

United States Senate

Testimony of U. S. Senator Brian Schatz

Hawai'i State Senate Committee on Ways and Means

August 28, 2017, 3:00 p.m.

S.B. 4, Relating to Government

Chair Dela Cruz, Vice-Chair Keith-Agaran, and members of the Committee on Ways and Means,

Thank you for the opportunity to appear before you today in support of S.B. 4.

This bill will allow the rail project to be built. Because it is the product of a compromise, there is something in it for each legislator to dislike. But on the whole, this bill gets it right for two very important reasons. First, it provides \$2.4 billion to complete the rail project. Second, it provides additional oversight and controls that will help to put downward pressure on costs.

I do not speak for FTA, but I will say this: Based on my analysis and conversations between HART and FTA, my read is that this revenue package is likely to be viewed as serious and sufficient.

There remains a lot of work to be done before rail becomes a reality. The city and HART must submit a viable recovery plan to FTA, and then contracts have to be managed with precision. But despite the challenges that remain, this bill represents the most significant progress on rail that we've had in many years.

I want to thank all of the members of this committee for giving this proposal your consideration. Together we have an opportunity to forge a solution this week, and I hope that we will take it.

Thank you.

DAVID Y. IGE
GOVERNOR



FORD N. FUCHIGAMI
DIRECTOR

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

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

IN REPLY REFER TO:
(808) 587-1965

August 28, 2017
3:00 p.m.
State Capitol, Auditorium

S.B. 4
RELATING TO GOVERNMENT
Senate Committee on Ways and Means

The Department of Transportation (DOT) appreciates the legislature’s language in Part I, Section 2, (c), in S.B. 4 and offers these **comments**.

The DOT recommends each county to take advantage of this provision in adopting a surcharge on State tax to better address traffic conditions on their islands and respectfully suggests that these funds could be used for projects such as the following:

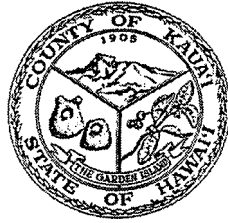
- Honoapiilani Highway on Maui.
- Route 11 from Henry to Kamehameha III on Hawaii island.
- Kapaa corridor improvements as prioritized in the Kapaa Solutions report on Kauai.

Based on rough estimates, the following counties could generate:

Maui	2019	60.7 million
Hawaii Island	2019	52.8 million
Kauai	2019	25.8 million

Thank you for the opportunity to provide testimony.

Bernard P. Carvalho Jr.
Mayor



Wallace G. Rezendes Jr.
Managing Director

OFFICE OF THE MAYOR

County of Kaua'i, State of Hawai'i
4444 Rice Street, Suite 235, Līhu'e, Hawai'i 96766
TEL (808) 241-4900 FAX (808) 241-6877

Testimony of
Mayor Bernard P. Carvalho Jr.

Before the Senate Ways and Means Committee
Monday, August 28, 2017
3:00 p.m.
Hawai'i State Capitol Auditorium

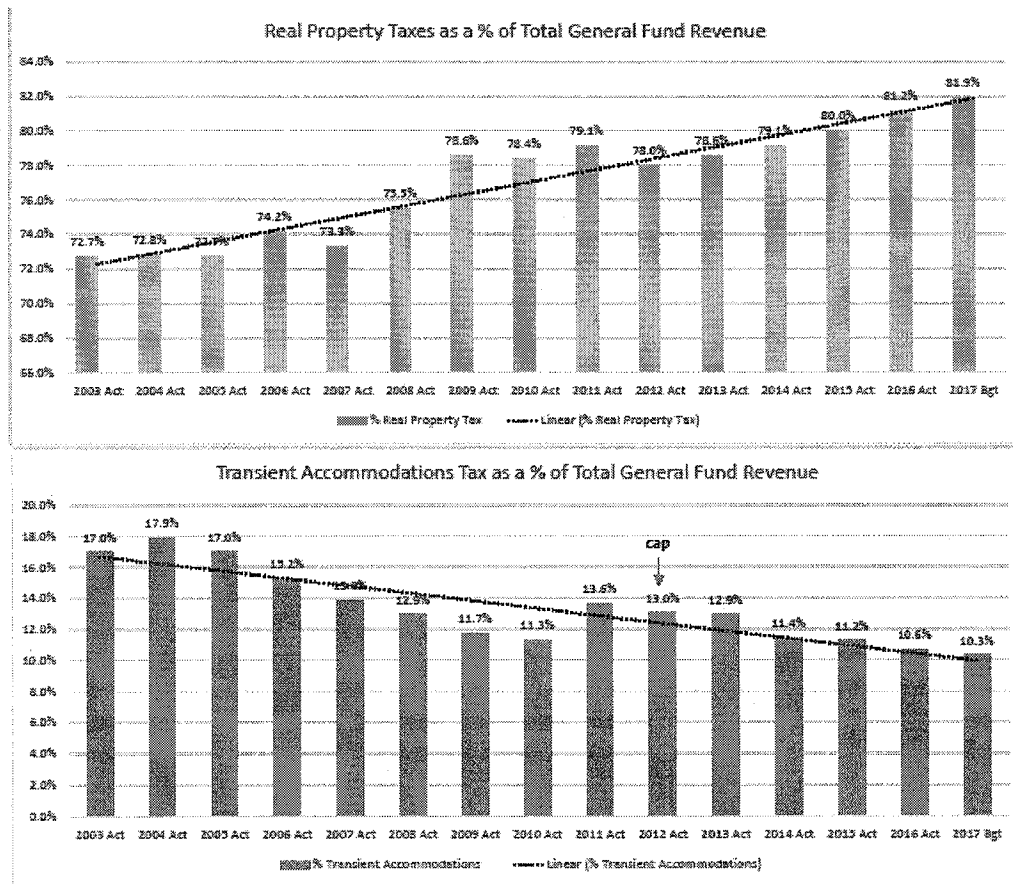
In consideration of
SENATE BILL 4, RELATING TO GOVERNMENT

Aloha Honorable Chair Dela Cruz and members of the Committee,

On behalf of the County of Kaua'i, allow me to express my opposition SB 4, Relating to Government. This bill includes a 1% increase TAT (Transient Accommodations Tax), permanent allocation of TAT to the counties of \$103 million, and a 3 year extension of the GET surcharge. While I applaud the legislature's creativity in addressing the O'ahu centric rail project, I must object to SB 4 for the following reasons:

- 1) The increase in the TAT across all counties is an unfair taxation on the visitor population on the neighbor islands for a project that will have no direct benefit to them and
- 2) As you are aware, there has been an increase in visitor counts throughout the state in recent years. This trend is anticipated to continue into the foreseeable future. As the visitor count increases so does the costs of providing infrastructure and services that they use. While the increase from \$93 million to \$103 million helps the counties, it does not address these additional impacts.

Between FY 2003 and FY 2017, Kaua'i County has seen the TAT shrink from 17.0% to 10.3% of the General Fund revenues used to balance the annual operating budget. Conversely, property taxes have increased from 72.7% to 81.9% of the General Fund revenues during this same period.



U:\GET Surcharge\Chamber 09-15-2013 TAT graph

The permanency of the \$103 million cap is in fact a built-in decrease as the “time value of money” principle where a \$1 today is worth less than a \$1 tomorrow, combined with projections on TAT collections increasing actually results in a decrease to the counties.

It is for these reasons that I oppose SB 4, and instead support a 10 year extension of the GET surcharge.

Mahalo for the opportunity to provide my testimony.

Sincerely,

Bernard P. Carvalho Jr.
Mayor



HAWAI'I LODGING & TOURISM
ASSOCIATION

Testimony of

Mufi Hannemann
President & CEO

Hawai'i Lodging & Tourism Association

Senate Committee on Ways and Means

SB4: County Surcharge on State Tax; Extension; Transient Accommodations Tax;
Appropriations

Chair Dela Cruz and members of the Committee on Ways and Means, mahalo for the opportunity to offer this testimony on behalf of the Hawai'i Lodging & Tourism Association and the 1,800 industry individuals who have personally signed on to our position.

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, of which 170 are lodging properties with more than 51,000 rooms—opposes using the transient accommodations tax as a funding source for the Honolulu rail transit project. According to the Hawai'i Tourism Authority and Department of Business, Economic Development & Tourism, tourism accounts for 190,000 jobs in the islands, either directly or indirectly. Nearly 40,000 of those jobs are in the lodging sector.

We recommend instead that rail funding come from extending the general excise tax surcharge. We appreciate the support that all 4 county mayors and county councils, the Hawaii Tourism Authority, and major labor and business organizations share with us.

The GET is a broad-based and stable revenue source: The general excise tax is a broad-based tax that is paid by residents *and visitors* alike, but its revenue largely benefits our local community. It is also a relatively stable source of revenue, as opposed to transient accommodations revenues that fluctuate with the health of the hospitality industry. In essence, the GET is not as volatile as the TAT. In the most recent O'ahu poll conducted by the Anthology Group, 62 percent of the respondents favored the GET extension for 10 years to fund the rail project.

TAT revenue is being spent more and more on general government operations: As our association has pointed out repeatedly over the years, the transient accommodations tax—which was originally established for tourism marketing, the convention center, and to help defray county government services used by visitors—has been steadily raised over the years despite our objections. However, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending. Imposing yet another

increase would not be in keeping with the enabling legislation, while adding to our visitors' vacation expenses. We also believe that it is not fair to increase the TAT on the Neighbor Island counties to pay for O'ahu's rail system.

Temptation to use the TAT again as a cash cow: We remember all too vividly in 2009 when we were told by government officials that raising the TAT to 9.25 percent would just be a "temporary" measure to address budget shortfalls and would sunset back to 7.25 percent in 2015. The TAT increase and the redirected revenues to the general fund helped the state out of the great recession; however, the state never reverted the TAT rate to the original 7.25 percent. Rather, the current rate was made permanent in 2013. A major concern of the visitor industry is that history will repeat itself and the proposed increase to the TAT will once again be made permanent whether it is used for rail or not. Needless to say, if the Federal Transit Administration should opine that more funds will be needed to complete the Honolulu rail system, the fear is that the state will look to tap even further into the TAT to fund the project. To my knowledge, I do not know of a single municipality or city in America that funds its rail system through its tourism taxes. The projected numbers for ample funding provided by the Legislature is based on 8 percent growth, year over year, of TAT revenues. But according to the latest report of the Council on Revenues, the estimated growth of the TAT over the next 13 years will be an average of 3.1 percent annually.

Hawaii is an expensive place to visit: As it currently stands, Hawaii already has a reputation for being one of the most expensive destinations to visit and has one of the highest hotel tax rates for "vacation destinations". When you look at all the taxes that are levied, the current 13.96 percent tax levied on a transient accommodation in Honolulu is higher than other vacation destinations such as Las Vegas (13.38%), San Diego (12.5%), and Miami (13%). If you increase the TAT to 10.25%, the total tax levied on a hotel room would price us even further out of our competition.

According to national studies, Hawaii has one of, if not the highest at times, of an average daily rate (ADR) for hotels in the US. The collective ADR across the state for 2016 was \$264 per night, which was higher than cities such as New York with an ADR of \$258, San Francisco with an ADR of \$230, and Miami with an ADR of \$190. Room rates coupled with airfare prices and the general high cost of living in Hawaii has left our islands an expensive destination to visit. Raising the cost and furthering the financial burden on our visitors could potentially lead to their decision to visit someplace else.

The Hawai'i Lodging & Tourism Association is adamant in opposing tax proposals that would adversely affect our residents, as well as the visitor industry, by raising the expense of accommodations, increasing the cost of a Hawaiian vacation, and making it even more difficult to compete against lower-priced national and international destinations.

Record visitor arrivals do not equate to record profitability: The tourism industry is midway through our sixth consecutive year of increased visitor arrivals, but this does not mean that the money is going into the pockets of hoteliers. Rather, the hospitality industry is faced with ever-increasing costs for employee payroll and benefits (over 40 percent of expenses are for personnel

costs alone), taxes, electricity and gas, water and sewage, supplies and contracted services, and all the other expenses associated with a major enterprise. And year after year, hotel property owners must invest millions of dollars, in the face of rising construction costs, not only on general maintenance but in facility upgrades or major renovations to remain competitive. Furthermore, all this spending goes into the local economy, generating even more tax revenue.

It bears mention that real property taxes on hotels constitute a major operating expense that must be passed on to our guests. Over the last five years, property tax revenues from the hotel-resort class in all four counties have gone up from \$196 million to \$300 million per year, and TAT revenues have increased from \$324 million to \$508 million per year. We also pay the GET to the tune of nearly \$1 billion a year.

Moreover, record arrivals do not mean that our visitors are staying at our hotel properties; an increasing number of them are staying at alternative accommodations that do not abide by the same rules and are not paying their fair share of taxes, which some estimates place as high as \$100 million a year. That should be a target group for the additional funding that state and county government needs to balance its budget, or in this case pay for rail.

Rail is supported by the hospitality industry and will benefit our residents: As envisioned, the rail system will serve the broadest ridership and reach our densest job centers and the hospitality industry is definitely pro- rail. In this regard, we firmly believe the transit line must reach Ala Moana Center, its original terminus, and eventually be extended to serve the Manoa campus of the University of Hawai'i, to be at its most effective for residents. A station at the Daniel K. Inouye International Airport will be an important stop for the thousands of airport-area employees, not to mention the millions of tourists who visit Hawaii yearly and people traveling between the islands. We expect that many of our hospitality industry employees, particularly those who live on the west side, will use rail and the bus to commute into Waikiki and the surrounding areas. Transit-oriented development along the rail line in places like Waipahu, Pearl City, Aiea and Kalihi should lead to more affordable workforce housing, revitalized neighborhoods, and public education institutions. Given these long-term benefits for residents and also because the private sector stands to gain, I have repeatedly maintained that a public private partnership (P-3) mechanism ought to be put in place for private funding to augment what government is putting on the table.

Mahalo for your consideration.



HAWAI'I LODGING & TOURISM
A S S O C I A T I O N

August 28, 2017

Aloha Chair Dela Cruz and members of the Ways & Means committee:

My name is Dean Nakasone and after spending over 35 years in the hotel business, I am now the Vice President of the Hawai'i Lodging & Tourism Association, a statewide association representing the hospitality industry.

I am writing to express my strongest opposition to any increase to the Transient Accommodations Tax to fund the Honolulu rail project. I am not opposed to rail and in fact have been looking forward to a Honolulu mass transit system for decades; however, I believe that a tax targeting our fragile tourism industry is a big mistake.

My reasons include:

- The proposed tax increase would raise our 9.25 percent TAT one full percent to 10.25%. When you combine the General Excise Tax with the proposed TAT, we will be imposing an almost 15.0 percent tax on visitors and local residents patronizing Oahu accommodations, adding to Hawaii's unfortunate reputation as one of the most expensive places to visit.
- Also, visitors to Hawaii come here for leisure, vacation purposes; they are not on business or expense accounts and to them, the TAT is not reimbursable.
- As you all know, the TAT was established in the mid-1980's to fund tourism-related programs and services, but it is being utilized more and more to finance non-tourism programs. Furthermore, rail was conceived to benefit the local population for the most part.
- The use of the TAT will in effect force Neighbor Island hotels to help fund a rail project that is exclusively benefiting Oahu.
- The proposed increase cannot necessarily be passed on to our guests, and will result in the hotels absorbing some of the burden and ultimately leading to flattening of rates, the inability to keep up with costs and ultimately, staffing cutbacks.

I therefore urge you to reject any bill increasing the TAT for any reason. The TAT is not only a much smaller funding source than the GET but also much more volatile. Look at what's happening in Texas now, where they've suspended all hotel taxes. The GET, meanwhile, is a much fairer tax as it is paid by both residents, who will largely benefit from rail, as well as by tourists who visit Honolulu.

Thank you for your time and consideration.

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



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Sent via e-mail to WAM-InPerson@capitol.hawaii.gov

August 28, 2017

TO: **CHAIR DONOVAN DELA CRUZ, VICE CHAIR GIL KEITH-AGARAN,
 AND MEMBERS OF THE SENATE COMMITTEE ON WAYS AND
 MEANS**

SUBJECT: **COMMENTS WITH GRAVE RESERVATIONS. SB4, RELATING TO
 GOVERNMENT.** Authorizes a county that has adopted a surcharge on state tax to extend the surcharge to 12/31/2030. Authorizes a county to adopt a surcharge on state tax before 3/31/2018, under certain conditions. Decreases from 10% to 1% the surcharge gross proceeds retained by the State. Allows the director of finance to pay revenues derived from the county surcharge under certain conditions. Clarifies uses of surcharge revenues. Establishes a mass transit special fund and specifies that funds be allocated for capital costs of a mass transit project, under certain conditions. Increases the TAT by 1% from 1/1/2018 to 12/31/2030 and allocates revenues to the special fund. Establishes that if a court makes a monetary award to a county due to the State's violation of state law or constitutional provision relating to the State's deduction and withholding of county surcharge on state tax revenues, then an amount equal to the award shall be withheld from the additional TAT revenues paid over to the mass transit special fund and shall be credited to the general fund. Makes \$103,000,000 the permanent annual allocation of TAT revenues to the counties. Requires the state auditor to conduct an audit and annual reviews of HART. Requires the comptroller to certify HART's invoices for capital costs. Appropriates funds for the department of budget and finance, DAGS, and the state auditor. Appropriates \$1,000,000,000 from the mass transit special fund. Requires the senate president and house speaker to each appoint 2 non-voting, ex-officio members to the board of directors of HART.

