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**LATE**  
**GCA of Hawaii**  
GENERAL CONTRACTORS ASSOCIATION OF HAWAII  
Quality People. Quality Projects.

Uploaded via Capitol Website

February 9, 2015

TO: HONORABLE CLARENCE NISHIHARA, CHAIR, HONORABLE BREENE HARIMOTO, VICE CHAIR 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: **S.B. 19, RELATING TO TAXATION.**  
Makes permanent the county surcharge on state tax.

Hearing

DATE: Thursday, February 12, 2015  
TIME: 2:45 p.m.  
PLACE: Conference Room 229

Dear Chairs Nishihara and Espero, Vice Chairs Harimoto and Baker and Members of the Committees,

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 supports the Honolulu Rail Transit project and efforts to ensure the project is completed in its entirety. The funding of the project is one of the most crucial components to make certain that the project is delivered to the City and County of Honolulu and its residents. Any stoppage of work on the project will have a devastating impact on hundreds local families who are working on the project itself as well as the many transit oriented initiatives around rail. The GCA supports all efforts in finding the most viable solution of funding available and the due diligence required in uncovering all options.

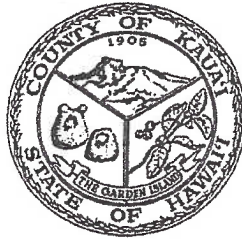
The GCA continues to support the Honolulu Rail Transit Project together with the concerted efforts of all parties involved to plan and construct the rail transit project. All parties must continue to work together to get this project delivered to the residents of the City and County of Honolulu. Rail 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.

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**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

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

February 12, 2015

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

**SB 19, RELATING TO TAXATION**

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

Thursday, February 12, 2015

2:45 p.m.

Conference Room 229

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

I am writing as an individual member of the Kaua'i County Council, as the Housing and Transportation Committee Chair of the Kaua'i County Council, and as a former Kaua'i County Mayor under whose administration the Kaua'i Bus, the County's public transit system, was started.

Support of SB 19 - With Key Amendment

I write in support of SB 19, provided it is amended to re-instate the opportunity for neighbor island counties to levy an excise tax surcharge for the purpose of developing their neighbor island land transportation systems. From a public policy standpoint, the neighbor island counties should have the same kind of structural access to revenues that the City and County of Honolulu ("Honolulu") has for its land transportation system.

Functional Land Transportation System Essential for Economic Growth

A smoothly functioning land transportation system is essential for economic growth. A community caught in gridlock cannot grow or prosper. As you know, traffic congestion incurs many costs in terms of time, profits, piece of mind, negative visitor experience and diminished quality of life.

Neighbor Island County Land Transportation System Expansion Deserves Funding Support Similar to the City's; Growth of Neighbor Island Economies Is Important to the State

The neighbor island counties need a functioning land transportation system as badly as, or more than, Honolulu. In terms of stages of development, the neighbor island counties are where Honolulu was in the 1960s and 1970s. Consequently, we have the chance to learn from Honolulu's experience. Adopting a multi-modal, "complete streets" approach now and coordinating our land use by developing a rural brand of "transit-oriented development ("RTOD") may help us avoid some of the mistakes and dilemmas that have haunted Honolulu.

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Chair Nishihara, Chair Espero, and Members of the Committees  
RE: SB 19, Relating to Taxation  
February 12, 2015  
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In addition to being the number one complaint of visitors in a 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 daily gridlock and spend hours on the road right now?"

Kaua'i has a Workable Island-Wide Plan to Reduce Congestion and Increase Mobility, But It is Meaningless Without Funding

Luckily, Kaua'i County has not been idle. In 2013, with the help of a nationally renowned transportation consultant, Jim Charlier, the Carvalho Administration presented, and the Kaua'i County Council unanimously accepted, the first and only multimodal land transportation plan in the state of Hawai'i.

The Kaua'i Multimodal Land Transportation Plan (KMLTP) lays out how to achieve a functional land transportation system over the next 20 years on Kaua'i in a cost-effective way. It shows how the County can facilitate the daily movement of people and goods by creating walkable and bike-able towns and increasing our bus ridership by 800-1000% over the next 20 years. The goal of the KMLTP is to keep Vehicle Miles Traveled (VMT), a rough congestion measure, flat. Implementing the KMLTP will contribute to fossil fuel use and greenhouse gas reductions, lower household transportation costs, and significantly reduce fatalities from motor vehicle collisions.

Without money for implementation, however, the plan will not happen.

Neighbor Island Counties Deserve A Second Chance

I want to acknowledge that I am requesting a second chance for the neighbor island counties. The opportunity to levy a surcharge was offered to neighbor island counties when Act 247 passed in 2005. I deeply regret that Kaua'i County did not take the opportunity presented at that time to enact a surcharge for transportation.

