will continue to need upgrades. It is never too late to stop the rail and pour the money back into the state for projects that will benefit all of us.

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Once again panic sets in on behalf of the HART board. Since the construction is approximately only 5% completed, the need for immediate funds is unnecessary and fiscally irresponsible. The project is far from running out of money! I propose the only sound action is to defer the bill for this year, conduct a rail audit, and replace the unqualified and irresponsible HART board members who are so intent on garrulously spending taxpayers money. I truly get the feeling they are intent on destroying Hawaii as we know it! If deferred, then HART can return to show exactly how much this "train to nowhere" is going to cost us taxpayers and why the money is needed now, and not 5 years from now. Please don't bet Hawaii's future on this extremely ill-advised venture.

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Georgiana Yap	Individual	Oppose	No

Comments:

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## **HB134**

Submitted on: 3/18/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
michele matsuo	Time Out Honolulu Rail	Oppose	Yes

Comments: Dear Chairs Nishihara and Espero, and members of the Committees, Thank you for this opportunity to testify. I am strongly opposed to HB 134. I am opposed to the open sunset date and any extension beyond 2022. I support keeping the sunset date, or sunsetting the surcharge earlier. this surcharge seems like small money, but it adds up. For a family of 5, at 0.5%, we estimate the surcharge alone is about \$1000-1100 each year. At 0.25%, it is still estimated to be \$500-550 per year. If the surcharge were to sunset as first enacted, in 2022, with the change in 2017, as provided in HB 134, the surcharge would still cost that family \$4,500-5,000 in Rail taxes. If the surcharge remains the same as it is currently, at 0.5%, then it will cost that family \$8000-8,000 in Rail taxes. For neighbor island families, if we use the Oahu figures, and sunseted the surcharge in 2022, then that neighbor island family would pay \$2500-2750 more in taxes because of the GET surcharge of 0.25% from 2017-2022. I am in favor of the reduction of the surcharge percentage to 0.25%. I am in favor of keeping the State's withholding percentage at 10%. I am opposed to the singling out of Honolulu for unequal purposing of the surcharge proceeds. I am strongly opposed to the Honolulu Rail project. The City's own Final EIS reveals that only the most minimal traffic reduction is expected from Billions of dollars spent on this Rail project. I am in favor of finding a cheaper alternative, which provides real traffic relief to the people of the West Side of Oahu. If an FFGA or FTA permitted cheaper alternative can be found, I am open to that. The Mayor of Honolulu says that the FFGA requires only 4 things. 20 miles, 21 stations, 80 cars, and completion on time. Presumably that means that the obscenely expensive and obsolete Steel on Steel technology is not required by the FFGA. HART told the City Council's Budget Committee that it will require \$80 Million in real property taxes to operate and maintain Rail. Does that include all the power that this system will require. We have read that Rail will be HECO's second biggest customer. Will that require construction of a new power plant? How much are the 20-21 electric substations ( 1 power substation is required approximately every mile) going to cost, and has their cost been factored into the cost projections? We are unable to find their cost allocation. We support and request a Forensic Audit of all of the GET surcharge funds from 2007-Present, and that the audit be made public in its entirety, upon completion. Before the House Finance Committee, HART testified, in answer to a committee member's inquiry and request, that it had posted the GET surcharge expenditure