Rescheduled Public Hearing

DATE: Monday, August 28, 2017
 TIME: 3:00 p.m.
 PLACE: Capitol Auditorium

Dear Members of the Committee on Ways and Means,

The future of Honolulu's Rail Transit Project will be determined by the outcome of this measure and the General Contractors Association of Hawaii ("GCA") recognizes and appreciates the hard work by both chambers to reach a proposal set forth in Senate Bill 4. **However, GCA has grave reservations about the bill as proposed and the funding it proposes to raise, which may not satisfy the funding shortfall and may require further investigation after collections for GET and TAT are underway.**

GCA's concerns lies with the proposed expenditure process for the Transit Special Fund in Section 13 of the bill, starting on page 26, which would require the State Department of the Accounting and General Services (DAGS) Comptroller to "verify that the authority's invoices for the capital costs" of the project comply with section 46-16.8(e)ⁱ before the Department of Budget and Fiscal Services can expend any of the collected monies from the surcharge or the TAT. GCA questions how DAGS can undertake such a task starting from the approval date of this measure, which is expected to be days away? Does DAGS have adequate staffing, expertise and knowledge of the project to assess whether the payments requested meet requirements under HRS Section 46-16.8(e)? Would DAGS be consulting with the State Department of Transportation HART Ex-Officio member to determine whether the disbursements being requested meet the criteria of HRS 46-16.8(e) or be reviewing it from its own investigations? Can these procedural changes be implemented without causing payment delays to

contractors, subcontractors and ultimately the employees working on the HART project? Could this payment approval process for current projects be challenged in a Court of Law because current contracts already include payment provisions and invoicing procedures? Further, does the City Charter need to be amended to accommodate such change in the approval of payments process? It is also unknown whether the Federal Transit Authority would be acceptable to this pre-approval by a State Agency for a City project that uses a combination of funding resources -- so is this not a risk?

Later on page 26 of the bill it suggests that “only after the submission of invoices . . . are verified by the comptroller as acceptable use of funds pursuant to the surcharge . . . the comptroller shall submit a certification statement . . . to the department of budget and finance for the allocation of funds.” Therefore, not only does the DAGS Comptroller have to determine that each invoice meets Section 24-16.8(e) but would also need to “verify” them as acceptable – what analytics will they be using to determine whether such costs are “verifiable”? The proposed layered levels of approvals will go into effect the day this bill becomes law – which appears problematic – not only for DAGS and the Department of Budget and Fiscal Services, but for HART who is responsible for administering the project. It appears that due to the changes made in the initial bill, SB1, then a redo in SB4 –some corrections were made and further allocations were allotted for additional Full Time government positions; however, with this bill taking effect upon the approval of this bill – how can HART be assured that their funding is available and what assurances are there that the FTA will accept the revised layered approvals for funding allocation?

These unanswered questions are the reasons GCA has grave concerns and reservations. It is our hope that these unknowns will not hinder the decisions of the Federal Transit Authority or the City and County of Honolulu, who ultimately is responsible for completing this project to Ala Moana.

Stopping rail short of the Ala Moana due to any legal flaw, technicality, or any funding shortfall in this measure will be disastrous for Oahu. Honolulu stands to lose \$1.55B of federal funding and the TOD planned development of affordable housing around stations will be jeopardized and commercial development in these areas will likewise suffer as a consequence. GCA supports a proposal that will ensure the funding required is provided to finish the project as planned. Rail is a transportation infrastructure development necessary to mitigate traffic for improved quality of life for local residents; however, the economic development and opportunities for affordable housing that will be developed along the 20-mile line will have a profound beneficial impact for the entire State of Hawaii.

ⁱ HRS Section 46-16.8(e) says (e) Each county with a population greater than five hundred thousand that adopts or extends a county surcharge on state tax ordinance pursuant to subsection (a) or (b) shall use the surcharges received from the State for: (1) Capital costs of a locally preferred alternative for a mass transit project; and (2) Expenses in complying with the Americans with Disabilities Act of 1990 with respect to paragraph (1). The county surcharge on state tax shall not be used to build or repair public roads or highways, bicycle paths, or support public transportation systems already in existence prior to July 12, 2005.



Maui Hotel & Lodging
ASSOCIATION

Testimony of
Lisa H. Paulson
Executive Director
Maui Hotel & Lodging Association

Relating To Government

COMMITTEE ON WAYS AND MEANS
Monday, August 28, 2017, 3:00 pm
Auditorium

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the Maui County visitor industry. Our membership includes over 175 property and allied business members in Maui County – all of whom have an interest in the visitor industry.

MHLA is **in opposition** to one section of SB 4, which proposes to increase the TAT by 1% from 1/1/2018 to 12/31/2030 and allocate revenues to the mass transit special fund. We recommend instead that rail funding come from extending the general excise tax surcharge.

- **TAT is already being used for general government spending.** The TAT is not only a much smaller funding source than the GET but much more volatile, depending on the health of the visitor industry. The GET, meanwhile, is a much fairer tax as it is paid by both residents, who will largely benefit from rail, and tourists who visit Honolulu. Last year's (2016) visitor spending brought in \$15.6 billion to the State, with the state's tax take equaling \$1.82 billion. Of that sum, TAT revenues alone accounted for \$447 million for the state's general fund last fiscal year (FY15-16) - more than half of the \$447 million was used for general government spending.
- **Our profits are minimal and our costs of doing businesses are ever increasing:** The tourism industry is midway through our sixth consecutive year of increased visitor arrivals, but this does not mean that this money is going into the pockets of hoteliers. Rather, the hospitality industry is faced with ever-increasing costs for employee payroll and benefits (over 40 percent of expenses are for personnel costs alone), taxes, electricity and gas, water and sewage, supplies and contracted services. And year after year, hotel property owners must invest millions of dollars, in the face of rising construction costs, not only on general maintenance but in facility upgrades or major renovations to remain competitive.

Furthermore, our Counties look to our hotels to help fund their budget deficits by increasing real property taxes creating a major operating expense that must be passed on to our guests. Maui's property tax revenues from the hotel-resort and timeshare classes have nearly doubled over the past five years to a current \$124 million.

- **Potential Negative Revenue Impact:** The Rail presentation mentions a study done in 1987 showing no significant impact to tourism with a 5% TAT. Potentially we will have a 10.25% TAT, coupled with our GET, making nightly room tax 14.96% on Oahu and 14.42% on neighbor islands. There is an argument that other destinations charge higher taxes and see no impact however, two things to keep in mind: Other destinations have a higher percentage of business travelers that pass along their expenses to their companies and some of these U.S. destinations can be reached by car, bus and train versus air. Hawaii is at the whim of climbing airfare prices.

Maui Hotel & Lodging Association is opposed to leveraging extra fees on the visitor industry.

Thank you for the opportunity to testify.



**Testimony to the Senate Committee on Ways and Means
Monday, August 28, 2017 at 3:00 P.M.
Auditorium, State Capitol**

RE: SENATE BILL 4 RELATING TO GOVERNMENT

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports the intent of SB 4**, which authorizes a county that has adopted a surcharge on state tax to extend the surcharge to 12/31/2030. Authorizes a county to adopt a surcharge on state tax before 3/31/2018, under certain conditions. Decreases from 10% to 1% the surcharge gross proceeds retained by the State. Allows the director of finance to pay revenues derived from the county surcharge under certain conditions. Clarifies uses of surcharge revenues. Establishes a mass transit special fund and specifies that funds be allocated for capital costs of a mass transit project, under certain conditions. Increases the TAT by 1% from 1/1/2018 to 12/31/2030 and allocates revenues to the special fund. Establishes that if a court makes a monetary award to a county due to the State's violation of state law or constitutional provision relating to the State's deduction and withholding of county surcharge on state tax revenues, then an amount equal to the award shall be withheld from the additional TAT revenues paid over to the mass transit special fund and shall be credited to the general fund. Makes \$103,000,000 the permanent annual allocation of TAT revenues to the counties. Requires the state auditor to conduct an audit and annual reviews of HART. Requires the comptroller to certify HART'S invoices for capital costs. Appropriates funds for the department of budget and finance, DAGS, and the state auditor. Appropriates \$1,000,000,000 from the mass transit special fund. Requires the senate president and house speaker to each appoint 2 non-voting, ex-officio members to the board of directors of HART.

The Chamber is the largest business organization in Hawaii, representing over 2,000 businesses statewide. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber has always supported rail and, this session, supports the intent of this bill as a means to provide additional funds to meet the projected shortfall in the city's rail project. We support the GET extension and the increased portion the city will receive due to the reduction of the state's administrative fee, that will help to see the completion of the project as set forth in the Full Funding Grant Agreement between the City & County of Honolulu and the Federal Transit Administration, and to see the completion of rail, at the least, to Ala Moana.

We cannot support the increase in the TAT to fund rail. The additional increase of the TAT adds additional cost to travelers and could put Hawaii's tourism industry at a competitive



disadvantage and hurt the largest sector of our economy. We are concerned that this could adversely affect thousands of jobs throughout the state.

The Chamber supports the annual audit and additional accountability measures for HART. The cost of this project has more than doubled; the city and HART keep changing its numbers. As a result, there is no fiscal accountability nor transparency for the largest public project in the state's history. Instead, the city continues to ask taxpayers to pay more and more without any assurances that the mistakes of the past will not be repeated or that fiscal transparency and accountability measures will be required.

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

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

Thank you for the opportunity to testify.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
HAWAII STATE CAPITOL, AUDITORIUM
MONDAY, AUGUST 28, 2017 AT 3:00 P.M.**

To The Honorable Donovan M. Dela Cruz, Chair;
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair; and
Members of the Committee on Ways and Means.

TESTIMONY ON SB4 RELATING TO GOVERNMENT

We appreciate the opportunity to provide testimony on SB4 Relating to Government during this Special Session.

We oppose the 1% Transient Accommodations Tax increase for neighbor islands proposed in SB4. While we understand that the City and County of Honolulu are in a difficult situation with the current rail project, we do not think the neighbor islands should have to cover the costs as we did not vote for this project. We have not been able to ring in on any previous drafts and are only now able to provide testimony on the current deal (SB4) that has already been negotiated. Given the negotiations, it would seem that the goal might be to pass this out as closely to the agreed upon draft as possible. However, we feel the process and current draft are unfair to neighbor island counties.

By raising the TAT across the state, you put our vital visitor industry at risk. The Hawaii visitor industry is already up against competition nationally and internationally from other less expensive destinations. If the TAT is increased, many of our visitors will notice the increase in prices and may choose a less expensive destination for their vacations, which would be detrimental to both our hospitality and tourism industry and other businesses including many small businesses across the state that rely on visitor patronage. Further, while you are proposing to increase neighbor island counties' share of the TAT revenue received from the state by \$10 million, we feel the harm that will be created by increasing the TAT will exceed the proposed increase you are offering. Proposing the increase in TAT revenue to the neighbor island counties should be increased regardless, not just as a bargaining chip in this negotiation.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
HAWAII STATE CAPITOL, AUDITORIUM
MONDAY, AUGUST 28, 2017 AT 3:00 P.M.
PAGE 2.**

Since Oahu's vote secured the project and pushed the project forward, we understand and support their GET extension and we feel that the 1% TAT increase should be only on the island of Oahu. Oahu is better able to handle these tax increases than neighbor islands as their hotel occupancies are 10 points higher and their tax base is 14 times larger than Maui County's specifically. We understand that now the State Legislature is having to jump in because the project has failed thus far and now the neighbor island counties are expected to shore up the decisions of the City and County of Honolulu. Given the ongoing difficulties with the rail project, we are deeply concerned about the long-term management of the system and don't see a solid plan in place to prevent the entire state from having to continue to shore up the project well into the future, if not always. We do not support any TAT increase, but should there be an increase, it should be focused on Oahu with an increase on neighbor islands being considerably less than 1%.

Lastly, we continue to hear about the ever-increasing debt from the state's unfunded liabilities. In our opinion, any significant tax increase should first go towards paying off the debt from our unfunded liabilities.

Mahalo for the opportunity to provide testimony on this important matter.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



TESTIMONY SUPPORTING BILL 4

THE SENATE
THE TWENTY-NINTH LEGISLATURE
INTERIM OF 2017
SENATE COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

DATE: Monday, August 28, 2017

TIME: 11:30 a.m. 3:00 p.m.

PLACE: Auditorium State Capitol

Aloha Senators Dela Cruz and Keith-Agaran,

My name is Scott Foster and I Chair the Kupuna Caucus of the Democratic Party of Hawai`i. During a scheduled meeting of the Caucus on July 7, 2017, our elected Steering Committee voted to support raising the Transient Accommodation Tax (TAT) rather than extend or raise the General Excise Tax (GET) which we believe would have had the most negative financial impact on Hawai`i residents. From our minutes: **“The Kupuna Caucus stands against the extension of the GET and supports raising the TAT.”** The motion passed unanimously.

While we are disappointed that extending the GET remains in your Senate Bill 4, we understand that politics is indeed the art of compromise and we are supporting Bill 4 knowing that raising the TAT is now an integral part of the proposed funding equation.

We know that this legislation has been hard won and we commend the Senate leadership for working so diligently to see it presented in this form.

Mahalo again for your dedication and perseverance and for your kind consideration of our testimony.

Sincerely,
Scott Foster, Chair
s/f
808-590-5880
fosters005@hawaii.rr.com



Hawai`i Advocates For Consumer Rights

Working for Hawaii's consumers since 1994

Scott Foster, Communications Director

808-590-5880

fosters005@hawaii.rr.com

advocatesforconsumerrights.org

TESTIMONY SUPPORTING BILL 4

THE SENATE

THE TWENTY-NINTH LEGISLATURE

INTERIM OF 2017

SENATE COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair

Senator Gilbert S.C. Keith-Agaran, Vice Chair

DATE: Monday, August 28, 2017

TIME: 11:30 a.m. 3:00 p.m.

PLACE: Auditorium State Capitol

Aloha Senators Dela Cruz and Keith-Agaran,

My name is Scott Foster and I am the Communications Director for *Hawai`i Advocates For Consumer Rights*. Our statewide organization, co-founded by Consumer advocate Ralph Nader, is now in its third decade of working to improve the financial conditions of Hawaii's consumers by challenging rapacious multi-national corporations, and corruption in local government. Our long history of significant local accomplishments is archived on our Web site at <http://advocatesforconsumerrights.org/>.

Perhaps worth knowing, our organization's and my earlier personal involvement with the Honolulu Rail Project might give even the casual reader a better understanding of how we got to where we are today. See that brief early history at

<http://advocatesforconsumerrights.org/honolulu-transit-project/>. Suffice to say, based on our long experience, research and many direct observations, a forensic audit is indeed needed and we applaud that addition to Bill 4.

Today, at this moment in time and whether one supports the rail project or not, construction has probably come too far to completely stop it. Some want to continue rail in one form or another to Ala Moana Center while others would have it stop at the existing Kalihi Middle Street bus terminal with its existing large paved parking lot and many scheduled daily bus routes.

Now that you're faced with making this momentous decision that will no-doubt impact the residents of Honolulu and the State for decades to come, if you've never been to the Kalihi Terminal on Middle Street, I urge you to go have a look at this existing facility. With the C&C of Honolulu in a constant search for additional revenue, we do find it strange that with literally hundreds of buses and thousands of riders coming and going every day from that facility, the C&C of Honolulu has not allowed the sale of food and beverages and related sundries on the site. Why not? Local food trucks and coffee bars should be licensed immediately.

While we understand that the design, construction and operation of Honolulu Rail Project is the sole responsibility of the City & County of Honolulu, it would be worth considering the state weighing in to suggest that this first nearly-completed leg of the system to Middle Street become operational as quickly as possible in order to work out any unknown operational problems -- before moving ahead with the next and most problematic phase through the congested Dillingham corridor. Early operation and experience with the Middle Street leg might keep us from possibly having to retrofit the entire system once operational. For example, if only one locked restroom per station is still "the plan," the C&C of Honolulu should rethink that vacuous idea and for obvious reasons.

With some enlightened planning and marketing, the Rail System could and should be promoted to Oahu's millions of annual visitors as a "hot ticket" day excursion. The views from the elevated Rail on the Ewa Plain will surely be breathtaking and many new and old businesses alike could greatly benefit from the additional visitor traffic. However, the stations must be clean, safe and have adequate sanitary facilities in order to attract local and visitor riders.

Whatever your decision, I would also urge you to work closely with the Honolulu City Council and Mayor Caldwell to begin construction of truly affordable housing along the near-completed part of the 10-mile Transit-Oriented Development corridor (TOD). Our many homeless working families need basic shelter and amenities (kitchen, restroom and bathing facilities) immediately. Surely we can come up with some creative ideas that will take weeks or a few months rather than years to see realized. After all, we are in an affordable housing crisis.

While the tourism industry is against raising the TAT and insisting that any such raise would somehow keep more tourists from coming to Hawai'i, the fact that during the past few years, the hotels have raised their rack rates to all-time highs which has not seemed to have had any effect on the record number of tourists coming to Hawai'i. Meanwhile, the increasing costs of maintaining and upgrading Hawaii's basic infrastructures (sewage, water, parks, streets and highways, and all the rest) have all fallen on our local residents who seemingly benefit very little from the dramatic rise in local hotel profits beyond the mostly lower-wage jobs.

We have frequently testified that Hawaii's basic tax system is badly broken. Hawaii's comparatively low out-of-state corporate taxes remain static and worse, more out-of-state and large local corporations are converting to real estate investment trusts (REITS) which allow the investment class to pay personal income taxes earned by their Hawai'i investments to their home states rather than to Hawai'i. This gaping hole needs to be closed.

Also worth investigating are the many Hawai`i hotels owned by out-of-state corporations that are collecting large “resort fees” while paying only the GET with no TAT being paid on that questionable income. Why so?

Finally, the legislature continues to ignore capturing the TAT on the mushrooming AirBandB rentals, which now threaten the livelihood of Hawaii’s hotel workers while destroying the very fabric of many of our state’s communities. Allowing this unknown number of questionably-legal businesses and the failure to collect the lost TAT income to continue is no-doubt contributing to our shrinking affordable rental housing inventory and is literally putting many local families out on the streets.

It’s long-past time to stop kicking these cans down the road and to act. People are hurting. If not now, when?

Sincerely,

s/n

Scott Foster

Communications Director

808-590-5880

fosters005@hawaii.rr.com



HAWAII KAI
NEIGHBORHOOD BOARD

August 28, 2017

NATALIE IWASA
At-Large
Chairperson

ELIZABETH REILLY
At-Large
Vice Chairperson

RENÉ GARVIN
At-Large
Secretary

REG BAKER
Subdistrict #3
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Subdistrict #6

LASHA SALBOSA
Subdistrict #7

Vacant
Subdistrict #8

Vacant
Subdistrict #9

ROBERTA MAYOR
Subdistrict #10

PAIGE ALTONN
Subdistrict #11

Hawaii Kai
Neighborhood Board #1
c/o Neighborhood
Commission Office
925 Dillingham Blvd., #160
Honolulu, Hawaii 96817
Phone: (808) 768-3710
Fax: (808) 768-3711
www.honolulu.gov/nco

*Hawaii Kai Neighborhood
Board meets the last Tuesday
of every month except Dec.,
7 p.m., Hahaione Elementary
School cafeteria. The public is
welcome to attend.*

Senate Committee on Ways & Means
Hawaii State Capitol
415 S. Beretania St.
Honolulu, HI 96813

RE: SB4, Related to Rail Funding and Oversight

Dear Committee Chair Dela Cruz and Members,

At its February 28, 2017, meeting, the Hawai'i Kai Neighborhood Board (Board) discussed the Honolulu rail surcharge and related SB 1183 and HB 349.

