

ACT 218

S.B. NO. 934

A Bill for an Act Relating to the State Budget.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that the current special fund ceiling for the mass transit special fund has produced carry-over balances, impacting the use of funds by the department of budget and finance in the subsequent fiscal year.

The legislature further finds that in fiscal year 2022-2023, there was a carry-over balance of \$95,877,228 from fiscal year 2021-2022. The department of budget and finance was unable to disburse the available moneys in fiscal year 2022-2023, leading to a carry-over balance in fiscal year 2023-2024. Based on the special fund carry-over balance of \$123,756,991 from fiscal year 2022-2023, and estimated revenue of \$410,240,000 for fiscal year 2023-2024, the department of budget and finance anticipates another shortfall in the special fund ceiling authorized by Act 88, Session Laws of Hawaii 2021, as amended by Act 248, Session Laws of Hawaii 2022. In anticipation of this shortfall, the department

of budget and finance received an emergency appropriation of \$179,000,000 for the disbursement of funds by Act 23, Session Laws of Hawaii 2024.

The legislature further finds that the Waiawa Pearl Highlands station has been identified as critical to expanding access to potential users across Central Oahu and increasing initial ridership. Therefore, the Waiawa Pearl Highlands station is essential to the financial sustainability of the Honolulu rail transit project. As such, the Honolulu authority for rapid transportation proposed the construction of an access ramp at the Waiawa Pearl Highlands station from the H-2 freeway and bus transit center, as detailed in the authority's 2022 recovery plan. The amended full funding grant agreement with the Federal Transit Administration, which initiated federal funding for the Honolulu rail transit project in 2017, is based on the recovery plan. The recovery plan clearly states that the Ala Moana transit center and Pearl Highlands parking garage must be provided by non-Federal Transit Administration capital investment grant program funds, affirming the commitment for the Honolulu authority for rapid transportation to complete the project.

The estimated cost for completion of the rail transit project is approximately \$9,000,000,000, with upwards of \$1,500,000,000 from the federal government and the remainder from the State's general excise tax and the transient accommodations tax. The request for an increase in the mass transit special fund ceiling is in recognition of the incoming tax revenue collected at an increased rate, allocating the additional available funds to fulfill the obligations as provided in the recovery plan.

Accordingly, the purpose of this Act is to increase the special fund expenditure ceiling for the mass transit special fund for the fiscal year beginning July 1, 2025, and ending June 30, 2026, for the developments detailed in the Honolulu authority for rapid transportation 2022 recovery plan.

SECTION 2. There is appropriated out of the mass transit special fund the sum of \$572,695,000 or so much thereof as may be necessary for fiscal year 2025-2026 for making disbursements pursuant to section 248-2.7, Hawaii Revised Statutes; provided that:

- (1) A preliminary analysis of financing options and potential partners for the planning, design, and construction of a park-and-ride facility adjacent to the Pearl Highlands rail transit station shall be completed no later than January 1, 2026;
- (2) Remaining project cash balances after the completion of the minimum operating segment between East Kapolei and Civic Center (Kakaako) as identified in the amended full funding grant agreement shall be prioritized in obligation to planning and design of:
 - (A) A park-and-ride facility for the Pearl Highlands rail transit station, dedicated to serving Central Oahu and North Shore commuters, unless already completed; and
 - (B) The extension to Ala Moana; and
- (3) Moneys remaining in the mass transit special fund above the amount appropriated in this section shall remain in the mass transit special fund consistent with the prioritization provided in paragraph (2).

The sum appropriated shall be expended by the department of budget and finance for the purposes of this Act.

SECTION 3. This Act shall take effect on July 1, 2025.

(Approved June 25, 2025.)