In truth, I did not even know that option was available. Apparently, the Baptiste Administration at that time did not feel the effort was warranted as well. It is noteworthy, too, that the neighbor island counties had less than a year to exercise that option. Obviously, the main focus was on Honolulu's needs.

It has been ten years since Act 247 passed, and the neighbor island transit systems have developed tremendously. On all neighbor island counties today, demand for transit exceeds supply, meaning that whenever the service is expanded, ridership increases significantly. For example, when weekday bus service was extended from 6 p.m. to 10 p.m. on Kaua'i four (4) years ago, the number of riders skyrocketed. It goes without saying that when people can get home from work, they will use the bus. If we want more people to use the bus, all we have to do is expand services intelligently. It is not the case that we must convince people to ride the bus.

In summary, circumstances have changed dramatically on the neighbor island with respect to transit needs. A second chance is merited.



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Chair Nishihara, Chair Espero, and Members of the Committees  
RE: SB 19, Relating to Taxation  
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Suggested Amendment

I would like to suggest that SB 19 be amended as follows: Amend Section 2 of the bill to amend Section 9 of Act 247: Section 9(2): "If any county does not adopt an ordinance to levy a county surcharge on state tax by December 31, [2005] 2016, it shall be prohibited from adopting such an ordinance pursuant to this Act, unless otherwise authorized by the legislature through a separate legislative act."

This amendment would give the counties about a year and a half to decide whether they want to enact the surcharge. To me, this is a much more reasonable timeframe for the neighbor island counties.

Act 247's Allowable Purposes for Neighbor Island Surcharge Revenues is Rightfully Broader Than Honolulu's Purpose

Under Act 247, the purpose for which the surcharge revenues could be expended by neighbor island counties is broader than that allowed for the City and County ("City"), which is limited to expenditures for rail. If neighbor island counties are given a second chance, the revenues will be expendable for "operating or capital costs. . . for public transportation systems, including public roadways or highways, public buses, trains, ferries, pedestrian paths or sidewalks or bicycle paths. . . and expenses in complying with the Americans with Disabilities Act" related thereto.

Conclusion

We owe it to the residents, visitors and businesses in our respective counties to provide a well-functioning, land transportation system. An excise tax surcharge will be critical in enabling the neighbor island counties to do this. Amending and passing SB 19 out of your committees will make this possible, thereby supporting a robust economy and more sustainable future for all of Hawai'i.

Thank you for this opportunity to provide input. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188.

Sincerely,



JOANN A. YUKIMURA  
Councilmember, Kaua'i County Council  
Chair, Committee on Housing and Transportation

AO:dmc

cc: The Honorable David Ige, Governor  
The Honorable Bernard Carvalho, Mayor, Kaua'i County  
The Honorable Mel Rapozo, Council Chair, Kaua'i County

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nishihara1 - Amanda

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 12, 2015 2:19 PM  
**To:** TRA Testimony  
**Cc:** michelematsuo@yahoo.com  
**Subject:** Submitted testimony for SB19 on Feb 12, 2015 14:45PM

**SB19**

Submitted on: 2/12/2015

Testimony for TRA/PSM on Feb 12, 2015 14:45PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
michele matsuo	Individual	Oppose	Yes