The Board adopted a motion to not support an extension of the rail surcharge and not support additional county funding of rail construction by a vote of 9-2-3 (aye, nay and abstain).

In addition, HART provided the Board and community with a status update of the rail project at the Board's July 25, 2017, meeting. Board members raised continued concerns regarding the cost of rail and other issues. HART and city representatives were unable to answer several questions about the cost of operations and status of the transition of operations and maintenance to the city. We are still waiting for responses to a couple of the questions as well as a response from the city regarding bond funding costs.

Please take this into consideration as you discuss options for Honolulu's rail project.

Aloha,

Natalie Iwasa, Chairperson
Hawaii Kai Neighborhood Board

cc: Members of the Board (via email)

Hawai'i Construction Alliance

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

August 27, 2017

The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair
and members
Senate Committee on Ways and Means
Hawai'i State Legislature
Honolulu, Hawai'i 96813

RE: SB4, Relating to Government

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, 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 recognize the fraught negotiations which have been undertaken by the House and the Senate over the past few months in regard to how to fund the Honolulu Rail Transit project. We value the efforts made by the negotiators to keep our leadership accurately informed about the status and outcomes of their discussions. Therefore, we are pleased to see the introduction of SB4, Relating to Government.

As you know, we have been strong advocates for the full build out of the Honolulu Rail Transit Project from West Kapolei to the University of Hawai'i at Mānoa, and in particular, the expeditious completion of the Minimum Operating Segment from East Kapolei to Ala Moana.

This project is an important endeavor which will:

- Provide commuters with a fast, safe, and reliable alternative to driving in traffic congestion, eliminating tens of thousands of 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, allowing families to more 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.

As drafted, SB4 would authorize a county that has adopted a surcharge on state tax to extend the surcharge to 12/31/2030; authorize a county to adopt a surcharge on state tax before 3/31/2018, under certain condition; decrease from 10% to 1% the surcharge gross proceeds retained by the State; allow the Director of Finance to pay revenues derived from the county surcharge under certain conditions; clarify uses of surcharge revenues; establish a Mass Transit Special Fund and specifies that funds be allocated for capital costs of a mass transit project, under certain conditions; increase the TAT by 1% from 1/1/2018 to 12/31/2030 and allocate revenues to the special fund; establish that if a court makes a monetary award to a county due to the State's violation of state law or constitutional provision relating to the State's deduction and withholding of county surcharge on state tax revenues, then an amount equal to the award shall be withheld from the additional TAT revenues paid over to the Mass Transit Special Fund and shall be credited to the general fund; make \$103,000,000 the permanent annual allocation of TAT revenues to the counties; require the State Auditor to conduct an audit and annual reviews of HART; require the Comptroller to certify HART's invoices for capital costs; appropriate funds for the Department of Budget and Finance, DAGS, and the State Auditor; appropriate \$1,000,000,000 from the Mass Transit Special Fund; and require the Senate President and House Speaker to each appoint 2 non-voting, ex-officio members to the Board of Directors of HART.

While each individual union within the Hawai'i Construction Alliance may have comments on specific provisions of SB4, we collectively can appreciate that the bill is a sincere attempt to satisfy the desire by the public and other stakeholders for more oversight over the project and to raise an additional \$2.373B for the construction of the project as an elevated steel-on-steel system from East Kapolei to Ala Moana to ensure that the terms of the Full Funding Grant Agreement ("FFGA") may be met¹.

We are proud that many of our members have already been involved in relocating utilities along the route, constructing the facilities at the Rail Operations Center, drilling and pouring hundreds of shafts and columns from East Kapolei to Ke'ehi Lagoon, preparing balanced cantilever structures over the H-1 freeway, casting and erecting the thousands of segments which comprise the first portion of the guideway, and performing work for the westernmost stations. We look forward to having even more members work on this historic project in the years ahead.

Mahalo for the opportunity to provide these comments.

Sincerely,



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

¹ Questions have arisen about whether the funding proposed in SB4 is or is not sufficient to fulfill all terms of the FFGA, especially regarding the need for additional contingency funds. Should it be definitively demonstrated that the funding proposed in SB4 does not fulfill all terms of the FFGA, we would then urge that the legislature and other stakeholders continue to work together collaboratively to remedy any deficiencies. Furthermore, should any deficiencies identified by the FTA require additional funding, we would prefer a further extension of the county surcharge over any other means.



HAWAII STATE AFL-CIO

345 Queen Street, Suite 500 • Honolulu, Hawaii 96813

Randy Perreira
President

The Twenty-Ninth Legislature - Interim 2017, State of Hawaii
Hawaii State Senate
Committee on Ways and Means

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

Testimony by
Hawaii State AFL-CIO
August 28, 2017

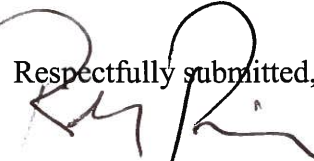
The Hawaii State AFL-CIO strongly supports the completion of the Honolulu Rail Transit System and encourages the Hawaii State Legislature to move forward a bill that will allow the rail project to be built as planned.

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

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

Consequently, the Hawaii State AFL-CIO strongly urges the passage of a rail bill that will ensure adequate funding and meet the requirements needed of the full-funding grant agreement.

Thank you for the opportunity to testify.

Respectfully submitted,


Randy Perreira
President

TO: Members of the Senate Committee on Ways & Means

FROM: Natalie Iwasa (7 pages)
808-395-3233

HEARING: 3 p.m. Monday, August 28, 2017

SUBJECT: SB 4, Related to Rail Funding and Oversight - **OPPOSED**

Aloha Chair Dela Cruz and Committee Members,

Thank you for your hard work on this bill. While I appreciate the inclusion of additional state oversight, I oppose additional funding for this monstrosity. No more funds should be provided to fund rail construction until the following are done:

- 1) **A forensic audit or investigation;**
- 2) **A plan to pay for O&M is provided. The plan should include costs, ridership and revenue sources as well as the underlying assumptions; and**
- 3) **Serious consideration of all reasonable options.**

Why A Forensic Audit?

HART's Numbers Continue to be Incomplete and Incorrect

HART released updated projections that included the TAT, surcharge extension, reduction of the state administrative fee and city payment of administrative expenses. The two spreadsheets:

- Include footing errors, e.g., Total Revenue adds up to \$8,493 and \$8,845 on pages 1 and 2 respectively, but the amounts on the spreadsheets are \$8,570 and \$8,922 respectively. Why is there a difference of \$77 million?
- The Honolulu City Council (Council) resolution authorizing G.O. bonds requires a \$35 million reserve fund. That amount appears to be missing from the spreadsheets. (Note that the \$140 million included on the Debt Reserve item is the amount required by the Full Funding Grant Agreement.)
- The Council authorized a bond issuance of \$350 million for this fiscal year, but the spreadsheets include about \$40 million more than that. Why is the amount different?
- The actual Other revenue to 2017, \$7 million, is understated by at least \$5 million.
- Debt repayment is higher than debt proceeds.

2016 City Audit Results Indicate a Need for More than a Performance Audit

From the *Honolulu Star-Advertiser*, "Auditor says probe of rail agency raised red flags":

- "We found that the internal controls were so weak, that if fraud, waste or abuse were to occur, HART and (others) would not have detected it, could not prevent it, and could not have taken corrective action, if it had occurred," Young said at a Council Budget Committee meeting Wednesday.
- And while he found no evidence of fraud while conducting an audit of the Honolulu Authority for Rapid Transportation last spring, "the red flags were there" to suggest there may have been
- If former HART Executive Director Dan Grabauskas were still in charge, Young said, he would recommend a forensic audit or investigation be conducted either by prosecutors or police.

Weaknesses in internal control often directly contribute to fraud, according to the Association of Certified Fraud Examiners (ACFE).

Project Rife with "Incestuous Relationships"

On July 11, 2012, Dave Shapiro of the Honolulu Star-Advertiser (commentary attached) wrote about various relationships that raise serious questions about the rail project. For example, several city employees had ties to Ansaldo, which has a \$1.4+ billion contract to provide cars and operations and maintenance. Prior to and up to the time that contract was signed, Ansaldo was owned by Finmeccanica. Finmeccanica is fraught with corruption and fraud – its ex-CEO was found guilty of corruption and sentenced to jail. Other investigations of fraud within that firm are ongoing.

According to the ACFE, when collusion is involved, median losses due to fraud increase substantially.

Important Considerations in Forensic Auditing

Tips are the consistently the most frequent reasons frauds are found. According to the ACFE's *2016 Report to the Nations on Occupational Fraud and Abuse*, 47.3% of frauds were initially detected via tips with organizations that had tip lines vs. 28.2% of frauds where tip lines were not available. In addition, frauds initially detected by outside auditors were only about 6% in organizations that did not have tip lines.

A tip/whistleblower hotline should be implemented for HART, regardless of the type of audit you decide to require. A successful tip hotline is well published, open to the public and allows for anonymous tips. To get started, here are a couple of articles that provide

good information on tip hotlines:

- *Assessment for Establishing a Whistleblower Hotline* by the City of Sacramento. (Put the title in a search bar. The pdf will download after you click on the title.)
- *Best Practices in Ethics Hotlines* found at [http://www.clubtaxnetwork.com/index.cfm?ID=184&Download=\(1%5B%2257B%26%2FQM%20%20%0A&f=207](http://www.clubtaxnetwork.com/index.cfm?ID=184&Download=(1%5B%2257B%26%2FQM%20%20%0A&f=207).

A forensic audit should start with the city auditor's report as well as discussions with former board members, employees and vendors. Some questions that should be considered in a forensic audit include the following:

- What policy and protocols did the project have regarding inappropriate relationships or disclosure of relationships, and how they should be treated within a bid / contract award process?
- Were there any deviations from the contract / bid award protocols? Were they documented?
- Were any of the deviations approved by independent management?
- How were city employees involved in the bid / contract award process?
- Were contractors approached by any project employees prior to or during the contract / bid award process? If so, why, when, how and what was discussed?

Note that the audit/investigation should go back to years when rail was under the city.

If fraud, waste or abuse has occurred, taxpayers should be made whole, and the only way to find out if it has occurred is to specifically look for it.

A Plan for Operations and Maintenance

A decision to extend the rail surcharge or add funding without considering how operations and maintenance will be paid and what assumptions were used in arriving at those costs would be irresponsible. This project has historically been led by funding with planning coming a distant second. It's time to stop that process and require that a plan be provided and assumptions reviewed for reasonableness. The current projected cost of \$140 million annually (mentioned by the consultant who prepared the public-private partnership report) is more than 10% of real property taxes.

Please stop the funding, at least for now, support the implementation of a tip hotline and forensic audit.

STRESSED

(\$ in millions)	Fiscal Years																
	Total	Actuals to 2016	(A) 2017	Est. 2018	Est. 2019	Est. 2020	Est. 2021	Est. 2022	Est. 2023	Est. 2024	Est. 2025	Est. 2026	Est. 2027	Est. 2028	Est. 2029	Est. 2030	Est. 2031
Beginning Cash Balance	\$298	\$298	\$95	\$22	\$24	\$24	\$24	\$20	\$19	\$20	\$24	\$8	(\$302)	(\$466)	(\$606)	(\$732)	(\$845)
Project Funding Sources:																	
G.E.T. Surcharge	\$5,825	\$1,320	\$226	\$242	\$262	\$273	\$281	\$289	\$298	\$307	\$316	\$326	\$335	\$345	\$356	\$367	\$282
Federal Grant	1,550	569	209	28	219	235	290	-	-	-	-	-	-	-	-	-	-
TAT Revenues	954	-	-	28	59	61	63	66	68	71	74	77	80	83	87	90	47
City Offset of Admin Costs	157	-	-	14	27	24	23	21	17	13	10	3	6	-	-	-	-
All Other	7	6	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	\$8,570	\$1,895	\$436	\$323	\$589	\$614	\$680	\$376	\$383	\$391	\$400	\$406	\$421	\$429	\$442	\$457	\$328
Debt Proceeds																	
TECP (net) Max \$350 m	\$2,544	\$0	\$130	\$382	\$285	\$350	\$350	\$350	\$350	\$347	-	-	-	-	-	-	-
Variable Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Rate Bonds	4,525	-	-	390	401	346	660	948	592	433	755	-	-	-	-	-	-
Less Issuance Costs	(1)	-	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Proceeds	\$7,068	\$0	\$129	\$773	\$685	\$696	\$1,010	\$1,298	\$942	\$780	\$755	\$0	\$0	\$0	\$0	\$0	\$0
Total Project Sources	\$15,638	\$1,895	\$565	\$1,096	\$1,274	\$1,310	\$1,690	\$1,674	\$1,326	\$1,171	\$1,155	\$406	\$421	\$429	\$442	\$457	\$328
Project Uses:																	
Construction	\$6,122	\$1,362	\$494	\$521	\$574	\$665	\$893	\$788	\$384	\$204	\$144	\$91	\$3	-	-	-	-
Design	231	155	18	33	11	3	2	2	2	2	1	-	-	-	-	-	-
ROW / Utilities	729	172	33	127	133	105	74	35	35	15	-	-	-	-	-	-	-
Program-Wide	439	241	18	11	13	18	24	30	28	26	19	10	2	-	-	-	-
HART / City	281	88	23	27	27	24	23	21	17	13	10	3	6	-	-	-	-
Planning	89	79	2	4	2	0	0	0	-	-	-	-	-	-	-	-	-
Project Costs	\$7,891	\$2,098	\$587	\$723	\$761	\$815	\$1,018	\$876	\$466	\$259	\$174	\$104	\$10	\$0	\$0	\$0	\$0
Project Contingency	274	-	-	-	-	0	16	42	63	63	55	30	4	-	-	-	-
10% Capital Cost Conting	548	-	-	72	76	82	103	92	53	32	23	13	1	-	-	-	-
Total Project Costs	\$8,713	\$2,098	\$587	\$795	\$837	\$897	\$1,137	\$1,010	\$582	\$354	\$253	\$147	\$16	\$0	\$0	\$0	\$0
Debt Service:																	
Variable Principal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fixed Principal	4,543	-	-	21	46	71	123	207	271	330	439	457	475	495	515	536	557
CP Retirement	2,544	-	50	113	350	285	350	350	350	350	347	-	-	-	-	-	-
Subtotal Principal	\$7,088	\$0	\$50	\$134	\$396	\$356	\$473	\$557	\$621	\$680	\$786	\$457	\$475	\$495	\$515	\$536	\$557
Variable Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fixed Interest	1,046	-	-	22	36	52	79	105	117	127	130	112	94	74	54	33	11
CP Interest	35	-	1	3	5	5	4	3	5	6	2	-	-	-	-	-	-
Subtotal Interest	\$1,080	\$0	\$1	\$25	\$41	\$58	\$83	\$108	\$122	\$133	\$132	\$112	\$94	\$74	\$54	\$33	\$11
Establish Debt Reserve	\$140	\$0	\$0	\$140	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Release Debt Reserve	(140)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(140)
Debt Service Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	\$8,168	\$0	\$51	\$299	\$437	\$414	\$556	\$665	\$743	\$812	\$918	\$569	\$569	\$569	\$569	\$569	\$429
Total Project Uses	\$16,881	\$2,098	\$638	\$1,094	\$1,274	\$1,310	\$1,693	\$1,676	\$1,325	\$1,167	\$1,171	\$716	\$585	\$569	\$569	\$569	\$429
Net Current Change	(\$1,243)	(\$203)	(\$73)	\$2	\$0	\$0	(\$3)	(\$1)	\$1	\$4	(\$16)	(\$310)	(\$164)	(\$140)	(\$126)	(\$112)	(\$100)
Ending Cash Balance	-\$945	\$95	\$22	\$24	\$24	\$24	\$20	\$19	\$20	\$24	\$8	-\$302	-\$466	-\$606	-\$732	-\$845	-\$945

General Assumptions:

1. General excise tax (GET) share changed from 90/10 to 99/1.
2. **GET growth rate 3.0%**
3. Fixed rate debt at 4% interest per annum.
4. Debt principal amortization from first month of issuance.
5. Debt matures at GET sunset.
6. Federal grant draw down totaling \$743 million suspended from August 2017 to June 2018. Draw down anticipated to resume in July 2018.
7. Total project cost at \$8,165 billion.