information online on its website. However, afterwards, when I offered my iPad with the HART website pulled up, and asked that HART pull up the expenditure information, there was no attempt to pull it up. Instead, there was a long silence with all eyes of the City team looking at me, before someone finally admitted that the information was not on the site. We understand that some financial information was provided to the State by the City or HART, but we were told that all of that information was marked DRAFT, so does not have to be accurate. We have not yet received the financial information. Not only that, but the monthly Jacobs monitoring report has not been posted on the HART website since the January Jacobs report used the term, "alarming". Once the Train leave Ewa, it runs along the coast. The Rail route will be impacted by the 4'4" in sea level rise which the UN is now predicting. The map attached to the Hawaii Tourism Authority's study last year showed flooding nearly to King Street in back of Waikiki and Ala Moana. Are we expected to drive, swim or kayak through salt or brackish water to get to the rail stations? The Rail project is also sited above the drinking water portion of the Pearl Harbor Aquifer. We have now established that from Water Commission maps. However, this project is allowed to drill deep into the cap rock protecting that critical aquifer, and by its own admission, HART is de-watering. It is not responsible to continue with the current project. At and immediately after the hearing your committees conducted on SB 19, HART estimated that it would cost \$3.2 Billion to terminate the Rail project. BUT, that figure included the \$1.3 Billion in already incurred construction costs and were not additional monies which would have to be paid out from now. So, that means \$3.2 Billion is painlessly and immediately trimmed to \$1.9 Billion. At the last hearing, HART testified that it would cost \$1 Billion to remove and repair the pillars already constructed. This Removal and Repair is a State of Hawaii requirement, and is only triggered after a 5 year abandonment. So we have time to figure out what to do with the constructed infrastructure, if we terminate, and the if the infrastructure is used, then there is no requirement to remove and repair, presumably. So, we are left with an estimated \$900 Million, to terminate the Rail project. That figure is nearly 1/4th the termination cost trumpeted by HART. Of that \$900 Million, how much of it is to pay back the FTA? Until the New Jersey THE ARC rail tunnel project, no jurisdiction that we know of was ever forced to repay the FTA after termination. We believe that it is the only project which was required to do so. New Jersey paid back pennies on the dollar and received \$128 Million in new traffic mitigation Federal funds as part of the termination agreement. The \$128 Million in new funds received exceeded the repayment amount by many tens of millions of dollars. Also, New Jersey was given 5 years in which to repay, so no large lump sum was required to be repaid by the New Jersey taxpayers. New Jersey netted a positive \$33 Million as a result of the termination of its project. Please defer action on HB 134 this year and call a Time Out for Honolulu Rail, until the Forensic Audit is done, and made public, and HART and the City answers our questions. In the alternative, please reduce the surcharge percentage to 0.25%, sunset the surcharge on or before 2022, keep the State skim or administrative percentage at 10%, and remove the discrimination between Honolulu and the other counties regarding the purpose for which the surcharge funds may be used. Thank you for this opportunity to testify. Respectfully submitted, Michele Matsuo

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Brett Kulbis	Individual	Oppose	No

Comments: I oppose this HB-134. Instead of giving the Counties not only the idea, but the authority tax our income outside of property taxes is just your way of passing the buck. So if the Counties make that decision, you can wash your hands of any culpability.

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
tom moore	Individual	Oppose	No

Comments: Rail is only 5% constructed. It is FAR from having run out of money. Conduct rail audit, and replace unqualified HART board members. This bill hands over MORE taxpayer monies that are not needed now and without any accountability. The only sound option is to defer the bill this year. HART should come back next year and show REAL evidence for monies needed now... not five years from now.

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Thomas Welch	Individual	Oppose	No

Comments: Do not give a tax extension Please have a proper audit done before giving a blank check to HART & the Mayor. We are way to far away from them needing more money as it appears as though the Money is evaporating and its HARD EARNED TAX PAYER MONEY so please do not give them more. + why did Grabaskas get a Bonus I thought it was for on budget????? Vote NO

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jim Anderson	Individual	Oppose	No

Comments: As a resident of Hawaii for over 27 years, I strongly oppose this entire rail project. I strongly oppose ANY of our tax dollars going towards this project which is causing traffic nightmares. It is not going to resolve our traffic problems and then it will be too late. Why don't they build double deck freeways? People want their cars. This is not Japan where millions of people live in a tiny area. Please stop this rail nonsense by cutting all funds.

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melvin Ah Ching	Individual	Oppose	No

Comments: I sent in testimony opposing this bill last month. That testimony still stands. I am opposed to increasing the rail tax portion of the GET. Fact is Act 247 should just remain as is without any amendment unless the Act is repealed through this bill or another. Rail is the biggest mistake embarked by the City and County of Honolulu upon the taxpayers this century. Cut our losses and stop the rail project now. Mel

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jo Ann Choi Pottberg	Individual	Oppose	No

Comments:

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
MaryAnne Long	Individual	Oppose	No

Comments: Honorable Legislators, Please do not extend the excise tax for rail. Since there are no concrete numbers as to what the total rail project will cost, it is unreasonable to force an extension of the excise tax for rail onto Oahu residents and visitors. The project should be halted until a full assessment is made of what the money has been spent on; what more reasonable options need to be considered instead of an antiquated rail system. Thank you.

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Pat Kelly	Individual	Oppose	No

Comments: The rail looks like it is going to cost so much more than anticipated. All this without maintenance costs. The rail should be stopped at Ala Moana. I am adamantly against this tax increase. The rail line should be changed to reflect the increased costs of the rail.