Comments: Yesterday, at the Honolulu City Council's Budget Committee meeting, HART informed the Committee that \$1.9 Billion in bond borrowing is now expected. In 2012, HART had told the Council that only \$100 Million in borrowing capacity was needed as a safeguard and the FTA required the City to raise its debt ceiling by that \$100 Million, from the City's total debt ceiling of \$350 Million to one which allowed HART to float up to \$100 Million in bonds if necessary. The FTA did not require the City to float the bonds, and the Council has not authorized any Rail bonds to be floated. Now HART needs money fast or it will be insolvent! The amount that HART NEEDS to borrow is NINETEEN TIMES higher than in its wildest imagination it could conceive of needing in borrowed funds. Waikiki hoteliers are reporting trouble in the market. Asian visitors have stayed home or went to Europe which is very cheap right now. The Army might pull out over 19,000 personnel (plus dependents) and we will lose over 3,000 civilian jobs. This could be the tip of the iceberg. At least two training ranges could be closing as part of the Army's closures. Other services based in Hawaii likely use those training ranges. Without them, the other branches of the military may have to leave too. Economic storm clouds are gathering on our horizon. With a probably shrinking economy, this is no time to saddle taxpayers with additional burdens. Yesterday, a deeply troubled and, most would say "hostile", council was told by HART that it would need both the permanent GE tax surcharge extension proposed by this SB 19 AND \$1.9 Billion in bond money to make ends meet. The project is clearly unaffordable! The Council deferred action on the bond MOU request and I believe is leaning toward opposing HART's bond request. In the last few days, we have learned that the FTA has almost no history of requiring repayment when projects fail. When Gov Christie pulled the plug on NJ's ARC (New Starts rail transit) Tunnel, which had received \$600 million in Federal funds, FTA initially tried for a partial repayment but eventually settled with NJ and NJ received a net gain of \$33 Million in new Federal funds as part of the settlement. See linked article below detailing the financial history and settlement. [http://en.m.wikipedia.org/wiki/Access\\_to\\_the\\_Region%27s\\_Core](http://en.m.wikipedia.org/wiki/Access_to_the_Region%27s_Core) Honolulu might similarly get more federal money for killing this "alarming" rail project. Recently, we also revived a Water Commission map which shows the Pearl Harbor Aquifer and the caprock over it extending down to the shores (green circle turned ochre when overlaid with the caprock line at the shore. I cannot attach the map so will bring in a hard copy for submittal. We have not see evidence that the Water Commission gave any permission to drill deep into the critical Pearl Harbor Aquifer. By all accounts, this is a troubled project. Please don't make the rail GE tax surcharge permanent. After this project dies, then perhaps we can objectively come up with a traffic solution for our Leeward Communities, solutions which will actually work! At the rate Honolulu's rail project is blundering and repeatedly triggering the word "alarming" by entities officially monitoring it, it is no wonder that Council Chair

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Ernie Martin yesterday disdainfully said that maybe if rail could be built as far as Pearlridge we could hook it up with (the Pearlridge shopping center's) monorail. Regardless of the actual merits or demerits of the Rail project, with the city council now deeply troubled by the rail project and the new disclosure of massive need to borrow funds, and city council not taking action to shore up HART's project, please please don't make this GE tax surcharge permanent! Please vote No on SB 19! Thank you! Respectfully submitted, Michele Matsuo

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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nishihara1 - Amanda

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 11, 2015 7:59 PM  
**To:** TRA Testimony  
**Cc:** rfl208@gmail.com  
**Subject:** Submitted testimony for SB19 on Feb 12, 2015 14:45PM

**SB19**

Submitted on: 2/11/2015

Testimony for TRA/PSM on Feb 12, 2015 14:45PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Randy Leong	Individual	Oppose	No

Comments: HART needs to live within their means rather than continually be asking for more and more money. They're also were across the street asking the City Council today to authorize them to issue bonds. The City Council is very reluctant to go along with this request for many reasons, including the fact that HART and the Mayor have been making all sorts of promises which they have not kept. For example: (1) On time and on budget; (2) No more mortgage payments after Rail construction is completed. Please watch this short YouTube video clip of HART Chair Ivan Lui-Kwan bragging to a UH Forum about 2 years ago that Rail construction would be paid off by the time the construction ends. No more mortgage payments after it's done. [youtu.be/kfDINtSKh1s](http://youtu.be/kfDINtSKh1s)

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nishihara1 - Amanda

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 12, 2015 2:18 PM  
**To:** TRA Testimony  
**Cc:** paola.saibene@gmail.com  
**Subject:** Submitted testimony for SB19 on Feb 12, 2015 14:45PM

**SB19**

Submitted on: 2/12/2015

Testimony for TRA/PSM on Feb 12, 2015 14:45PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Paola Saibene	Individual	Oppose	No

Comments: I am opposing the bill, since a failure to stipulate performance and operations objectives and penalties for non-performance gives HART a permanent blank check that no private-sector business would have. Meanwhile, the tax burden imposed on businesses and, in turn, passed along to business customers and consumers continues to mount.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 12, 2015 1:11 PM  
**To:** TRA Testimony  
**Cc:** bkulbis@reagan.com  
**Subject:** Submitted testimony for SB19 on Feb 12, 2015 14:45PM

**SB19**

Submitted on: 2/12/2015

Testimony for TRA/PSM on Feb 12, 2015 14:45PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Brett Kulbis	Individual	Oppose	No

Comments: I oppose SB-19. Our citizens are tired of big government raising their taxes and cooking up new ways to micromanage their lives, our citizens are tired of big government killing jobs with their do-gooder policies. In short the people are Fed Up!

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nishihara1 - Amanda

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 12, 2015 6:39 AM  
**To:** TRA Testimony  
**Cc:** MSMatson@hawaii.rr.com  
**Subject:** Submitted testimony for SB19 on Feb 12, 2015 14:45PM

**SB19**

Submitted on: 2/12/2015

Testimony for TRA/PSM on Feb 12, 2015 14:45PM in Conference Room 229

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

Comments: STRONGLY OPPOSE.