Assumptions specific to this Model:

1. General excise tax sunsets on December 31, 2030.
TAT begins 1/1/2018 and sunsets December 31, 2030
2. **TAT revenues grow at 4% per year**
3. Additional 10% increase on all remaining capital costs
4. City picks up remaining HART Admin costs from 1/1/2018

(A) Actual through 4/30/2017; projected May-June 2018

City and County of Honolulu / HART
Financial Projection: GET Split 99/1; Statewide TAT at 1% GET & TAT Sunset on 12/31/30 City Pickup of Remaining HART Admin Costs
8/23/2017 GET Growth Rate from 3.0%; TAT Growth Rate 8%

STRESSED

(\$ in millions)	Fiscal Years																
	Total	Actuals to 2016	(A) 2017	Est. 2018	Est. 2019	Est. 2020	Est. 2021	Est. 2022	Est. 2023	Est. 2024	Est. 2025	Est. 2026	Est. 2027	Est. 2028	Est. 2029	Est. 2030	Est. 2031
Beginning Cash Balance	\$298	\$298	\$95	\$22	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$25	(\$235)	(\$343)	(\$422)	(\$480)	(\$517)
Project Funding Sources:																	
G.E.T. Surcharge	\$5,825	\$1,320	\$226	\$242	\$262	\$273	\$281	\$289	\$298	\$307	\$316	\$326	\$335	\$345	\$356	\$367	\$282
Federal Grant	1,550	569	209	28	219	235	290	-	-	-	-	-	-	-	-	-	-
TAT Revenues	1,306	-	-	29	63	68	74	79	86	93	100	108	117	126	136	147	79
City Offset of Admin Costs	157	-	-	14	27	24	23	21	17	13	10	3	6	-	-	-	-
All Other	7	6	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	\$8,922	\$1,895	\$436	\$324	\$593	\$621	\$690	\$390	\$401	\$412	\$426	\$437	\$458	\$472	\$492	\$514	\$361
Debt Proceeds																	
TECP (net) Max \$350 m	\$2,513	\$0	\$130	\$382	\$280	\$345	\$355	\$350	\$350	\$321	-	-	-	-	-	-	-
Variable Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Rate Bonds	4,393	-	-	389	400	338	645	931	566	422	701	-	-	-	-	-	-
Less Issuance Costs	(1)	-	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Proceeds	\$6,904	\$0	\$129	\$771	\$680	\$683	\$1,000	\$1,281	\$916	\$743	\$701	\$0	\$0	\$0	\$0	\$0	\$0
Total Project Sources	\$15,826	\$1,895	\$565	\$1,096	\$1,273	\$1,304	\$1,690	\$1,670	\$1,317	\$1,156	\$1,127	\$437	\$458	\$472	\$492	\$514	\$361
Project Uses:																	
Construction	\$6,122	\$1,362	\$494	\$521	\$574	\$665	\$893	\$788	\$384	\$204	\$144	\$91	\$3	-	-	-	-
Design	231	155	18	33	11	3	2	2	2	2	1	-	-	-	-	-	-
ROW / Utilities	729	172	33	127	133	105	74	35	35	15	-	-	-	-	-	-	-
Program-Wide	439	241	18	11	13	18	24	30	28	26	19	10	2	-	-	-	-
HART / City	281	88	23	27	27	24	23	21	17	13	10	3	6	-	-	-	-
Planning	89	79	2	4	2	0	0	0	-	-	-	-	-	-	-	-	-
Project Costs	\$7,891	\$2,098	\$587	\$723	\$761	\$815	\$1,018	\$876	\$466	\$259	\$174	\$104	\$10	\$0	\$0	\$0	\$0
Project Contingency	274	-	-	-	-	0	16	42	63	63	55	30	4	-	-	-	-
10% Capital Cost Conting	548	-	-	72	76	82	103	92	53	32	23	13	1	-	-	-	-
Total Project Costs	\$8,713	\$2,098	\$587	\$795	\$837	\$897	\$1,137	\$1,010	\$582	\$354	\$253	\$147	\$16	\$0	\$0	\$0	\$0
Debt Service:																	
Variable Principal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fixed Principal	4,410	-	-	21	46	71	121	204	266	322	424	442	460	478	498	518	539
CP Retirement	2,513	-	50	113	349	280	350	350	350	321	-	-	-	-	-	-	-
Subtotal Principal	\$6,923	\$0	\$50	\$134	\$396	\$350	\$471	\$554	\$616	\$672	\$745	\$442	\$460	\$478	\$498	\$518	\$539
Variable Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fixed Interest	1,019	-	-	22	35	52	78	103	114	124	126	109	91	72	52	32	11
CP Interest	34	-	1	3	5	5	4	3	5	6	2	-	-	-	-	-	-
Subtotal Interest	\$1,054	\$0	\$1	\$25	\$40	\$57	\$82	\$107	\$119	\$129	\$128	\$109	\$91	\$72	\$52	\$32	\$11
Establish Debt Reserve	\$140	\$0	\$0	\$140	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Release Debt Reserve	(140)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(140)
Debt Service Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	\$7,977	\$0	\$51	\$299	\$436	\$407	\$553	\$660	\$735	\$801	\$873	\$550	\$550	\$550	\$550	\$550	\$410
Total Project Uses	\$16,690	\$2,098	\$638	\$1,094	\$1,273	\$1,304	\$1,690	\$1,670	\$1,317	\$1,156	\$1,126	\$697	\$566	\$550	\$550	\$550	\$410
Net Current Change	(\$864)	(\$203)	(\$73)	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$1	(\$260)	(\$108)	(\$79)	(\$58)	(\$37)	(\$49)
Ending Cash Balance	-\$566	\$95	\$22	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$25	-\$235	-\$343	-\$422	-\$480	-\$517

General Assumptions:

1. General excise tax (GET) share changed from 90/10 to 99/1.
2. **GET growth rate 3.0%**
3. Fixed rate debt at 4% interest per annum.
4. Debt principal amortization from first month of issuance.
5. Debt matures at GET sunset.
6. Federal grant draw down totaling \$743 million suspended from August 2017 to June 2018. Draw down anticipated to resume in July 2018.
7. Total project cost at \$8,165 billion.

Assumptions specific to this Model:

1. General excise tax sunsets on December 31, 2030.
TAT begins 1/1/2018 and sunsets December 31, 2030
2. **TAT revenues grow at 8% per year**
3. Additional 10% increase on all remaining capital costs
4. City picks up remaining HART Admin costs from 1/1/2018

(A) Actual through 4/30/2017; projected May-June 2018

Questionable connections litter embattled rail project

- Honolulu Star-Advertiser
- 11 Jul 2012
- DAVID SHAPIRO ——— Reach David Shapiro at volcanicash@gmail.com or blog.volcanicash.net.



Councilman Nestor Garcia's \$6,500 ethics fine for voting 52 times in favor of rail without disclosing his \$60,000-a-year job with the pro-rail Kapolei Chamber of Commerce highlighted a pattern of ethically troubling associations surrounding the \$5.26 billion rail project.

Garcia had another \$30,000-a-year side job as a part-time safety officer for Dura Constructors.

Dura's principal is Tom Enomoto, who was listed as the "responsible managing employee" for Ansaldo Honolulu when the company was fighting last year to nail down a \$1.4 billion contract to provide rail cars for the system.

Ansaldo seemed to have the inside track on the rail car contract from the start despite the deep financial troubles of its Italian parent Finmeccanica, a spotty performance record in other cities and its lack of necessary Hawaii licenses.

What Ansaldo did have was local political connections: In addition to Enomoto, Ansaldo listed Jeff Coelho, city managing director under former Mayor Mufi Hannemann, as a company executive and Carolyn Tanaka, Hannemann's spokeswoman when he ran for governor, as the company's spokeswoman.

As the Ansaldo contract came to a head before the Honolulu Authority for Rapid Transportation, HART board member Ivan LuiKwan disclosed to the Ethics Commission that Ansaldo had asked another partner at his law firm to be its legal counsel.

The Ansaldo contract was steered through the HART board by its finance chair- man, Don Horner, then the CEO of First Hawaiian Bank, whose French parent company, BNP Paribas, has major financial ties to Finmeccanica.

First Hawaiian discounted any conflict of interest by arguing that BNP Paribas had business ties to all three bidders on the rail car contract.

But when asked to document that the level of business with the three bidders was comparable, First Hawaiian declined to provide information on the relative values and risks of the loan portfolios, citing "a moral obligation to maintain customer privacy."

First Hawaiian, which like other Hawaii banks stands to do lucrative business underwriting transit-oriented development, has since doubled down on its influence on HART by hiring the board chairwoman, Carrie Okinaga, for the bank's legal staff and quickly promoting her to general counsel.

Another ongoing conflict got cozier last week when HDR Engineering Inc., which has a \$5.5 million contract to design three West Oahu rail stations, announced it was purchasing InfraConsult LLC, which has a \$36.7 million city contract to manage the rail project and oversee design contracts such as HDR's.

If that's not incestuous enough for you, InfraConsult was originally formed by three executives from Parsons Brinckerhoff, which has engineering contracts for Honolulu rail potentially worth more than \$400 million.

City Transportation Director Wayne Yoshioka worked for Parsons Brinckerhoff on the Honolulu rail project before joining the city, and his wife still works there.

From: [Kapua Keliikoa-Kamai](#)
To: [WAM-InPerson](#)
Subject: Legislative Special Session, WAM Hearing on 28 August 2017 - RAIL
Date: Sunday, August 27, 2017 3:48:40 PM

Aloha Senate Committee on Ways and Means,

Please see my emailed testimonies below as it pertains to the 2017 Special Session, primarily Rail funding (SB1 & SB4). I oppose all new and extended Kamaaina taxation to fund the Rail!

I recollect when the C&C estimated costs were \$3.6B and have seen how it's steadily grown, haven't you? HART estimated it'll cost [\\$7.9 billion](#) while the FTA estimated \$8.1B (per Hawaii News Now, May 2016). The Hono Star-Advertiser reported "[nearly \\$10 billion](#)" (May 2, 2017). Do you allow your personal & professional budgets to explode? I think not, therefore we shouldn't let the C&C do it either. **This is Honolulu's Great Abyss, let's change that now!**

Please let the Rail DERAIl so that sound affordable solutions can arise. I strongly support mass transit, but not this one!

Also, I feel that the delayed Hearing start time is a significant deterrent to receiving individual oral testimony. I'm hopeful that there was a good reason; otherwise, I hope the voting citizens of all districts remember this tactic and hindrance. I plan on being there and being heard, depending on the time. Please extend the same courtesy to the last person as was given to the first person. Mahalo.

na'u,
Kapua Keliikoa-Kamai
Concerned Voting Resident from Waianae

'A'ohe hana nui ke alu 'ia.

No task is too big when done together by all.

'Olelo No'eau #142

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----- Forwarded message -----

From: **Kapua Keliikoa-Kamai** <dkapua@gmail.com>
Date: Sun, Aug 27, 2017 at 2:52 PM
Subject: Fwd: Rail Management Skepticism for the Legislative Special Session on Monday, 14 August
To: Mayor Kirk Caldwell <mayor@honolulu.gov>, Councilwoman Kymberly Pine <kmpine@honolulu.gov>
Cc: Kathy Davenport <k.davenport@honolulu.gov>, Senator Maile Shimabukuro <senshimabukuro@capitol.hawaii.gov>, Rep Cedric Gates <repgates@capitol.hawaii.gov>,

Representative Andria Tupola <reptupola@capitol.hawaii.gov>

Aloha Mayor Caldwell and Councilwoman Pine,

As much as we need mass transit, this Rail Beast is beyond reason, logic and budget; not to forget the delayed build-out and projected completion. Before we cause our grandchildren's grandchildren financial grief by billing them for the construction and possible C&C Bankruptcy bail-out, let's STOP these steel-on-steel wheels.

I recollect when the estimated costs were \$3.6 billion, now we're looking at \$8.1B but really over \$10B when all is said and done. Let's stop this great Rail-Abyss by redesigning/repurposing our rail project. Yes, I still support mass transit but not this.

PLEASE STOP THE BEAST and RECONSIDER OTHER ALTERNATIVES.

na'u,
Kapua Keliikoa-Kamai

----- Forwarded message -----

From: **Kapua Keliikoa-Kamai** <dkapua@gmail.com>

Date: Sun, Aug 13, 2017 at 3:38 PM

Subject: Rail Management Skepticism for the Legislative Special Session on Monday, 14 August

To: [TRETtestimony@capitol.hawaii.gov](mailto:TRETestimony@capitol.hawaii.gov)

Aloha Chairs, Vice Chairs and Members of the
COMMITTEE ON TRANSPORTATION AND ENERGY,
COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS,
COMMITTEE ON WAYS AND MEANS,
COMMITTEE ON TRANSPORTATION,
COMMITTEE ON FINANCE

Considering the prospective Special Legislative Session later this month, I share the following with you and hope you consider my recommendations in tomorrow's Special Informational Briefing.

1. Oppose any increase or extension of the General Excise Tax (GET) for Rail funding.
2. Exempt all Kamaaina from the Transient Accommodations Tax (TAT) or new TAT increases.
3. Only take action on Rail and other legislative bills that passed the 29th Legislative Session of the 2017 Legislature (the Governor vetoed measures; no new or amended legislative bills).

For too long, both the Honolulu City and County and the Honolulu Authority for Rapid Transportation have failed to provide sound and credible planning, informational data, and financial figures for the Rail Project. Causing myself, and many others apparently, to regret the initial support we had for mass transit, subsequently this Rail Project. Not being one to just sit on the sidelines, I've engaged and tried to be informed:

- I've gone to a few well-staffed pre & post Rail selection presentations. They were pretentious and costly.
- I've watched, read and listened to many individuals that presented alternative options. Obviously, the independent Rail Panel, the C&C and HART weren't paying attention and disagreed.

- I've (like many others) testified against this "light-rail" model when other more viable options were available. I consider this to be old-technology in a supposedly new-century forward thinking Honolulu. How many others have or are embarking on this specific steel-on-steel technology?
- I've come to accept that I (and many others) were deemed irrelevant community members in their charade - the Rail was already pre-selected.
- We've witnessed their non-cultural/environmental consideration and poor planning of the Rail that brought about legal lawsuits - causing delays and increased expenses.
- We've witnessed the legacy problems experienced by HART for having to either abide by or change plans that were made by their predecessors, the C&C.
- We've witnessed the necessity for numerous "change orders" due to their rushed and poorly planned execution of the Rail - causing continuous increased expenditures.
- We've seen their conflicting and erroneous figures, as pointed out by several members of the community, like Natalie Awase.
- We've seen them use and consolidate monies from other C&C coffers and still need more.
- We've seen them increase C&C fee's to support Rail.
- We've heard them say they only need \$\$\$\$\$\$ to cover this, that and the other to get by - then, return to ask for more.
- We've heard them imply that they can't say how much it'll cost until they get there on too many area's. Did they ever KNOW what the costs were and what they are now?
- We've heard their rhetoric that continues to play against sound reasoning:
 - "we can't afford to lose the Federal dollars"
 - "we've spent too much"
 - "we've come too far"
 - "we've got to finish the Rail"
 - etc., etc., etc.

The bottom-line is Yes, we are very skeptical of THIS Rail project! Yes, I believe that Mayor(s), Hanneman and Caldwell, have not been truthful and have not provided full disclosure of the Rail. Yes, I believe they pre-selected THIS Rail and were selectively providing skeletal information for an obese fur-lined project. Yes, HART has had to live and adjust to previous decisions and are also accountable now. Yes, their deceptive approach, actions and decisions that will cost the taxpayers of today and generations to come - just for the build-out! And YES, WE NEED MASS TRANSIT but not this one.

I believe you've seen, read or heard much of this before, if not more, and from more reliable sources. But, if we don't stop this beast NOW and RE-consider alternatives we are well on our way to a Honolulu C&C bankruptcy - even with all the state legislature's financial assistance. Who wouldn't fire their personal financial manager for behaving like this? We can't fire the people but we can fire (change) the project and its expenditures. That's why I'm advocating for other alternative Rail reconsiderations that meet State, County and Federal guidelines that will fit our needs, budget and timeline - whatever they may be, JUST NOT THIS RAIL BEAST please. Mahalo.

Me ka ha'aha'a,
 Kapua Keliikoa-Kamai
 Concerned Wa'ianae Resident

Special Session

Testimony: SB4

RELATING TO GOVERNMENT

Support with Reservations

This special session and the issue of funding for rail have caused deep divisions within Hawai'i, pitting different islands against each other. The people of Hawai'i have always been known to help each other in times of need and not act out only in self-interest. What needs to be remembered in the case of the rail and its funding is that we in Hawai'i are in this fight together. For one, rail will bring opportunities for proper development and increase the inventory of much needed housing units. In addition, a grade separated, elevated rail system will allow for a more efficient means of transportation and will bypass the current problems of traffic congestion on our busy streets and highways.

The only incentive for housing development is TOD, and without that incentive many desperately need housing units, especially affordable housing developments will be in jeopardy. Currently the State of Hawaii is facing a 22,500 housing unit deficit, of

which 70 to 75% need to be built on Oahu and more than half of those must be low income and affordable units to meet the demand for residents needing housing. Once individuals have the ability to obtain housing they can become a greater part of the economy, build equity for their own families, and improve their standard of living and quality of life.

The Kalihi-Palama Neighborhood Board passed a resolution on July 19th 2017 with overwhelming support relating to the adequate funding and completion of the rail project commensurate with the FTA's Full Funding Grant Agreement (FFGA).

The rail system must be completed in a timely manner as all delays cause additional costs which only add to voter apprehension and lack of confidence in our government. Do not let trivial matters unrelated to the governance of the people of Hawai'i affect the funding and completion of the rail project.

I humbly ask the Legislature to provide sufficient funding to complete the project as planned all the way to Ala Moana.

Mahalo.

Ken Farm

Member At-Large

Kalihi-Palama Neighborhood Board No. 15

My name is Randall Roth, and I oppose S.B. 4.

With all due respect, I don't see how legislators could possibly make an informed decision on this bill without knowing why the cost estimate for rail has virtually doubled. As best I can tell, city and HART officials have yet to provide an explanation that is coherent, comprehensive, and credible.

Perhaps they don't know why costs are seemingly out of control. Or maybe they know, but don't want anyone else to know. Meanwhile, they say the sky will fall if the legislature fails to provide for another \$3 billion prior to September 15, 2017. That simply isn't true.¹

In addition to insisting upon a forensic audit before providing any additional money, I encourage you to require an up-to-date alternative analysis.

The world is changing quickly, sometimes in ways that disrupt long-held assumptions. For example, most people just assume transit ridership is up, but it isn't. Bus ridership in Honolulu has dropped precipitously in recent years. According to a recent news report, "it's gone from a steady slip to a steep drop recently, a range of as much as 10 percent, or more than 1 million fewer rides a month, compared to a couple years prior."²

And we increasingly hear predictions that self-driving, on-demand vehicles will replace individual car ownership and render conventional transit lines obsolete far sooner than anyone thought possible just a few years ago.³

Even if elevated heavy rail once made sense for Oahu, why would we spend one more dollar, much less billions, on technology that reportedly draws laughs not just in the boardrooms of Google, Apple, Uber and Tesla, but Toyota, Honda and General Motors, too?

¹ See Slater, Roth & Prevedouros, "We Should Not Pay A Penny To The Federal Transit Administration," Civil Beat, Oct. 10, 2016, at <http://www.civilbeat.org/2016/10/we-should-not-pay-a-penny-to-the-federal-transit-administration/>; and "What Do We Do Now About The Honolulu Rail Project?" Civil Beat, Oct. 3, 2016, at <http://www.civilbeat.org/2016/10/what-do-we-do-now-about-the-honolulu-rail-project/>.