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Margene Ayers	Individual	Oppose	No

Comments: Strongly oppose this bill,

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**HB134**

Submitted on: 3/17/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jonnette T. Kapu	Individual	Oppose	No

Comments:

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

FROM: Natalie Iwasa  
Honolulu, HI 96825  
808-395-3233

HEARING: 2:45 p.m. Thursday, March 19, 2015

SUBJECT: HB 134, HD1 County Surcharge Extension - **OPPOSED**  
Reduction of Administrative Fee - **SUPPORT**  
Authorization for Other Counties to Implement Surcharge - **OPPOSED**

Aloha Chair and Committee Members,

Thank you for allowing me the opportunity to provide testimony on HB 134, HD1, which would make various changes to the authorization for counties to collect a surcharge tax. I oppose an extension of the rail surcharge and authorization for other counties in Hawaii to implement a surcharge tax. I support the reduction of the 10% administrative fee.

I oppose a surcharge extension for the following reasons:

- It's a regressive tax and hits low-income residents the hardest;
- Over 36% of Hawaii households make \$50,000 or less per year (per census data) and already have a difficult time making ends meet;
- We were told this would be a temporary tax;
- There are many unanswered questions, and we have been provided with incomplete or inaccurate information:
  - Promises of thousands of local jobs, yet as of the end of last year there were reportedly only approximately 1,300 local jobs;
  - Blaming high costs on "hot construction market" yet in 2014, the construction industry in Hawaii lost 1,400 jobs (per the Department of Labor);
  - A rail stop planned for Hoopili is needed in order to meet rail ridership projections, yet Hoopili has not been approved for a zone change, and former DOT director Brennon Morioka stated in 2009, that "even with all assumed mitigation measures . . . the H-1 freeway will quickly degrade to [Level of Service] F due to impacts of the Hoopili project under the most

likely projections. **Even under the best case scenario, which includes an optimistic rail transit operation, the H-1 freeway would operate at LOS E with the Hoopili project.**" LOS F = gridlock

- **Draft reports** were provided to legislators with the expectation that you will make decisions based in part on them. These decisions will impact residents of Hawaii for generations to come;
- A schedule of cash flow projections provided to Honolulu City Council contains **mathematical errors**, including one for \$140 million and raises questions of the integrity of other financial information provided by HART;
- Installation of columns has raised concerns about karst and water levels; and
- Statements that 33% of the surcharge is paid for by visitors when it is significantly less. The 33% is based on an eight-year-old study that applies only to the statewide GET, which was prior to the implementation of the surcharge. Visitor expenditures on Oahu have been about 50% from 2007 - 2013. It stands to reason then, that the amount **visitors have contributed** to the surcharge is about 50% of the statewide number, or **about 16% - 17%**.

HART has **wasted millions of dollars** on questionable public relations materials, including coloring books and key chains, and continues to do so today, e.g., with sponsorship of radio traffic reports that are not related to the rail project.

In addition, the current version of this bill increases the rate of penalties from 5% to 10% and would make it harder for small businesses to operate on a statewide basis if the other counties decide to implement a surcharge. I oppose both of these changes.

I support the reduction of the 10% administrative fee. It is not right that Oahu-only taxpayer funds are being used to cover the cost of 85% of the Department of Taxation's operations.

I urge you to vote "**NO**" on this tax extension and only pass a bill that reduces the administrative fee. That is the right thing to do at this time.

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**HB134**

Submitted on: 3/18/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lila Gardner	Individual	Oppose	No

Comments: We need a thorough audit of HART-- the rail and the CEO salary/bonuses and others. This project will not solve Honolulu's traffic problems and it will bankrupt this state. We need to stop it now!!! Do not give any additional monies to the rail project-Do not build these concrete pillars into town - change the design-as it is now it is all wrong for Honolulu and is wrecking the vital karst out on the plains as I write!

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I am a resident of Ewa Beach and urge the House to pass HB 134, the extension of the GE Rail Tax. I urge the House to amend the bill and restore the full half percent amount, along with extending the sunset date so that we can fully complete this project - which includes extensions to UH Manoa, Waikiki and Downtown Kapolei.