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Re: SB19

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I am opposed to making the county surcharge on state tax permanent at this time and this early date. I think the original date listed as being repealed should still be upheld. That date is listed as December 31, 2022.

The reason for enacting the surcharge originally was for it to go to the rail.

The twenty mile track for the rail is due to be completed by 2019 so why at this early date should this surcharge be made permanent?

HART is not being vigilant in keeping costs down and if the surcharge is made permanent now in 2015 - they will continue to be over budget in their spending. They think nothing of printing in color now and instead of printing in black and white waste lots of ink with no regard to costs.

CFADAR (citizens for a fair ada ride) have requested that for the health of the elderly and disabled all stations have at least two restrooms and they do not intend too. HART continues to overspend and as a result will need 1.9 billion more dollars to complete the rail.

There is no hurry to make the surcharge permanent at this time for if you do HART will continue to overspend because they know it is there.

Currently there are not enough handivans and drivers to transport the poorest of elderly and disabled on a fixed income. As a result, their ability to live like everyone else is severely curtailed. Also all disabled do not have 24/7 access versus some disabled do.

I think if you do not make it permanent you will not be giving HART a blank check to spend. They have not shown due diligence in curtailing costs because they have money. If one has unlimited financial resources they don't have to watch every penny they spend.

So in conclusion, please do not make it permanent. They have no idea even where the operational money will come from. Do not bankrupt the island of Oahu, put a lifetime burden on our children and grandchildren, take food and needed medicine

out of the elderly and disabled mouths do to the fact you have taxed their ability to be able to live within their means.

Make HART prove they can budget correctly. And lastly, let us see if it can be buildt on time and on budget for the first 20 miles before giving them a blank check to further lengthen it.

IF YOU WANT TO MAKE IT PERMANENT- GIVE RELIEF TO PEOPLE WHO HAVE TO LIVE ON A LIMITED INCOME OF SOMETIMES AS LOW AS \$751 A MONTH BY NOT TAXING DRUGS AND FOOD!!!!!!

COULD YOU LIVE A MEANINGFUL AND PRODUCTIVE LIFE

Thank you and again I OPPOSE this SB#19.

Barbra J. Armentrout

1715 Bentram St.  
Honolulu, Hi 96816  
Ph 450-8838  
Feb 12, 2015



HAWAII OPERATING ENGINEERS  
INDUSTRY STABILIZATION FUND

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Building our strength and working together  
for a better tomorrow

February 12, 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: SB 19 – Relating to Taxation

Chairs Nishihara and Espero and members of the Committee,

My name is Kimberly Ribellia, Government Liaison, of the Hawaii 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 SB 19 which makes permanent the county surcharge on state tax.

HOEISF 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 permanent funding from the county surcharge will also provide the opportunity to move forward with extension of the transit system to the University of Hawaii at Manoa campus and to Kapolei.

Thank you for this opportunity to testify in this matter.

Sincerely,

*Kimberly Ribellia*

Kimberly Ribellia  
Government Liaison  
HOEISF

February 12, 2015  
Ellen Watson  
P.O. Box 10853  
Honolulu, HI 96816  
Email [pehi@hawaii.rr.com](mailto:pehi@hawaii.rr.com)  
Cell Tel. 778-0309

**RE: SB 19 Relating to Taxation**  
**TRA/PSM, WAM Hearing February 12, 2015, 2:45pm Conference Room 229**

**I oppose SB 19**

**I am opposed to Resolution 15-7**

My name is Ellen Watson and I am a voting resident of Hawaii. It seems that there has always been much controversy lead up to and surrounding the issue of Rail. This controversy continues today. Many issues were confusing to the general public, should we have Rail; should we not have Rail.

Ultimately, HART was formed (for good or bad) and they moved forward with the rail project. HART had delays because they disrespected Hawaiian Ancient Burial Sites. After spending yet more tax payer dollars wrangling with the issue, HART was forced to do the proper and respectful investigation of these sites.

HART always promised the public the Rail Project would come within or under budget, and told us "no worries".

Elected officials promised to guard our hard-earned tax payer dollars, and rest easy because you, our elected officials are watching our backs, and our wallets.

Now, HART says OOPS.... We have arithmetic errors and cannot do what we promised the people.

Now, Elected Representatives 'whom ask for the peoples trust, are contemplating taking tax payer dollars by means of (extending the GET surcharge in perpetuity), to give HART more money.

Why should we trust HART with more tax money when it appears they cannot manage what we have already given them?

HART and Senators: Let your "Words be your Bond". You, our Legislators, promised to sunset this surcharge; and we remember. This is what, we the people, want and deserve.

With these things in mind, go ahead and vote Bill 19 up or down and then stand on your voting record before God and man, so all of us can see who you are.