² Gina Mangieri, "Could recent plunge in public transportation ridership spell trouble for rail?" KHON2 News, Aug. 23, 2017, at <http://khon2.com/2017/08/23/could-recent-plunge-in-public-transportation-ridership-spell-trouble-for-rail/>.

³ Marco della Cava, "Self-driving electric vehicles to make car ownership vanish," USA Today, May 4, 2017, at <https://www.usatoday.com/story/tech/news/2017/05/04/self-driving-electric-vehicles-make-car-ownership-vanish/101204980/>; Nafeez Ahmed, "The Robot Revolution Will Take Your Car, Your Mom's Car, and All the Oil in 13 Years: A new report says self-driving electric vehicle fleets are poised to replace individual cars sooner than we think," Motherboard, May 4, 2017, at https://motherboard.vice.com/en_us/article/qkgpg7/the-robot-revolution-will-take-your-car-your-moms-car-and-all-the-oil-in-13-years; Tony Seba, "Clean Disruption of Energy & Transportation: The industrial age of energy and transportation will be over by 2030 ... maybe before," at <https://tonyseba.com/portfolio-item/clean-disruption-of-energy-transportation/>.

Here in Honolulu, the mayor, city council and HART board say there isn't time to do an updated alternatives analysis ... just as they once resisted doing an independent forensic audit. You know, why muck around in the past, looking into silly, stupid decisions? I think by now you recognize these as quotes from a HART board meeting.

To summarize: I ask that you refuse to provide any more money for rail until you have considered the results of a forensic audit and an alternatives analysis of how to get the biggest bang for our limited tax dollars going forward.

Thank you for this opportunity to testify against S.B. 4.

From: [Carolyn Golojuch](#)
To: [WAM-InPerson](#)
Cc: [All Senators](#); [All Reps](#)
Subject: In Support of Rail
Date: Monday, August 28, 2017 2:08:55 AM

SB IV: SUPPORT FOR RAIL

TO: Hawaii State Senate and House of Representatives

Over the last 10 years, Honolulu Rail has been interrupted to the detriment of our Mass Transit System. Please release the 1% of the Rail funds for the completion of this Project to make Rail a Reality.

1. H1 has become a Parking Lot that inhibits Oahu's workers, students and business entities.
2. The Rail Ballot measure resulted in 70% of the Oahu voters to supporting Rail.
3. Reduce the State Handling fee from 10% to 1% to better meet the needs of the completion of Rail.
4. Tax the Resort Fees of the Oahu hotels that other wise leave Hawaii bound for Global owners.
5. Apply a Service Fee to the Religious organizations for Water, Sewer, Police, Ambulance, Trash removal for these businesses.
6. Refrain from taxing the Neighbor Islands even though the State Taxes from Oahu are used for the Neighbor Islands needs.
7. Recognize that delays in Rail Progress is due in part to Historical and Cultural findings during the ground preparation of Rail.
8. Educate Rail Naysayers about Rail of the reality of Environmental delays.
9. Recognize that the various Law Suits to Stop Rail, has delayed the completion of Rail.
10. Work in harmony with Rail for the workers, students, and Seniors need to move in an effective manner around Oahu.

Thank you for your active co-Operation with the largest Mass Transit Project in the history of Hawaii.

Mahalo,

Carolyn Martinez Golojuch, MSW

Social Worker, Advocate for Effective Government

Home Owner and Tax Payer since 1981

--

Carolyn Golojuch, MSW

92-954 Makakilo Dr. #71

Kapolei, HI 96707

(808) 779-9078

gomama808@gmail.com

"If more people believed in justice, freedom and justice would be reality." cmg

LATE TESTIMONY

From: [michele matsuo](#)
To: [WAM-WrittenOnly](#)
Subject: Testimony regarding SB4, for WAM hearing on 8/28/17 3 pm
Date: Sunday, August 27, 2017 3:03:11 PM

Good afternoon, Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee

Thank you for this opportunity to testify.

To the extent that you appear to have determined that a comprehensive audit of the Rail project is part of what is needed to optimize the Rail project's chances of completion, I would like to note that SB4 only calls for auditing HART, which was created by vote in the November 2010 General Election (Reso 09-252). HART was not up and running for some time thereafter.

The State GET surcharge started flowing as of January 1, 2007. In addition, there were funds which must have been expended leading up to the creation of the Rail project which may have impacted the project and its high expenses and difficulty in completion.

A forensic audit of all of those funds going back to the beginning, may be helpful in determining what is feasible regarding the Rail project, and are not currently covered by SB4.

Asking the FTA to meet with the Legislature also may be helpful. When undertaking something as major as this Rail project, it likely would be helpful to have direct

communications with the FTA in trying to address any concerns that the FTA may have, rather than relying on the City to interpret FTA demands for the Legislature.

City reports on the matter have been confusing. Last year, the FTA issued a written statement that finishing at Middle Street is an option. Are contrary claims true?

The Legislature and the State Auditor need to know.

What about repayment of FTA? Reportedly, only one project "repaid" the FTA a dime, and that was to "repay" \$19 Million per year for 5 years (a total of \$57 Million reportedly was actually "repaid", not \$95 Million), out of \$600 Million or more received, BUT GET AN ADDITIONAL \$128 MILLION in new traffic relief funds was received as part of the "repayment" agreement--\$71 Million more than the amount reportedly "repaid".

So New Jersey reportedly "repaid" \$57 Million out of approximately \$600 Million received and received another \$128 Million in new traffic relief money as part of the termination settlement agreement.

Plus, claims that we must repay \$1.55 Billion are erroneous, I believe. We did not receive \$1.55 Billion.

We only received around \$600 Million. With the large sums involved, I believe that it would be helpful to meet directly with the FTA on this issue as well.

Best wishes and warmest Aloha,
Michele Matsuo

LATE TESTIMONY

From: [HAD](#)
To: [WAM-WrittenOnly](#)
Subject: I oppose any increase in outer island taxes to fund Oahu rail
Date: Sunday, August 27, 2017 4:11:57 PM

I oppose any further increase in outer island taxes to fund the Oahu rail project. Any increase to the TAT or GET will negatively affect our working families. The Big Island has already been negatively affected by the Oahu rail project by the 7.6% increase in property taxes. As an educator and coach on the Big Island I understand the struggles of our local families. PLEASE DO NOT SUPPORT ANY FURTHER TAX INCREASES FOR OUR FAMILIES.

Heidi DeVerse

LATE TESTIMONY

From: al@makaha.us
To: [WAM-WrittenOnly](#)
Subject: Testimony AGAINST SB4
Date: Sunday, August 27, 2017 5:07:10 PM

Aloha Senators,

I am strongly AGAINST Senate Bill 4.

I strongly discourage any new taxes or funding schemes that will be used to fund rail. The City and County must not be bailed out by the State. The City and County put itself in the predicament it finds itself in now; it did so with its eyes open and its conscious be damned. The City and County had no regard for financial accountability and was dishonest through the whole process of planning, designing and building of rail.

I and many others, including experts in the field of transportation and rail, testified numerous times over the past ten years to City and County and HART representatives to try to improve the rail concept and avoid the disaster we find ourselves in now. The rail project's Project Management Oversight Contractor consistently provided monthly reports to HART and the City, pointing out flaws and project risks. These reports, like my testimony and others, were blatantly ignored month after month; year after year. Now the CITY wants more money, even though it has no interest in accountability.

Recently in regards to a cancelled, budgeted "special audit" of the rail program, HART Board member Ember Shinn said HART needs the money [the audit's budgeted \$250,000] for other things. She stated, "It's not my intent to muck around in the past and try to figure out what we did wrong in the past." This is the sentiment shared by many at HART as well as the Mayor and members of the City Council, yet they ask for a blank check so they can continue their mismanagement without financial accountability.

Please, do not participate in the madness that is the financial quagmire of the Honolulu rail program. Please, do not reward bad financial behavior. Please, do not take the attitude that this project is too big or too far along to stop or be modified. Please, do not bail out the City and County. Please, do not get involved any more than you already have; remembered how you were lied to by Mayor Caldwell and his team last time he sat before you.

Mahalo for your time and consideration,

AL Frenzel

One of many Waianae residents who will not benefit one iota from rail.

p.s. State Funds means MY MONEY not yours!

SB4 SUPPORT for Hearing at 3pm, August 28, 2017, Auditorium

1296 Kapiolani Blvd Apt 2804-E
Honolulu, HI, 96814
August 27, 2017

Hawaii State Legislature
Senate Committee on Ways and Means
415 South Beretania Street
Honolulu, HI 96813

Dear Senators Dela Cruz, Keith-Agaran, and other Committee Members:

RE: SB4 Relating to Government
Legislative Funding to Complete the Rail Project to Ala Moana Center

I support SB4 which will help HART complete the rail system. I hope Hawaii's leadership will have the foresight to allocate complete costs. It is necessary to the future growth of Oahu and Hawaii. It will be a means by which Hawaii grows into the future. The sewage system in the densely populated area where I live is vastly outdated. I can smell sewage behind the Ala Moana Center at the corner of Kona and Kona Iki Streets where the rail line will stop. As Governor Ige says, the rail system is a necessity to the future of Honolulu and Oahu. Please recognize that the cost and mundane inconveniences will make way for upgrading many systems and the way of life in Honolulu.

I attended the transit system open house at the Kalihi Library and the workshop in Aiea on the Airport TOD. I was very impressed with the plans. This rail system will bring Honolulu into the 21st century. The rail system plan will modernize Honolulu, upgrade electrical, sewage and other systems, as well as provide a backbone for future growth. There's been controversy about the cost overruns but I think this is inevitable and has characterized other large and important innovations in other cities and states.

I lived in the Northeast when Boston "Big Dig" was underway. The notorious project caused a continuous outcry over the length of its construction which has cost over \$24 billion and is still being paid for. It revolutionized transportation in Boston. It greatly extended and connected highway/expressway arteries, the subway, buses and the airport. When it was completed, Boston business, commerce, real estate, etc., flourished and mushroomed in value. Areas that had previously been run down were now top notch, attractive and very valuable. It was a painful but necessary transition which dramatically upgraded the present and opened the door to the future.

Sincerely,

Michelle Foyt

Michelle Foyt, Secretary
No. 11 Ala Moana Kakaako Neighborhood Board

LATE TESTIMONY

From: [lane_yanagisawa](#)
To: [WAM-WrittenOnly](#)
Subject: rail tax
Date: Sunday, August 27, 2017 6:24:18 PM

I disagree with the proposal that outer islands are helping to fund the rail.
Are they going to pay for rail on the Big Island? Hell no! People should be fired for not dotting their "I"s and crossing their t's. Look how much the first rail ceo made with a bonus after he was replaced; what the f is that? Too many People were not held accountable and from 2 billion were up to 10. Why? No to the bill. Make Honolulu pay then they are obligated to use it. Not us!

Sent from my iPhone

My name is Tom Coffman. I am a board member of Hawaii Thousand Friends and a participant in the Salvage the Rail initiative.

I am testifying in favor of the Legislature not extending the GET, and not raising the TAT, but rather allowing the City government time to explore living within its means and developing a better transit plan.

For clarification on the issues before you, I want to return to the HART minutes of June 8, 2016, now more than one year ago.

Page two, paragraph 4: Chief Executive Grabauskas announced that HART had received notice from the Federal Transit Authority requesting “a recovery plan to identify budget and schedule shortfalls.” The deadline for the recovery plan was two months, or August 2016.

Page two, paragraph 6: Member Lui-Kwan asked “that as the FTA had previously been consistent in its position that the project could not be modified,” was it now receptive to modification?

Chief Executive Grabauskas: Yes, the FTA was looking for options “while leaving its \$1.55 billion commitment intact.”

Page Three, paragraph 6: Deputy Chief Morioka outlines six options for “building to budget, with no additional revenue.”

On the next page, of six options, Option Two A is: End the overhead guideway at Middle Street, “then continue with an at-grade rail system.”

Regarding the presumed urgency of a special session, since the FTA has waited a year for a recovery plan, can we not rationally assume it will wait longer?

Second, in the interim have HART, the City Council, and the City Administration used their time to seriously undertake a study of the six options? How are HART and the City doing with “building to budget, with no additional revenue?”

Recently, at the request of two frustrated HART board members, our at-grade Option Two A (Salvage the Rail) initiative advanced an in-depth study proposal for completion by Christmas 2017. The proposal was authored by three of the

leading rail experts in the world, Dr. Vukan Vucavic, Douglas Tilden, and Gary Andrishak. It provided a detailed path of inquiry for comparing the problems and costs of street-level, at-grade rail to the overhead guideway. The HART administration then responded by saying this was not their responsibility, but the City Council's. As an aside, I would add we have not given up, but are still working to engage policy-makers and the public in a rational examination of the options.

So far, however, rational examination has been displaced by the incessant political pressure in an atmosphere of self-inflicted crisis to wring more money from the public via yourselves, our elected representatives, and to proceed without thinking.

Our studies to date point to converting to at-grade at Middle Street, transitioning from a leeward commuter system to a user-friendly urban transit system, and completing with FTA approval without additional taxes being levied by the Legislature. We have consultants of great credibility available who are ready to make this case.

The rail has four years of funding and work before it gets to Middle Street. Let us use those four years to speak rationally with one another and to analyze options for the best way to proceed in light of the project's history to date.

Thank you.

From: [Kuuwainani Eaton](#)
To: [WAM-WrittenOnly](#)
Subject: No more taxes
Date: Sunday, August 27, 2017 9:52:08 PM

Aloha my name is Ku'uwainani Eaton,

I am writing regarding Bill SB4. I do not know the intricacies of this bill but I know that it is about the rail and taxes. I am born and raised on Oahu from the ahupuaa of Puuloa, also known as Ewa Beach. I did not vote for the rail. I drive pass the rail project everyday on my way to work from Puuloa to Waiiau. Not only did I have to deal with traffic due to rail construction but now I will also have to pay more taxes to help finish the construction. I am a teacher and a very hard worker but am barely making it just to pay my taxes now. I can only imagine what paying more taxes would do not only to myself but to many other people who are struggling as well. Then to read that the surcharge would be extended to year 2030? That means for the next thirteen years, many of us on Oahu will be struggling even more. There has to be a way to help make life a little easier for the people of Hawaii. It is also not fair to make people on the other islands to pay for a project that many of them will never use. I live on the southwest side of Oahu and will never use the rail. I am exhausted from the everyday grind but regretfully have no solution to the rail problem other then to stop the project. All I know is that living in Hawaii is hard enough. We do not need more taxes to make it even harder.

Mahalo for allowing me to share my manao,
Ku'uwainani Eaton

From: [BERT WAGATSUMA](#)
To: [WAM-WrittenOnly](#)
Subject: Rail Funding Bill
Date: Sunday, August 27, 2017 10:05:38 PM

Madam Chair:

Please, we in Hilo have a problem supporting the increase in TAT across the state. With the increase in gas tax kicking in, will the locals in Hilo want to pay even just a dollar more for the hotel room for a staycation? Please say "no" to increasing the TAT across the state. Today on the golf course we were discussing how many of us will fly into Kalaeloa and take the rail to Ala Moana. Extending the 1/2% GET on Oahu, we have no problem.

Thanks for letting me share my thoughts.

Bert Wagatsuma
[Sent from Yahoo Mail on Android](#)

From: [Robert Cabral](#)
To: [WAM-WrittenOnly](#)
Subject: *****SPAM***** HART
Date: Sunday, August 27, 2017 10:37:24 PM

I feel that i have been lied to numerous times by Mayor Caldwell. I cannot trust him for the truth anymore. Don't approve anymore bail outs for HART. Throwing good money after bad. Let HART live or die on it's own merits. Thank You.
Sent from my iPad

LATE TESTIMONY

From: lgard@hawaiiintel.net
To: [WAM-WrittenOnly](#)
Cc: lgard@hawaiiintel.net
Subject: Re: Strongly Oppose Senate Bill #4
Date: Monday, August 28, 2017 12:00:34 AM

Dear Committee Members,

I strongly oppose this Senate Bill #4 and equally strongly request that before any more money goes to this rail project that we have a thorough audit by an independent firm. Isn't it obvious by now that this project will bankrupt Honolulu, if not today, then tomorrow. It will also destroy the integrity of the downtown historical area and thus absolutely must be stopped at Middle Street or Aloha Stadium. Then let some common sense prevail and see if we can support this project, as well as maintain it and evaluate its other merits- ridership, safety, and if it in fact addresses the traffic problem on Oahu. I am deeply opposed to an extension of the GETax and additional hotel taxes to fund this rail money pit.

Thank you,

Sincerely,

Lila Gardner

Resident- Makiki

Member Outdoor Circle

LATE TESTIMONY

From: [Marjorie Morgan](#)
To: [WAM-WrittenOnly](#)
Subject: No More Taxes
Date: Monday, August 28, 2017 5:18:06 AM

Good Morning,

No more taxes until an independent Forensic Audit is completed.

End the Rail at Middle Street, and let the City find their own money. The City needs to be more proactive in partnering with private industry, rather than bleeding, "We The People," to death.

The State should not bail out the City! It's the Cities Project, and they need to grow up and own it!

[AuditTheRail.com](#)

Thank you,

Marjorie Morgan

LATE TESTIMONY

From: [Carlton Loving](#)
To: [WAM-WrittenOnly](#)
Subject: Camels and frogs...
Date: Monday, August 28, 2017 6:15:43 AM

- What was the original cost per mile of rail? (under \$100,000,000)
- What is the current projected cost per mile of rail? (over \$500,000,000)
- What was the percent increase between the original and current?
- With these two data points, are costs likely to stay the same or continue to increase?
- Is a provision to sunset that is extended ever likely to sunset?

These are questions I will be asking my students in my math classes. It gives a context to the skills they must learn and the world they will inherit. Please remember them as you consider carefully these grave issues they will have to deal with.

There was once a camel that requested it be allowed to put his nose in the tent, it was a cold night and the traveler in the tent relented and gave permission to this modest request. Additional "modest" requests were granted until the entire camel was crowded into the tent and would not leave. There was a frog boiling in a pot on a slippery slope...

I don't think outer island counties should have to foot the bill for Honolulu letting a camel into their tent, but I think I smell camel with this bill.

Mahalo.