The rail transit project is critical to our island's future. Right now whenever we want to go somewhere, we have to plan everything around the traffic on our highways and freeways. It is getting to be a smaller window every year. Traffic gridlock is a way of life on our island. Neighborhoods are so choked with cars that it's becoming impossible to park your car when you get home after work or get an ambulance in to take care of you when you have an emergency. Why in the world would we want more of the same for our future. I want something better for our families and for our businesses. It is not going to get better without changing to a different way to get us to our destinations.

The rail transit project offers us a way to plan future development so that it takes advantage of rail hubs or stations to provide transportation rather than adding more cars to already crowded neighborhoods. It offers a way to preserve and protect our island from the onslaught of more and more cars and constantly worsening traffic. And it benefits everyone, not just the people who live in areas serviced by the rail transit system. By taking traffic off our highways, the people who still use their cars to commute from other neighborhoods will find the drive much easier. Trucks that supply our businesses will find it much easier to deliver their goods.

No one on our island seems to like change but sometimes change brings real improvement to our lives. If the rail's contracts for new stations are coming in higher than they originally estimated, think about the reason for it. It's not that our rail management team is incompetent, it is because our economy is doing well for a change, after years of declining land and home prices and salary cuts or layoffs. With economic growth comes higher prices and that will affect the cost of the rail contracts. But, let's be honest, our economic growth isn't a bad thing! Don't abandon the most important improvement for our island since building roads from Honolulu to Kaneohe, or constructing the reef runways. Stick with it and support the rail transit system. Amend Bill HB134 to restore the full half percent amount, along with extending the sunset date so we can complete this project. We will all benefit and you will feel the satisfaction of knowing that you did something

really important to our future.

With respect, -Bruce Bonbright

# **MANY REASONS TO REJECT RAIL and RAIL TAX**

**by Dennis Callan**

**Conclusion:** Traffic congestion from Leeward will get much, much worse because the traffic improvements rail was supposed to create are not going to happen. It's a sad irony that the people rail was supposed to benefit will be the biggest losers, condemned to traffic hell. Real traffic solutions were available but will not happen because of the obsession with rail.

## **Summary:**

- traffic will get worse
- too expensive
- enhanced bus system & other alternatives better & cheaper, completed sooner
- ugly elevated slab
- poorly managed already
- desperate rush to build
- irresponsible commitments by current mayor
- inadequate EIS, alternatives ignored
- city propaganda misleading
- public opposed
- benefits special interests
- produces mere 2% increase in transit ridership
- energy inefficient
- optimistic predictions probably wrong
- generates suburban sprawl
- destroys farmlands
- massive debts pending for sewers, water & road repair
- mayoral election will stop it

*"The very idea that the state would sacrifice the most important amenity it has to offer the world, the beauty of its environment, is beyond belief."* Bette Midler

## **TRAFFIC & ALTERNATIVES:**

1. City and Feds admit congestion will be much worse with rail than now.

2. Cheaper, more effective alternatives could be implemented quickly, benefitting all,
3. but never properly studied by city.
4. More express buses now rather than in 20 years,
5. with four times passenger capacity than rail,
6. higher speed,
7. seated passengers.
8. Future cars: electric, computer-guided, self-driving, better use of lanes.
9. Telecommuting,
10. ridesharing,
11. added lanes,
12. modified work & school hours.

**ENVIRONMENT & LAND USE:**

13. 20-mile, elevated, massive concrete eyesore;
14. lower energy-efficiency than future cars and current buses;
15. archaeological and historic sites disturbed;
16. neighborhoods disrupted.
17. Transit Oriented Development unlikely, e.g. Portland, still waiting for development 25 years later;
18. resulting low-density Leeward sprawl will further increase congestion;
19. important farmlands will be destroyed.
20. Feds say "Waipahu, Pearl City, and Salt Lake communities may not be very adaptable to redevelopment;"
21. Better planning option, increase city-center population.

**COSTS:**

22. Was \$2.7B in 2006, now \$5.3B 2012; average overrun +40%...\$7B in 2020?
23. Most expensive in US history: \$6,000 each person.
24. Inadequate financial plan, per FTA warnings;
25. Federal funds not guaranteed;
26. depletes transportation budget, preventing real solutions.
27. Upcoming infrastructure requirements: \$5B sewers, \$5B water, \$2B roads.
28. Annual subsidies: \$70M if ridership is 116,000; fewer riders more likely, requiring higher subsidy. Projected bus&rail subsidy \$295M/year. Total in next 20 years = \$6B
29. Combined cost of \$6B construction and \$6B? subsidy for Operation and Maintenance will cost each family of four \$48,000. We don't have that money.