--

Merry Mathematics and Happy Numerations... it is always the season to cogitate,

Mr. Loving
Mathematics Department Chair
Myron B. Thompson Academy
1040 Richards Street, Room 220
Honolulu, HI 96813
Tel: (808) 441 - 8038
Fax: (808) 697 - 6771
website: <http://mbta.me/>

From: [Shirlee M. Shumway](#)
To: [WAM-WrittenOnly](#)
Subject: Fiasco Rail
Date: Monday, August 28, 2017 7:21:14 AM

Oahu Blew it and now wants OUR Money.

I hope the Legislators that caused this Rail over budget problem will have pay out of their pockets

for the boondoggle that their stupidity caused.

The Big Island has NO Transportation because

we have Broken Buses and not one person

holding an office can figure out a decent Bus

Schedule that will work for all. We have broken down roads

Lolo Drivers, fatal accidents and no Money to fix our own

Transportation System.

All Hawaii seem to know is Tax and Spend but the Voters

keep voting in the same types over
and over.

Wake up Hawaii !

Shirlee M. Shumway

shirl72025@hawaii.rr.com



From: [Nathan Goo](#)
To: [WAM-WrittenOnly](#)
Subject: Last chance
Date: Monday, August 28, 2017 7:56:41 AM

Rail funding session,

The state was torn from the beginning of the rail project and when a slim majority approved it we were underway to complete it. Now, almost double the budget and going on a decade of delay I feel I no longer can see a light at the end of this tunnel. Even if the rail project does get completed I feel very pessimistic about the quality of the work done and the plans for continuing maintenance.

I have very little confidence that the funds will be used efficiently or the administration run the project effectively. The public has already been shown how poorly functioning the HART administration can be. If the rail can not be completed with this budget increase in a timely manner, I feel the city has completely failed this state and its people.

The most important factor for this session to me would be the audit that desperately needs to be done and made available to the public. This is public funds and should be easily accessible for those who wish to see how their money is being spent. To not even make the audit a third party responsibility further expands how incompetent the city really is being run. I would gladly pay more for an outside consultant than continue throwing money at an already poorly planned and executed major project.

Please consider what may happen if this final extension is not enough to finish the job. Start planning contingencies for if the budget further balloons and the people are wanting for a way to end this debacle. There should be a point during the project where it can be converted to something more viable with the remaining funds. If we get past that point with a need for more time and money, I can only completely be against any support for this abysmal showing of governance.

Thank you

Nathan Goo

From: [sclerk](#)
To: [WAM-WrittenOnly](#)
Cc: tampaulette@gmail.com
Subject: FW: Special Session SB4 Relating To Government - The Committee on WAM Public Hearing on 08-28-2017 at 3:00 PM in the Capitol Auditorium
Date: Monday, August 28, 2017 8:07:33 AM

From: Paulette Tam [mailto:tampaulette@gmail.com]
Sent: Monday, August 28, 2017 6:36 AM
To: sclerk <sclerk@capitol.hawaii.gov>
Subject: Fwd: Special Session SB4 Relating To Government - The Committee on WAM Public Hearing on 08-28-2017 at 3:00 PM in the Capitol Auditorium

Special Session

SB4

Report Title: County Surcharge on State Tax; Extension;
Transient Accommodations Tax; Appropriations Description:
Authorizes a county that has adopted a surcharge on state tax to extend the surcharge to 12/31/2030. Authorizes a county to adopt a surcharge on state tax before 3/31/2018, under certain conditions. Decreases from 10% to 1% the surcharge gross proceeds retained by the State. Allows the director of finance to pay revenues derived from the county surcharge under certain conditions. Clarifies uses of surcharge revenues. Establishes a mass transit... (See bill for full description.)

Meeting Date: August 28, 2017

Time: 3:00 PM

Place: Capitol Auditorium

Committee: Ways and Means (WAM)

Position: Support

Note: Unable to use the State of Hawaii Online Testimony.

Will to: Senate Clerk's Office

Fax: [\(808\) 586-6719](tel:(808)586-6719) and

Email: sclerk@capitol.hawaii.gov.

In addition, Reference Resource-Use: City and County of Honolulu Confirmed and Copy of my written Testimony Re: BILL 53(2016) CD2 - Meeting Date: 2016-01-27 - Council.

Speaker Registration/Testimony

All fields marked "*" are required and must be completed in order for this form to be valid.

Note: Registrations are not accepted prior to the agendas being posted.

Name(*)

Paulette Tam

Phone (*)

[808-271-3760](tel:808-271-3760)

Email (*)

tampaulette@gmail.com

Meeting Date (*)

2016-01-27

Council/PH Committee (*)

Council

Agenda Item (*)

Bill 23 (2015) CD2 **Your position on the matter (*)** Support

Representing (*)

Self

Organization

Do you wish to speak at the hearing? (*) No **Written**

Testimony Bill 23 (2015), CD2 - Relating to the Transportation Surcharge/ Agenda Item 27, 2016 Order of the Day/ Third Reading - Budget CR-10 Regular Meeting

Committee Meeting Room, Wed., January 27, 2016 at 10:00AM Paulette Tam 5:29 AM (0 minutes ago) to me Aloha and Peace Be With You e Chairman Ernie Martin and e Council Members: My name is Paulette Tam, a Concerned Kane'ohe Resident. I support intent and in its entirety Bill 23 (2015) CD2 Relating to the transportation surcharge.

(Amending the ordinances pertaining to the county surcharge on general excise and use taxes.) to pass Third Reading as Amended. It is pertinent in my opinion that the City Council continues prudent financial Oversight of all current and future semi autonomous agency/non profit organizations and/or other, and deposits expenditure funds in the General Fund as a prerequisite for Public Transparency of all collected Federal, State and County Tax Dollars received in any form to be expended. Mahalo and Aloha. Additional Reference:

Testimony in Support Bill 23 (2015), CD1; and Support Bill 23 (2015) CD1, FD1: Aloha e Budget Committee Chairman and Council Member Ann Kobayashi and e Budget Committee Member:

My name is Paulette Tam, a concerned Kan'eohe resident. I support Bill 23 (2015), CD1 intent and in its entirety. I do not support any amendments that any unused excess said Transportation Surcharge moneys be expended to Capital Improvement, used to build or repair public roads or highways or bicycle paths, or to support public transportation systems already in existence prior to July 12, 2005. I request a Public Hearing Prior to and as prerequisite for any Transportation Surcharge of unused excess moneys received from the Transportation Surcharge from the general fund transfer to any City and County of Honolulu of Autonomous and/or Semi Autonomous Agency/Non Profit Organizations Fund Accounts have oversight by the City Council, the Mayor

and the Public be in specific detailed conditions. Mahalo and Aloha. Reference Resources: Aloha e Council Chairman Martin and e Council Members: My name is Paulette Tam, a concerned Kane'ohe resident. I support Bill 23 (2015), CD1, FD1 in its entirety because it meets my November 18, 2015 Budget Committee Public Hearing oral testimony request for City Council, Mayor and Public oversight of funds expenditures in specific detailed conditions. Mahalo and Aloha. Reference Resources: Aloha e Council Chairman Martin and e Council Members: My name is Paulette Tam, a concerned Kane'ohe resident. I support Bill 23 (2015), CD1, FD1 in its entirety because it meets my November 18, 2015 Budget Committee Public Hearing oral testimony request for City Council, Mayor and Public oversight of funds expenditures in specific detailed conditions. Mahalo and Aloha. Reference Resource: Correction to Previously submitted written testimony on 12-08-2015: Re: Bill 23 (2015), CD1, FD1 Relating to the Transportation Surcharge Regular Meeting City Council Chamber 18th Session Wednesday, December 9, 2015 at 10:30 A.M. Aloha e Council Chairman Martin and e Council Members: My name is Paulette Tam, a concerned Kane'ohe resident. I support Bill 23 (2015), CD1, FD1 proposed by Council Member Pine in its entirety because it meets my November 18, 2015 Budget Committee Public Hearing oral testimony request for City Council, Mayor and Public oversight of funds expenditures in specific detailed conditions. Mahalo and Aloha, Paulette Tam tampaulette@gamil.com 808-271-3760. >>> Additional Reference Testimony Support: Bill 23 (2015): Correction: Additional Reference Resources: In addition to my Correction Testimony submitted on Tuesday, December 8, 2015: Re:

Agenda Regular Meeting Budget Committee Room
Wednesday, November 18, 2015 at 9:00 A.M. FYI:
Transcribed oral testimony to written: My name is Paulette Tam, concerned Kane'ohe resident; Former Sub District 9 Representative on the Kane'ohe Neighborhood Board from 1989 to 2005 with breaks in between. I support sufficient funding for the change orders and cost overruns because from my experience on the Kane'ohe Neighborhood Board developers' presentations later had cost overruns that seems to be the norm. I think to GET extension for 5 years could be in alignment without a cap passed by the legislature. I feel there could be more oversight of the expenditures of these funds by the City Council, the Mayor and the Public. Thank you. FYI confidential thoughts and information intended only for the recipient and for educational purposes. **Testimony Attachment Accept Terms and Conditions (*) 1**

FYI confidential thoughts and information intended only for the recipient and for educational purposes.

----- Forwarded message -----

From: **Paulette Tam** <tampaulette@gmail.com>

Date: Mon, Aug 28, 2017 at 5:24 AM

Subject: Special Session SB4 Relating To Government - The Committee on WAM Public Hearing on 08-28-2017 at 3:00 PM in the Capitol Auditorium

To: Paulette Tam <tampaulette@gmail.com>

Special Session

SB4

Report Title: County Surcharge on State Tax; Extension;

Transient Accommodations Tax; Appropriations Description: Authorizes a county that has adopted a surcharge on state tax to extend the surcharge to 12/31/2030. Authorizes a county to adopt a surcharge on state tax before 3/31/2018, under certain conditions. Decreases from 10% to 1% the surcharge gross proceeds retained by the State. Allows the director of finance to pay revenues derived from the county surcharge under certain conditions. Clarifies uses of surcharge revenues. Establishes a mass transit... (See bill for full description.)

Meeting Date: August 28, 2017

Time: 3:00 PM

Place: Capitol Auditorium

Committee: Ways and Means (WAM)

Position: Support

Note: Unable to use the State of Hawaii Online Testimony.

Will to: Senate Clerk's Office

Fax: [\(808\) 586-6719](tel:(808)586-6719) and

Email: sclerk@capitol.hawaii.gov.

Aloha and Peace Be Within You State of Hawaii Governor
David Ige, Ways and Means (WAM) Committee Chairman,
Senator Dela Cruz and Members:

Re: Special Session for RAIL Route Funding Completion to
Ala Moana Shopping Center.

My name is Paulette Tam, concerned Kaneohe resident and former Kaneohe Neighborhood Board Member Sub District Representative from 1989 to 2005 with breaks in between 2 two year terms and Chairman of various committees: Public

Safety, Health, Education, Publicity, Treasurer and Military Advisory and Assistant Secretary Today, I represent myself.

I support SB4 Relating to Government intent and in its entirety and that the State of Hawaii Finance and Ways and Means Committee's FTA Recovery Plan for HART/ RAIL Funding Request due September 15, 2017 meets my concerns for the following reasons:

I supported The RAIL up until this Civil Beat article:

http://www.civilbeat.org/2017/06/honolulu-rail-projects-budget-increased-by-11-5-percent/?mc_cid=cee32b8d51&mc_eid=caca93befe

Note:

Honolulu Rail Project's Budget Increased By 11.5 Percent - Honolulu Civil Beat

June 2017

By Stewart Yerton

The HART board unanimously approved a budget increase to pay for rising staff and equipment costs, as well as a bump in executive salaries.

The Honolulu rail's operating budget will increase 11.5 percent to \$34.9 million from \$31.3 million for the next year, according to a budget approved Thursday by the board that oversees the troubled development.

The Honolulu Authority for Rapid Transportation also okayed

another \$440.9 million for capital improvements.

The budget increase comes as city officials attempt to find a revenue source to pay for completed a project that is expected to cost \$10 billion.

The Honolulu City Council earlier this month [authorized the city](#) to issue up to \$350 million in bonds to ensure that HART can keep building the rail project through June 2018.

But there is still no long-term revenue source to finish the 20-mile line from East Kapolei to Ala Moana Center.

The HART board approved a rail budget for the 2018 fiscal year on Thursday.

Cory Lum/Civil Beat

Honolulu Mayor Kirk Caldwell and HART had asked the Legislature to extend an 0.5 percent portion of the state's general excise tax beyond a 2027 sunset date to pay for the rail project, but the Legislature balked.

Nor did lawmakers adopt an alternative measure that would have increased the hotel room tax by approximately 30 percent, from 9.25 percent to 12 percent for 10 years. As a result, the legislative session ended with no plan to pay for completion of the project.

Legislative leaders have announced plans to call their colleagues back from summer break for a [special session](#) to resolve the issue.

In the meantime, the budget approved Thursday lets HART keep working on the rail project.

Increased costs for staff and equipment are driving an overall increase in operating expenses for the 2018 fiscal year.

The budget calls for a \$2.1 million increase to pay 137 full-time HART employees, including 33 design and construction workers, a dozen budget and finance staff, and 23.5 full-time equivalents handling planning, permitting and right-of-way issues.

Although the numbers of executive staff declined to eight from nine, executive office salaries increased 56 percent to \$1.2 million from \$790,000. the average budgeted salary for HART executive office personnel increased 76 percent to \$155,025 from \$87,811.

Although the budget raised few concerns during the meeting before the board passed it unanimously, board member Ember Shinn questioned an item to increase HART's public information staff from five to seven.

A recent Civil Beat survey suggested that [a large majority of Oahu residents are unhappy with the rail](#) project, with nearly 87 percent of respondents saying they don't like the current state of the project. Approximately 44 percent said the project was a good idea but the current state of execution was troubling, and 43 percent said it was a bad idea altogether.

Shinn said during the meeting that public confidence in the rail was "at an all time low."

Responding to questions about HART's public relations efforts, HART spokesman Bill Brennan painted a rosier picture. During a recent outreach at the Honolulu Night Market in Kakaako, for instance, Brennan said more than 90

percent of the people who visited HART's booth favored the rail.

“What we hear out in public is overwhelming support of the project,” he said.

About the Author...Stewart Yerton is the senior business writer for Honolulu Civil Beat.

>

I won't be surprised to see even more RAIL Route completion cost increases, change orders and cost overruns through 2030 to finish the 'rail' Route to Ala Moana Shopping Center. Staying on Budget doesn't seem likely.

I would very much like to see a Findings of Fact DETAILED description of state and federal tax payers funding expenditures subject to a forensic audit with penalties. I request Oversight by the State of Hawaii Legislature, State Attorney General, Governor and the Public:

Please Provide a Forensic Audit and Annual Review Written Report copies to the Public at statewide Town Hall Meetings subject to the Sunshine Law Public Notice of including but not limited to: :

Invoices

Item description

SKU number

Invoice number

Quantity

Color

Brand

Name of purchaser

Name of authorized signature on all purchase orders in print
and signature on all orders.

Brand name

Company name

Contact person, title and phone number

Bidders names and bid amount

Design and Construction Contractors and Sub Contractors:

Company Name

General Excise Tax License Number

IRS Certification Letter of Active Status of General Excise
Tax License Number in the State of Hawaii and County of
Honolulu

Current Active Certification Letter of General Excise Tax
License Number

Including Full disclosure of HART contracts with Contractors
and Sub Contractors and Expenditures in Detail including but
not limited to Invoices, Office Lease agreements, operating
expenses, construction costs paid by GET, extension and/or
Hotel Room Tax or Transient Accommodations Tax (TAT)
Funds and FTA Funding and including Change Order costs.

Consultants

Non Profit Organizations Name including Partnerships

Non Profit Organization Current Active Certification Letter
from the IRS and

Non Profit Organization Current Active Certification Letter
from the City and County of Honolulu

In addition, I sent my written testimony to each City Council Member's email address because an Error Reading Testimony not accepted on the City and County Website Testimony Form; therefore, I didn't receive a Confirmation and copy of my written testimony.

At the time, I didn't know to check the City Clerk's Office and the State of Hawaii Website for an alternative written testimony submission procedure via Fax; therefore, the following written testimony isn't included in the City Council and State of Hawaii Senate Committee Public Hearing Records.

Meeting Date: August 22, 2017

Committee : Executive Matters and Legal Affairs

Agenda Item : Resolution 17-208

Paulette Tam concerned Kaneohe resident

Oppose

Aloha and Peace Be Within You, Mayor Kirk Caldwell,
Chairman Ron Menor and Council Members:

I oppose the Honolulu General Excise and Tax Use Surcharge funding for the RAIL route completion to Ala Moana shopping center and possibly " The long range plan includes unfunded extensions east to the University of Hawaii- Manoa campus and Waikiki, as well as west to Kapolei to Kalaeloa and a link through Salt Lake," listed in the Honolulu Rail Transit - Wikipedia - Subtitle Federal Transit Administration's Requests [6] [80]: Attachment below:

https://en.m.wikipedia.org/wiki/Honolulu_Rail_Transit

I support the TAT funding option to complete the FTA Requests.

Error Reading Testimony not accepted on the City and County Website Testimony Form.

>

Re: Transportation and Energy Senate Committee August 14, 2017 at 10 AM

My name is Paulette Tam, concerned Kane'ohe resident and former Kaneohe Neighborhood Board Member from 1989 to 2005 with breaks in between Two , Two year terms. Today, I represent myself.

I oppose Residential Property Taxes to repay the FTA Funding for the RAIL Route possible continuation of the Breach of Agreement should HART/RAIL Route Board of Directors exhaust the Agreed Joint House and Senate representatives funding plan prior to completion of the RAIL Route between Middle Street to Ala Moana Shopping Center on Oahu.

Mahalo nui loa.

Aloha, Paulette Tam concerned Kaneohe resident.

tampaulette@gmail.com

>

Please pass SB4 in its entirety.

Mahalo.

Paulette Tam, concerned Kaneohe resident

**Mathew Johnson
1126 3rd Avenue
Honolulu, Hawaii 96816
E-mail: MathewJohnson@gmx.com**

August 28, 2017

The Honorable Donovan M. Dela Cruz
Chair, Senate Committee on Ways and Means
Senate District 22
Hawaii State Capitol, Room 208
WAM-WrittenOnly@capitol.hawaii.gov

Testimony for the August 28, 2017 Special Session Ways and Means, Hearing, State Capitol Auditorium, 3 p.m.

In strong OPPOSITION to: Senate Bill 4, "RELATING TO GOVERNMENT"

Aloha Chair Cruz and Committee Members:

Well, it's here at last the grand finale of the rail conspiracy. Wasn't this always the plan? Get rail started by any means necessary, start in Kapolei and not in town, then when it's so far along that there's big consequences for quitting the project, go for the state tax funding they wanted in the first place?

From ethically shady dealings between developers, labor, and city council members, to Mayor Caldwell's shady claims and dealing with developers, to forcing certain plans through without considering all options, to public meetings that appeared to be just going through the motions for the public after everything was already decided in private, ***rail has shown the worst of Hawaii politics.***

Rail is a crime against Oahu citizens. Because this doesn't just stop with the completion of the build. We already know that Honolulu cannot afford to run the rail.

Permanently higher costs of living just so a few could get rich, including Mayor Caldwell and his Territorial Savings bank in future real estate business.

It saddens me greatly. Our only hope is that you Legislators don't reward the crime by allowing permanent tax surcharge. ***I beg that you do not reward this behavior. If you let this go through, it will just confirm that un-democratic politics is the way for special interests to get what they want in Hawaii.***

A Better Suggestion:

Take the rail money and progress that has been made so far, and turn it towards **enhancing Honolulu's excellent bus system.** The busses are getting cleaner and more efficient all the time. They will not destroy the aesthetics of Honolulu, they can go more places all over the island on existing roads (saving on the cost of new infrastructure) and we can afford to run them until something better comes along.

Mahalo nui loa for your time and consideration of these comments.

Mathew Johnson

LATE TESTIMONY

From: [James Seitzzahl](#)
To: [WAM-WrittenOnly](#)
Subject: opposition to proposed rail funding
Date: Monday, August 28, 2017 8:27:15 AM

Aloha,

I wish to state my strong opposition to the proposed TAT increase that would be used to help cover the rail funding. It seems wrong on many levels to tax citizens who will not be using the proposed transportation improvement. Neighbor island residents will seldom, if ever, use this system. If the City and County of Honolulu does not wish to ask their citizens to pay for the system that they might use then the City and County certainly should not ask neighbor island taxpayers to help pay the bill. Returning \$10M to the neighbor islands that was removed in the prior session is illusory relief.

The legislature and Honolulu need to look at the ultimate users of this "transportation benefit" or at least those who will financially be helped by its construction.

That would be the real estate developments that will occur around the various stations along the line. There is evidence that the condos and commercial developments will bring a substantial premium in sales price or rental income to the developers. I would suggest that property tax increases be considered for those developers who purchased land in anticipation of the rail project and will be the major beneficiaries of its completion.

Yours truly,

James Seitzzahl
Kapaa, Kauai

LATE TESTIMONY

From: [Charles Berube](#)
To: [WAM-WrittenOnly](#)
Subject: TAT increase
Date: Monday, August 28, 2017 8:30:03 AM

Please vote against this.

LATE TESTIMONY

From: [MeINRox Catiel](#)
To: [WAM-WrittenOnly](#); [Sen. J. Kalani English](#); [Rep. Lynn DeCoite](#)
Subject: SPECIAL SESSIONS - County Surcharge on State Tax; Extension; Transient Accommodations Tax; Appropriations
Date: Monday, August 28, 2017 9:04:21 AM

I reside in the County of Maui and I oppose the TAT tax. Maui County as well as Kauai and Hawaii County cannot be paying an additional 1% of TAT tax to help bail out the City and County of Honolulu.

THIS RAIL SYSTEM IS A CITY AND COUNTY HONOLULU PROJECT!!!! COUNTY OF MAUI DID NOT ASK FOR THIS RAIL!!!!

Thank you
Roxanne

LATE TESTIMONY

From: [Hillary Barrack-Palmer](#)
To: [WAM-WrittenOnly](#)
Subject: It's unfair to burden the neighbor island with Oahu's Rail System
Date: Monday, August 28, 2017 9:54:15 AM

I think you folks in Oahu have a lot of nerve to try to tap into the neighbor islands funds to support the floundering rail system. It's so embarrassing. All over the world countries have high speed rails that haven't taken as long or cost as much as this project. Someone's pockets are getting lined for sure, while the people are asked to dig deeper. You already take too much from the neighbor islands.

Who is going to ride it anyway? It's designed so poorly. Caldwell should hang his head in shame and so should everyone else involved in this attempt to rip-off of the neighbor island People's tax dollars that don't and won't benefit from the rail system.

From: [Mel](#)
To: [WAM-WrittenOnly](#)
Cc: [All Senators](#)
Subject: Opposing SB4 - GET Extension and TAT Increase
Date: Monday, August 28, 2017 9:59:32 AM

Testimony on SB 4.

Against GE Tax Extension

Against Increase to TAT

August 28, 2017.

To the members of Senate Ways & Means Committee,

I am **against the implementation of the extension of the GET to pay for rail**. I am also **against the proposed INCREASE to the TAT**. Furthermore, neighbor island taxpayers should not be paying for the rail that only benefits a small sector of Honolulu's population.

This statement addresses my **OPPOSITION to SB 4** and ask that all committee members as well as all members of the State Senate and the State House of Representatives **vote NO** on the implementation of this legislation.

Hawaii taxpayers are paying way too much for a rail system that should have never been built in the first place. The City & County of Honolulu bit more than they can afford and it is extremely sad and frustrating that the

taxpayers have to foot this gigantic and expensive bill just to perpetuate the completion of this biggest mistake of the century.

Rail is not a solution to the transportation problem. It is only a development scheme to make our lives more expensive and to further engineer and price citizens out of their private, motorized vehicles.

Transient Oriented Development (TOD) is costing long time residents who own or rent properties near the rail line more money because of higher property tax assessments that are coming down the road. Many of us are old timers on limited or fixed incomes. The TOD will price many out of their homes.

I am angry at the rail and the taxes being implemented to pay for it. No extensions, No new taxes! The people in Hawaii are angry. **Vote NO on SB 4.**

Thank You.

Melvin Ah Ching.

From: [Pake Salmon](#)
To: [WAM-WrittenOnly](#)
Subject: testimony SB1 & SB4
Date: Monday, August 28, 2017 10:02:31 AM

Aloha Senate Committee on Ways and Means,

Please see my emailed testimonies below as it pertains to the 2017 Special Session, primarily Rail funding (SB1 & SB4). I oppose all new and extended Kamaaina taxation to fund the Rail!

I recollect when the C&C estimated costs were \$3.6B and have seen how it's steadily grown, haven't you? HART estimated it'll cost [\\$7.9 billion](#) while the FTA estimated \$8.1B (per Hawaii News Now, May 2016). The Hono Star-Advertiser reported "[nearly \\$10 billion](#)" (May 2, 2017). Do you allow your personal & professional budgets to explode? I think not, therefore we shouldn't let the C&C do it either. **This is Honolulu's Great Abyss, let's change that now!**

Please let the Rail DERAIL so that sound affordable solutions can arise. I strongly support mass transit, but not this one!

Also, I feel that the delayed Hearing start time is a significant deterrent to receiving individual oral testimony. I'm hopeful that there was a good reason; otherwise, I hope the voting citizens of all districts remember this tactic and hindrance. I plan on being there and being heard, depending on the time. Please extend the same courtesy to the last person as was given to the first person. Mahalo.

Mahalo,
Pake Salmon
Chaunnel "Pake" Salmon
www.PakeSalmon.com
www.MakahaAngelsPro.com
808-258-7253

LATE TESTIMONY

From: [Dr. Jeff & Sharyn Stone](#)
To: [WAM-WrittenOnly](#)
Cc: [Sen. Roz Baker](#); [Sen. J. Kalani English](#)
Subject: NO to increased TAT for neighbor islands please!
Date: Monday, August 28, 2017 10:12:11 AM

"Aloha" Senators Baker and English -

We are already being taxed out of business! I have a small B&B and bear the increased costs of property taxes (losing my homeowner's exemption, despite B&B being a residential use), plus extra liability insurance, plus GE and TAT (which, may I add, the thriving ILLEGAL vacation rental industry in Maui does NOT pay, and Maui County is still way behind on enforcement). Maui has few benefits from TAT collected, and the fact that Honolulu is now proposing an INCREASE in the TAT to pay for ONLY the Honolulu rail system (and proposing to give back an insultingly small amount back to the neighbor islands) is absolutely ludicrous.

PLEASE VOTE NO ON THIS PROPOSAL!!!

THANK YOU,
SHARYN & JEFF STONE

PO Box 790117
Paia HI 96779
808 573 0914

LATE TESTIMONY

From: [Richard Okouchi](#)
To: [WAM-WrittenOnly](#)
Cc: rsokouchi@gmail.com
Subject: Funding for Rail paoject
Date: Monday, August 28, 2017 10:51:57 AM

The half percent increase in the excise tax should be made permanent, which the legislature should have done initially. Even when the rail project is completed, the fees collected from the ridership will not be enough to cover the entire cost to run the system so we will need funds to cover the cost. Funds collected could also be used to subsidize the City bus system. The way it's done presently, the Mayor keeps asking for extension of the excise tax and now increasing hotel room tax and the possible increase in property tax is being considered, which I'm sure many people will object to. The 10% that the State is skimming from the tax collected should also be discontinued, after all the rail will also be a benefit to the State of Hawaii.

Richard Okouchi
Honolulu

LATE TESTIMONY

From: [Gordon Caluya](#)
To: [WAM-WrittenOnly](#)
Subject: Re: Rail
Date: Monday, August 28, 2017 10:52:21 AM

Hi,

I've vehemently opposed Rail from the beginning, and my fears have now come to fruition. What a MESS! It would be cheaper to cut our losses and just pay the Feds back what they've given us already. Hanneman and others have Admitted that the train wouldn't help alleviate traffic, and it's only purpose was to boost construction jobs and spur Development. So once it's built it will just be a useless added expense the people of Hawaii, and Oahu in particular, will have to pay for.

The ONLY way additional funds should be appropriated should be if a FORENSIC AUDIT is written into the bill, and that there's a Guarantee that Property Taxes WOULD NOT be raised for the purpose of Rail. Someone needs to be held Accountable for the total Mismanagement of the entire project, and that should be HART, Caldwell and Hanneman! NO RAISE IN PROPERTY TAXES!!! ENOUGH ALREADY!

Aloha,
Gordon Caluya
(808) 497-5667
Flashg7@hotmail.com

LATE TESTIMONY

From: [Veronica Swift](#)
To: [WAM-WrittenOnly](#)
Subject: BILL 4
Date: Monday, August 28, 2017 11:15:07 AM

HELL NO TO BILL 4

Mahalo,
Veronica "Roni" Swift
vtswift47@gmail.com
Phone: 808-295-7551
370 Ulupaina Street
Kailua, Hi 96734

LATE TESTIMONY

From: [Gary Nakashima](#)
To: [WAM-WrittenOnly](#)
Date: Monday, August 28, 2017 11:38:59 AM

Dear Sir/Madam:

I am opposed to the proposed increase of the TAT. Tourism is the life blood of the state of Hawaii. Hawaii is a very expensive place to vacation and there are many other 'sunny' destinations to visit. Another increase in taxation to the tourise will only make it that much easier to visit other places.

Best Regards

Gary K. Nakashima

Pacific Net & Twine Ltd.

3731 Moncton Street

Richmond, B.C. V7E 3A5

Canada

Ph: (604) 274-7238

Fax: (604) 271-2914

Toll Free: 1 800 895-4327

www.pacificnetandtwine.com

LATE TESTIMONY

August 28, 2017
The Senate
Committee on Ways and Means
Monday, August 28, 2017, 3:00 PM

Chairs and members of the Senate Ways and Means Committee, thank you for your service to the State of Hawaii and for trying to resolve a most difficult issue.

As taxpaying residents of the State of Hawaii for over 50 years, we have witnessed countless times where our hard earned tax dollars have not been used wisely. Funding rail is probably the most egregious of these times. We seem to be putting good money after bad in this endeavor. Our biggest concern is we lack trust in this entire endeavor as we feel it has been grossly mismanaged from the start. We also feel confident in predicting that this surcharge will be with us forever. Once a tax, always a tax.



Sadly, we don't recall having a choice whether or not we wanted rail, only which type of rail we would be forced to have. Then, the project starts and from day one, has required more money (funding) than we were ever believed to have needed. The cost overruns are astronomical and we still are not talking about how we will fund its operation, including power requirements, once it is up and running, if that day ever arises.

Having been noted nationally as being the most highly taxed residents in the country, we have felt from the beginning that our island simply does not have enough taxpayers or tourists to fund a project of this magnitude. And we've never felt that it would serve enough residents or tourists to make it economically viable.

The legislature owes it to the taxpayers to conduct a thorough audit of finances to date and going forward and address some of the issues we've mentioned in this letter. We simply do not see how we can fund such a project, as it most certainly will take needed funds from other essential services and programs.

In closing, our children, grandchildren and beyond will continue to pay for this fiasco. You folks need to make the hard decision TODAY on whether or not this rail needs to continue to be funded at all. Our recommendation is to stop the rail at Middle Street. So what if (and that's a big if) we have to pay back the Federal government \$1.5B. In the long run, we will spend far more than that if we continue on this same track.

Respectfully submitted,


Peter S. Pawling
Marcia L. Anderson

LATE TESTIMONY

From: [Garry Yee](#)
To: [WAM-WrittenOnly](#)
Subject: Rail
Date: Monday, August 28, 2017 1:58:53 PM

Please vote NO on any new taxes to pay for the rail in Honolulu. We cannot afford any more.

Garry Yee

Hawaii Phone (808)349-2720
California Clients (916)538-4340

[Want to meet with me or schedule a telephone call? Click Here!](#)

[Vision, Dental and Voluntary Benefits](#)

[Kaiser Permanete Medical Insurance](#)

[Travel Medical Insurance](#)

LATE TESTIMONY

From: leftsidepromo@aol.com
To: [WAM-WrittenOnly](#)
Subject: Rail funding
Date: Monday, August 28, 2017 2:43:08 PM

In regards to the city of Honolulu's faltering rail line spearheaded by Mayor Kirk Caldwell. As legislators representing the needs and wants of the public that has voted you into your positions, it is illogical to create a new funding mechanism via additional taxation for a project that has yet to be fully audited and vetted. It is truly putting the cart before the horse. I urge you to vote against any funding until such an audit is before not only you, but the people. Only then can we see how funds have been spent and where billion of tax dollars have gone. It is not you place to provide funding because the mayor demands it, it is your job to represent the taxpayer and make sure we don't continue to get fleeced. This is why a "no" vote, is the only vote and that this bill should be rejected.

I hope you are all aware of the many reasons why rail does not have the public's support. We have been swindled by the unions, PRP and their fancy pro rail ads and laughable "polls" showing fallacy support for rail, when the reality is the public is not only fed up, but finally beginning to see through the lies and falsehoods. With the current funding this abomination can get to Middle Street, which unlike Ala Moana, is a bus depot and is on city owned land. The former should not even be a consideration unless GGP is willing to pony up billions to get it there.

You have the ability to say no and be in the majority of public opinion. The city needs to figure itself out of the mess they created. Real alternatives need to be explored and realized and life will go on. However, should you vote to continue the draconian GE and now TAT tax for this blunder, there will be tremendous public uproar and revolt. We are tired of being lied to by a shady mayor and puppet city council. We are all watching and waiting for someone to stand up and do the right thing. That time is now and it is up to you to show your support for the people that elected you. Vote NO.

Byron Wailani
P.O. Box 11012
Honolulu, HI 96828

LATE TESTIMONY

From: [Claudia Ledesma](#)
To: [WAM-WrittenOnly](#)
Subject: TAT increase
Date: Monday, August 28, 2017 3:14:06 PM

Aloha

It is close to impossible to understand, why the neighbor island tourism industry has to be burdened with something that neither benefits them, nor were they in any way, shape or form responsible for the mess the rail projects finds itself in. We have our own struggles, some of them impossible to solve!

Claudia Ledesma

Sent from my iPhone

LATE TESTIMONY

From: [Keawe Vredenburg](#)
To: [WAM-WrittenOnly](#)
Subject: AGAINST Outer Islands paying for Honolulu"s train
Date: Monday, August 28, 2017 3:17:02 PM

Aloha Representatives,

We all remember few years ago when Honolulu voters were permitted to vote on a low-priced \$3B railroad train to serve `Ewa. After they voted, and after the concrete was being poured, their mayor suddenly remembered he forgot to tell them about the operations and maintenance costs of \$6B more. And NOW the mayor wants the whole state to pay for his skullduggery! He knew full well once he got construction started, it would go on for many more years because it's always way too late to stop construction once it's started. Oh, the embarrassment! Oh, what about those useless towers! Any engineer involved in a complex project of design-build-operate-maintain knows full well O&M (operations & maintenance) costs far exceed the design-build costs. They go on till the system turns to dust.

Honolulu voted for this debacle not the Outer Islanders. At the very least the entire State should be voting in a special election to allow the train to go on exceeding its budget and overtaxing its citizens for the good of Honolulu's city government.

We do NOT support forcing us Outer Islanders to pay for a purely Honolulu benefit.

Dexter Vredenburg
PO Box 6661
Kamuela HI 96743

28 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: George Haraguchi, gharaguchi@ssfm.com

Date: 28 August 2017
Time: 11:30 AM
Place: State Capitol, Auditorium

Subject: Support for Bill SB 1 Relating to Taxation

Dear Chair and members of the committee:

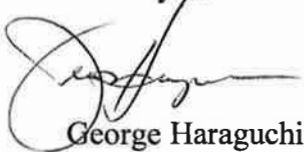
I am George Haraguchi and reside in Pearl City and testifying in support of Bill SB 1 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

Any delay will force the project contractors to stop work resulting in layoffs for more than 1,000 workers, harm to their families and eventually add more costs to the project, as seen by earlier delays. Rail construction is underway and we need to finish the job.

Further, the rail project is intended to provide traffic relief and improve public transportation for those living on Oahu's West side especially with new developments of Ho'opili and Koa Ridge which will add thousands of vehicles to our already crammed freeway system. Honolulu already ranks among the worst in the nation for traffic congestion and I feel that it'll be a nightmare if rail is not completed to it's fullest and beyond.