30. Future tax hikes needed; excise tax hurts poor people most.

31. sewer fees perhaps \$400 monthly in a decade.

32. We already have nation's highest cost of living.

**RIDERSHIP:**

33. Transit use would increase from current 6% to 8%, benefitting only 2% while using half our transportation budget.

34. Inflated claims of 116,000 daily = 100% increase, has never happened anywhere.

35. Existing residential pattern is low density;

36. very few (perhaps 2%) will walk to rail;

37. time-consuming bus-to-rail transfers discourage ridership;

38. city claims 60% will transfer by bus, four times higher rate than national average.

39. Small downtown destination has mere 10% of jobs;

40. parking at only 3 of 21 stations.

41. First rail segment starts in farmland;

42. full route not open for 20 or 30 years.

43. Ride discomfort: 80% standing, 41-minute ride, fewest seats in country;

44. slow speed: 27 mph; plus time wasted in transfers; stops every mile.

45. **JOBS:** Foreign payments export employment;

46. rail-tech requires importing specialized workers;

47. alternatives would create local jobs, building useful products.

48. Traffic relief, not job-creation, should be main justification.

49. **OPERATION:** No drivers, no police, security not in budget;

50. breakdowns, frequent failure likely;

51. honor system for fare collection unreliable;

52. old-fashioned, obsolete technology;

53. rigid alignment, cannot be modified for changing conditions

54. **POLITICS:** Misleading ads by government, paid with tax money.

55. City irresponsible to proceed now, issuing \$300M in contracts in face of lawsuits and election;

56. if rail is not approved, new construction will have to be torn down (“cheaper” city claims).
57. Arrogant politicians, intolerant of criticism, unwilling to listen.
58. Biased studies by same city-contracted planner, Parsons, who recommended Bus Rapid Transit and dismissed rail in 2003.
59. Major polls show public opposed;
60. 2008 election rigged by big \$\$ on misleading ads.
61. Benefits special interests: bankers, developers, politicians, unions and planners with ties to rail.

**From:** [Gerald Chang](#)  
**To:** [TRA Testimony](#)  
**Subject:** HB 134, HD 1 -- STRONGLY OPPOSE!  
**Date:** Wednesday, March 18, 2015 11:41:55 AM

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Dear Chairs Nishihara and Espero and members of the committees:

**I STRONGLY OPPOSE HB 134, HD 1, extending the GET Rail surcharge, and respectfully suggest that any action be DEFERRED until after there has been a credible audit of all GET Rail surcharge spending since January 1, 2007.**

According to Fig. 10 (Project Revenue vs. Incurred Costs) at page 17 of the Jan, 2015 HART report, HART has received \$1.584 billion and the "incurred costs" are \$1.341 billion, leaving an on-hand surplus of \$243 million (as of Dec. 26, 2014). And Fig. 11 (Cash Balance Summary) at Page 17, shows that a cash balance of \$322,005,547 (as of Dec. 31, 2014). In either case, the City/HART has lots of cash.

Yet the City/HART have been running around, claiming that there's a \$921 million cost overrun, with only 10% (2 miles of the fixed guideway built as of 2/18/15. (The latter has been touted on the Hart Web site for several weeks now). As a result, they claim that they may run out of money by June, and really, really need an extension of the 0.5% Rail GET surcharge and the issue of hundreds of millions in G.O. bonds.

It's time for the members of the Legislature to call "timeout" and find out what the true Rail financial situation is, without all the drama amid City/HART obfuscation and lack of transparency. This is especially important in light of HART's own Jan. 2015 report to its board. (Or does the City/HART keep two sets of books: one "alarming" one for the gullible public and politicians and another not-for-public-disclosure?).

I therefore respectfully ask that the members of this committee **DEFER any action on this bill until there has been a trustworthy audit and complete accounting of GET spending by the City/HART.**

Thank you for your time and consideration.

Gerald Chang  
[gerryC88@gmail.com](mailto:gerryC88@gmail.com)

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [TRA Testimony](#)  
**Cc:** [rf1208@gmail.com](mailto:rf1208@gmail.com)  
**Subject:** Submitted testimony for HB134 on Mar 19, 2015 14:45PM  
**Date:** Wednesday, March 18, 2015 4:11:36 PM

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**HB134**

Submitted on: 3/18/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Randy Leong	TimeOut Honolulu Rail	Oppose	No

Comments: I strongly oppose HB 134. The State should defer any decision on the extension of the Rail Tax because it is PREMATURE to make a sound decision on this. There are nearly 8 more years before the Rail Tax sunsets; plenty of time to deliberate and evaluate the Rail Project. The one telling fact that everyone has to question HART on is why did Parsons Brinckerhoff tell Mayor Harris that BRT is better suited for Honolulu than heavy rail? It seems that they were correct then because no one else in the entire U.S. is building heavy rail. And yet, many cities are going to BRT and the FTA and FHWA are both encouraging BRT, not rail in any form, much less heavy rail. Don't give the blank check to HART this session.

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](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [TRA Testimony](#)  
**Cc:** [drs2thdk@aol.com](mailto:drs2thdk@aol.com)  
**Subject:** Submitted testimony for HB134 on Mar 19, 2015 14:45PM  
**Date:** Wednesday, March 18, 2015 11:45:11 AM

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**HB134**

Submitted on: 3/18/2015

Testimony for TRA/PSM on Mar 19, 2015 14:45PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Bruce Keller	Individual	Oppose	No

Comments: The rail is a foolish waste of taxpayer money. The cost of living in Hawaii is already oppressive and causing our children to head for the mainland where they can have a far superior standard of living at a reasonable cost. Adding tax is dumb and only serves to feed the unions. Take from all to give to some. It's the way Hawaii is and always will be.

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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March 18, 2015

Senate Hearing

**HB 134, HD 1**

Aloha Chair Nishihara and Chair Espero.

My name is John Brizzle and I am strongly opposed to this bill.

Your committees should defer this bill because the city is so unprepared to come before you at this time.

Please demand accountability and transparency from the city on the following topics before considering any of their tax requests. The city has never answered these questions to anyone and therefore, your members do not have this information at this time.

- 1- The city's premise that State Procurement Laws require the city to ask for the rail GET surcharge extension this year has not substantiated by the city. They have not offered any information on pending contracts and current cash flow.
- 2- Let's see an annual audit of all rail moneys spent thus far starting in 2007 through 2014. There is one Billion Dollars that is unaccounted for. How can the city ask for an extension when they clearly cannot spend our taxes wisely?
- 3- Let the city explain how they will fund the annual operating and maintenance expenses for rail each year before they come to the State asking for more money. The project calls for raising the bus fare and raising some kind of fees or taxes to account for the 100 million dollars needed annually. They have never addressed these issues.
- 4- Let's see a clear statement of facts about the project's projected impact on the current level of traffic congestion. The city's engineers describe how traffic will be much worse with rail and the city's websites tell us traffic will be much better with rail. Who should we believe – the city engineers or the city websites?
- 5- Let's see a clear statement of exactly how the city will force thousands of bus riders daily to transfer to rail. Let's be clear on the number of new residents needed in the TOD areas to meet the current projected rail ridership. The city ridership plan has been hidden precisely because it is problematic. Our mayor cannot say the words, "We are going to eliminate bus routes to force bus riders to ride rail". The rail ridership plan is the Achilles Heel of the project. If the ridership is low, the project fails and we are left with a White Elephant.
- 6- Let's see a clear-headed analysis of less expensive viable alternatives, such as bus rapid transit on managed lanes. Fifteen cities on the mainland did Alternatives Analysis ten years ago just like we did. None of the fifteen cities chose elevated heavy rail. All of the cities chose Managed Lanes – a concept promoted and funded by the Federal Highway Administration.

As a Senior Citizen, I am opposed to the extension of this regressive tax.

Thank you very much,

John Brizdle

Palolo Valley

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SUBMITTED BY E-MAIL TO:

TRAtestimony@capitol.hawaii.gov  
PSMtestimony@capitol.hawaii.gov

March 18, 2015

Senator Clarence Nishihara  
Chairman, Committee on Transportation  
Senator Will Espero  
Chairman, Committee on Public Safety,  
Intergovernmental and Military Affairs  
Hawaii Senate  
State Capitol, Rooms 204 and 206  
415 South Beretania Street  
Honolulu, Hawaii 96813

Re: House Bill No. 134 (HD 1),  
"Relating To Taxation"

Dear Chairman Nishihara, Chairman Espero,  
and Committee Members:

I am an attorney based in Honolulu, a Lecturer in Law at the William S. Richardson School of Law, and a member of the Hawaii bar since 1968. This letter constitutes my written testimony in strong opposition to House Bill No. 134 (HD 1). That bill is scheduled to receive a joint hearing by the Senate Committee on Transportation and the Senate Committee on Public Safety, Intergovernmental and Military Affairs at 2:45 p.m. on Thursday, March 19, 2015, in Conference Room 229.

That proposed legislation would have the harmful effect of permanently extending the City and County of Honolulu's highly regressive -- and supposedly temporary -- surcharge on the state general excise tax, in order to endlessly extract from the public further tax monies for the "HART" rail project. The surcharge was originally enacted because of the provision promising that it would expire by no later than December 31, 2022. In essence, that provision was used as a "bait and switch." Permanently extending the tax surcharge

Senator Clarence Nishihara  
Senator Will Espero  
March 18, 2015  
Page 2

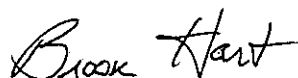
would irresponsibly provide a "blank check" for HART, and obviously would reduce any incentive for HART to budget more effectively and operate more efficiently. When heard before the Finance Committee of the House of Representatives earlier this month, House Bill No. 134 was opposed by (inter alia) the Hawaii Chamber of Commerce, the Hawaii Association of Realtors, the Tax Foundation of Hawaii, and TimeOut Honolulu. In a Honolulu Star-Advertiser online reader poll on March 8, 2015, asking "What should be done about the 0.5 percent general excise tax surcharge for rail," a clear majority (sixty percent) voted for "No extension."

My additional reasons for adamantly opposing a permanent extension of the tax surcharge include the following. At this point, the rail project is only five-percent constructed, and is far from needing more immediate funding. Thus, approval of House Bill No. 134 (HD 1) would result in extracting more tax dollars that are not necessary for the project at this time, without requiring real accountability. Instead of permanently extending the tax surcharge, an audit of the rail project should be conducted and any unqualified members of the HART board of directors should be dismissed. If necessary, HART could return to the Hawaii Legislature next year, with substantial and concrete evidence (if it exists) to prove that more tax money is currently needed.

In conclusion, I vigorously urge the members of the Senate Committee on Transportation and the Senate Committee on Public Safety, Intergovernmental and Military Affairs to vote to defer House Bill No. 134 (HD 1). The rail project is quickly becoming a boon to those who would recklessly spend our tax money for a project that will be used by few and has already become a blight on our beautiful aina.

Very truly yours,

LAW OFFICES OF BROOK HART  
A Law Corporation



BROOK HART

TRA testimony opposing HB134-March 18,2015

I strongly oppose HB134 because while it lowers the amount of the regressive GET by half, it does not fix a sunset date. This is a confusing message as to the funding capacity of the GET in the first place. It also appears that some entity is dangling a carrot in front of the proverbial rabbit to persuade said rabbit to take the first bite. Even more to the point, who will blink first to take responsibility for further unnecessary funding for the rail project-the state legislators or the city council?

Please demonstrate the courage to take a “time out”, and hold HART’s feet firmly to the fire in the manner that this legislative body was elected to do. Rail is only slightly more than 5% complete, and HART goes from a \$633 million contingency fund to a \$910 million short fall in 3 short months. Where did almost \$1 BILLION go? Have they proven to your complete satisfaction that they are competent and believable enough to warrant more funding? Do you have enough transparent and understandable financial data to even make this type of decision?

Rather than pouring good taxpayer money after bad, I would suggest conducting a forensic audit of HART’s books with a qualified non-local company along with a scoping out of the current appointed HART board members in order to ferret out both incompetency and bias.

Concerns are mounting in public perception that HART may be raising the “poor boy” red flag of need as to secure enough funds to add on to the current projects’ parameters of 20 miles and 21 stations. Our current Mayor Caldwell suggests that he doesn’t want to be back in 5 years to bother you for more needed funds, but isn’t that exactly what he should do if there is the true need to further this huge project?

HART has sufficient funds to cover current needs while they also procure future bids. Defer this bill until next year, and have HART return being fully prepared to transparently explain the detailed evidence in hand to verify the request. Don’t allow political spin to cloud your fiduciary judgment and responsibility to your constituents, nor promote the promises made to the public that this project cannot fulfill.

Mahalo for your time in taking my public testimony,

Cinnie Frith

Kailua, Oahu