This is an investment for my children's future and I urge the Legislature to please pass Bill SB 1 that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.



George Haraguchi
1884 Hookupa Street
Pearl City, HI 96782

LATE TESTIMONY

28 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agran
Committee on Ways and Means

From: Gordon Matsuoka, gomats_m@yahoo.com

Date: 28 August 2017

Time: 11:30 AM

Place: State Capitol Auditorium

Subject: Support for Bill SB 1 Relating to Taxation

Dear Chair and members of the committee:

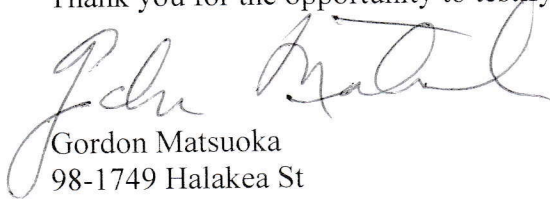
I am Gordon Matsuoka, I live in Aiea and I am testifying in support of Bill ___ which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

Almost all of the residential growth on Oahu has been directed to Leeward and Central Oahu. There are developments that have been approved that will add thousands of homes in Leeward and Central Oahu and there will be other developments in these areas that will be approved and will add more thousands of homes in these areas. In 2003 when I retired, I left my office on Punchbowl Street at 4:00 pm to get to Aiea High School to coach soccer and caught the tail of the leeward bound traffic on Moanalua Road at the top of Red Hill. Today when I pick up my grandkids from Honolulu after school the tail on Moanalua Road is at Moanalua Gardens or Fort Shafter at 3:15 pm. The eastbound traffic is also bumper to bumper to Middle Street or Fort Shafter at this time. In 2003, I left home at 6:30 am to get to work by 7 am. Today some people from Kapolei leave home at 4:30 am to beat the traffic. I moved to Pearl City in 1969 and always had to cope with traffic to town. The State extended the H-1 freeway Westward and it had a great impact in relieving traffic congestion for a few years. The State upgraded Moanalua Road to freeway standards and again it had a significant impact on relieving traffic congestion. Since then the State has added traffic lanes, HOV lanes, Zipper lanes with minimal impact. There is no more space to build another freeway. The only sensible solution to our traffic problem is to complete the rail line to Ala Moana Center. Stopping the rail short will decrease ridership significantly. The rail from Kapolei to Ala Moana Center will decrease the traffic significantly. Unlike the freeways, it is easy to increase the rail capacity of the rail by adding trains. We need to provide the people of Leeward Oahu the alternative of riding in comfort and getting to and from work in minutes rather than spending hours in a car.

Rail is an investment in our future and I urge the Legislature to please pass Bill SB1 that would result in an increase of funds available to cover the full cost of constructing the complete 20

mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.

A handwritten signature in cursive script, appearing to read "Gordon Matsuoka".

Gordon Matsuoka
98-1749 Halakea St
Aiea, Hi 96701

LATE TESTIMONY

28 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Steven Muramoto, smuramoto@ssfm.com, (808) 285-0545

Date: 28 August 2017

Time: 11:30 AM

Place: State Capitol, Auditorium

Subject: Support for Bill SB 1 Relating to Taxation

Dear Chair and members of the committee:

I am Steven Muramoto, senior CM construction inspector for SSFM International, I live in the Moilili district of Honolulu, testifying in support of Bill SB 1 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

Sir, the Rail is about 1/3 completed which makes it here to stay. We need to complete every planned part of it to ensure it functions accordingly. With over 53 years as a construction inspector mostly in heavy road and bridge construction here in Hawaii, I have never witnessed a project that became incomplete due to insufficient funds. At this time it doesn't matter what caused the shortfall, the most important factor is to get the Rail completed as planned.

I would like to say the Rail needs to get finished to Ala Moana Center at the least, otherwise the entire project will become useless. Therefore, I urge the Legislature to please pass Bill SB 1 that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.



Steven K. Muramoto
501 Sumner Street, Suite 620
Honolulu, Hawaii 96817
(808) 285-0545

LATE TESTIMONY

August 24, 2017

To: Chair Sylvia Luke
Vice Chair Ty Cullen
House Committee on Finance (FIN)

From: Ranelle Ho, rho@ssfm.com

Date: August 25, 2017
Time: 3:00 PM
Place: State Capitol, Auditorium

Subject: Support for Bill SB4, Relating to Taxation

Dear Chair and Members of the Committee:

I am Ranelle Ho, a concerned citizen. I am testifying in support of Bill SB 4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

I am a supporter of rail because TOD is a proven way to incentivize developer to build needed affordable housing and other types of supporting business which will all stimulate the economy and grow communities.

The full rail project will produce the highest level of ridership, the most positive impact on O'ahu traffic, and the greatest economic impact for the City and State through TOD.

The long commute for those located in Central and Leeward O'ahu cannot continue for the next generation. We must provide options for them to have a good quality of life on O'ahu, which the rail can address. It will reduce commuting stress, lower transportation costs, and allow for more family and personal time.

Investment in the rail is an investment in our future and I urge the committee to please pass Bill that would result in sufficient funds to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval will keep this project on track and minimize delays.

Thank you for the opportunity to testify before your committee today.

Ranelle Ho
501 Sumner St, Ste 620
Honolulu, Hawaii 96817
(808) 356-1230

LATE TESTIMONY

25 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Elizabeth Chikamori
echik1127@yahoo.com

Date: 25 August 2017
Time: 3:00 PM
Place: State Capitol, Auditorium

Subject: Support for Bill SB 4 Relating to Taxation

Dear Chair and members of the committee:


I am Elizabeth Chikamori. I live in the Salt Lake area. I am testifying in support of Bill SB 4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

My husband and I have used light rail in Seattle and Portland and other public transit in Washington, DC, San Francisco, New York, Bangkok, Korea, and Japan. Not only is it less stressful, it is much easier and quicker than driving a car. The rail is a great addition to Oahu. Not only would it help ease traffic congestion, rail has the added benefit of helping create jobs and development around rail stations that could include livable, walkable, healthier, and more affordable communities.

Rail construction is already underway and needs to be completed as originally planned. This 20 mile stretch is the basis for developing a better improved public transit system. We need to finish this project in its entirety. The rail is something we need. Any delay just adds to the cost.

Rail is an investment in our future and I urge the Legislature to please pass Bill ___ that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.


Elizabeth Chikamori

25 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Michael P. Matsumoto
333 Kupu Place
Honolulu, Hawaii 96817
(808) 356-1223

Date: 25 August 2017
Time: 3:00 PM
Place: State Capitol, Auditorium

Subject: Support for Bill SB 4 to Transportation Financing

Dear Chair and Members of the Committee:

I respectfully submit this letter in support of the subject Bill which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

I am a supporter of rail because of both the transportation and transit oriented development opportunities that will benefit our community. The fully built rail system will directly benefit Central and North Shore residents with the planned Pearl Highlands Parking Center. This system which will be coordinated with TheBus and Handivan schedules will provide all of us an integrated, island-wide public transportation network. All of this will translate into a better quality of life for thousands of Oahu residents making it easier to get to jobs, lower transportation costs, and allow more time for family.

The project's elevated guideway is half done with 10 miles constructed from East Kapolei to Aloha Stadium, including 5 miles of track already installed. This also includes construction which has started on the first 9 stations.

Thank you for the opportunity to testify before your committee today.



Michael Matsumoto
333 Kupu Place
Honolulu, Hawaii 96817

LATE TESTIMONY

25 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Bennett Fung, bennett_fung@yahoo.com

Date: 25 August 2017

Time: 3:00 PM

Place: State Capitol, Auditorium

Subject: Support for Bill SB 4 Relating to Taxation

Dear Chair and members of the committee:

I am Bennett Fung, has been living in Urban Honolulu for more than 30 years, testifying in support of Bill SB 4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

It is essential that the City complete the half-finished rail project all the way to Ala Moana. In fact, I like to see the rail line going into Waikiki, UH Manoa, or even to Kahala and beyond eventually. The job has to be finished or we will end up with an expensive white elephant that has no ridership but the same maintenance and operating cost of a full system. Completing the project will bring a lot of benefits including relieving traffic congestion, promote growth, create jobs, etc.

For the future of Honolulu, I urge the Legislature to please pass Bill ___ that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.



Bennett Fung
500 University Ave, Apt 1634
Honolulu, Hawaii 96826

LATE TESTIMONY

August 24, 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Corey Matsuoka
coreymats@yahoo.com

Date: 25 August 2017
Time: 3:00 PM
Place: State Capitol, Auditorium

Subject: Support for Bill SB 4 Relating to Taxation

Dear Chair and members of the committee:

I am Corey Matsuoka, born and raised in Aiea, testifying in support of Bill SB 4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

I support this bill because the Rail will create employment, affordable housing and TOD opportunities that will make Honolulu a better place to live. I've lived in Kyoto, Japan for 18 months and got to experience life in a city where public transportation thrives. I didn't own a car, just a bike and a rail pass.

Honolulu ranks among the worst in the nation for traffic congestion. Without the Rail, the situation is just going to get worse. We need to provide an alternate method of transportation, especially for those on the West side.

Rail will help connect the rapidly growing Kapolei area to urban Honolulu, and offer Ewa commuters an alternative to driving in traffic between those two points and I urge the Legislature to please pass Bill SB 4 that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.

Corey Matsuoka
2737 Dow Street
Honolulu, Hawaii 96817

25 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Dean Uchida

Date: 25 August 2017
Time: 3:00 PM
Place: State Capitol, Auditorium

Subject: Support for Bill SB 4 Relating to Taxation

Dear Chair and members of the committee:

My name is Dean Uchida and I live in Newtown in Aiea and I am, testifying in support of Bill SB 4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

The rail transit system is actually a “growth management” tool that is intended to increase the population density along the 20-mile transit corridor. To stop support for the transit system at this time would prevent future growth without a significant investment in roadway infrastructure, or allowing for more development into areas not currently planned for future growth (i.e. Hawaii Kai, Windward Oahu, North Shore, and Central Oahu-between Wahiawa and Waialua).

For the sake of the next generation, which includes many adult children who still live at home, we must find a way to complete construction of the rail transit project. The rail transit project gives us the best opportunity to “build” our way out of the housing crisis we are in right now.

Investment in the rail is an investment in our future and I urge the Legislature to please pass Bill SB 1 that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.

Dean Uchida
98-1762 Kupukupu Street
Aiea, Hawaii 96701
808-282-5753
duchida@ssfm.com

25 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Ivan T. Nakasone
(808) 561-0196

Date: 25 August 2017
Time: 3:00 PM
Place: State Capitol, Auditorium

Subject: Support for Bill SB 1 Relating to Taxation

Dear Chair and members of the committee:

I am Ivan Nakasone, lifetime Honolulu resident, father and commuter, testifying in support of Bill SB 4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

I believe that the proposed rail system is critical to the viability of Honolulu's transportation infrastructure and economy. Rail will provide traffic relief, improve public transportation, create employment and business opportunities, and enable more affordable housing. Stopping short of the full route does not make sense. It will make the rail system much less effective and cost more to the taxpayers in the long run. I love living on O'ahu and hope my two young children will be able to grow up and do the same. However, without a viable rail system, the traffic gridlock and economic limitations that will likely result may force us to move elsewhere.

Now is not the time break the promises made to the people of Hawai'i. I urge the Legislature to please pass Bill SB 1 that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.



Ivan T. Nakasone
2527 Pali Hwy
Honolulu, HI 96817
(808) 561-0196

LATE TESTIMONY

25 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Jared Chang, (808) 356-1242

Date: 25 August 2017

Time: 3:00 PM

Place: State Capitol, Auditorium

Subject: Support for Bill SB 4 Relating to Taxation

Dear Chair and members of the committee:

My name is Jared Chang, I live in West Loch Estates, Ewa Beach, and I am testifying in support of Bill SB 4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

The rail transit system is absolutely needed on Oahu for families like mine who need to commute into urban Honolulu for our employment. Rail will improve our quality of life significantly and for future generations.

I respectfully request the State Legislature to find a financial solution to complete the full 20-mile, 21 station project and I urge the Legislature to please pass Bill SB 1 that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.

Jared Chang
91-1161 Kaihuopalaai Street
Ewa Beach, Hawaii 96706

25 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Jennifer Louie, jlouie@ssfm.com

Date: 25 August 2017

Time: 3:00 PM

Place: State Capitol, Auditorium

Subject: Support for Bill SB 1 Relating to Taxation

Dear Chair and members of the committee:

I am Jennifer Louie, born and raised in Hawaii, a resident of Manoa, and a young working professional, testifying in support of Bill SB 4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

As a lover of travel and a young adult who has traveled to many places around the world, I've seen the benefits of rail transportation in other cities and countries first hand. Businesses thrive around station hubs. The rail project will boost the local economy in the short and long term by creating both direct and indirect jobs. Besides jobs in the construction industry, rail would create long term careers in professional services, including engineering, planning and architecture as well as rail operations and maintenance of the system. Hawaii would benefit greatly from this.

As a tourist, driving in a foreign place is nerve wracking and accidents do happen. Rail is a low cost transportation for tourists that will give tourist an alternative to option to driving in Hawaii. It will create a safer and more sustainable to the environment for all. Rail will promote livable, walkable and healthier communities.

As a young adult, ready to start a family, I would love to consider buying the lower priced single family homes on the west side of the island. However, the daily traffic commute from the west side is so much of a deterrent that I've resigned to living in a small apartment in Honolulu to avoid the traffic. Honolulu ranks among the worst in the nation for traffic congestion.

The rail project is intended to provide traffic relief and improve public transportation, especially for those living on Oahu's West side. If rail is built, I would consider purchasing a home on the west side of the island as I could foresee a much more appealing and livable lifestyle for me and my family.

Rail is a 100-year project...an investment in our island's infrastructure for the future. I've seen it as an integral part of other cities and I want the same for my community. Construction is already underway and we need to finish the job. I urge the Legislature to please pass Bill ____ that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.

Jennifer Louie
jlouie@ssfm.com

LATE TESTIMONY

August 24, 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Lance Tokuda, Itokuda@yahoo.com

Date: 25 August 2017

Time: 3:00 PM

Place: State Capitol, Auditorium

Subject: Support for Bill SB 4 Relating to Taxation

Dear Chair and members of the committee:

I am Lance Tokuda living within the Makiki community, testifying in support of Bill SB 4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

I've visited and lived at various cities here in the States and Far East. The multi-modal transit systems are at least one generation ahead of Honolulu's reliance on private vehicles and bus. Traffic continues to worsen so the HART project must be completed as promised. The added benefit of building rail stations include redevelopment within the vicinity, less reliance on big box retailers, and more opportunities for new small businesses. And maybe one day more affordable parking near Honolulu. It would be a shame to give in to the naysayers and to stop the route at the Kalihi Transit Station and the lost economic opportunities for redevelopment.

I urge the Legislature to please pass Bill SB 4 that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.

Lance Tokuda
1821 Wilder Avenue
Honolulu, Hawaii 96822

25 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Luana Kai, kai.l@hawaiiantel.net

Date: 25 August 2017

Time: 3:00 PM

Place: State Capitol, Auditorium

Subject: Support for Bill SB 4 Relating to Taxation

Dear Chair and members of the committee:

I am Luana Kai a Mililani resident and work in the Honolulu Downtown area, and I'm testifying in support of Bill SB 4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

The rail project is intended to provide traffic relief and improve public transportation, especially for those living on Oahu's West side. Honolulu ranks among the worst in the nation for traffic congestion. Rail construction is already underway and we need to finish the job.

Rail will help connect the rapidly growing Kapolei area to urban Honolulu, and offer Ewa commuters an alternative to driving in traffic between those two points, and I urge the Legislature to please pass Bill SB 1 that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.

Luana L. Kai
95-046 Hokuiwa Street, #14
Mililani, Hawaii 96789
(808) 286-3341

LATE TESTIMONY

August 24, 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Myron Okubo (mokubo@ssfm.com)

Date: 25 August 2017

Time: 3:00 PM

Place: State Capitol, Auditorium

Subject: Support for Bill SB 4 Relating to Taxation

Dear Chair and members of the committee:

My name is Myron Okubo, a long time Hawaii Kai resident, testifying in support of Bill SB 4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

I am a supporter of the Rail project and believe that the residents of Oahu will greatly benefit from the completion of the currently planned segments, and future segments to the University of Hawaii and beyond. Giving Oahu residents different options for their daily commute will improve their quality of life and reduce the daily stress of traveling each day between work, school and other activities. The current project momentum must be maintained as residents of Oahu should be able to enjoy the benefits of other cities with similar transportation systems.

I believe that everyday life on Oahu would have been better if previous government agencies had implemented rail construction back in the 1990's. Construction of the current Rail project along with improvements to the Oahu transportation system are long overdue, and I urge the Legislature to please pass Bill SB 4 that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.



Myron Okubo
7496 Makaa Street Place
Honolulu, Hawaii 96825
(808) 395-4754

LATE TESTIMONY

25 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Noel Sario, Nsario@SSF.M.COM

Date: 25 August 2017

Time: 3:00 PM

Place: State Capitol, Auditorium

Subject: Support for Bill SB 4 Relating to Taxation

Dear Chair and members of the committee:

I am Noel Sario, I lived in Ewa Beach, testifying in support of Bill SB 4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

Rail is an investment in our future and I urge the Legislature to please pass Bill ____ that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.

Noel Sario

25 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Richard Y. Santo, P.E., ENV SP
Email: rsanto@ssfm.com
Phone: (808) 531-1308

Date: 25 August 2017
Time: 3:00 PM
Place: State Capitol, Auditorium

Subject: Support for Bill SB 4 Relating to Taxation

Dear Chair and Members of the committee:

As a civil engineer by profession, I realize that the rail system will have a beneficial impact in reducing the congested street and highways. I am testifying in support of Bill SB 4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

Because of Oahu's traffic issue, the rail project is intended to provide traffic relief and improve public transportation, especially for those living on Oahu's West side. Honolulu ranks among the worst in the nation for traffic congestion.

Rail is planned to improve Oahu's public transportation by creating a multi-modal system combining TheBus, the HandiVan and rail service for Oahu and I urge the Legislature to please pass Bill SB 4 that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.

Richard Y. Santo

LATE TESTIMONY

25 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Ryan Nakamoto (rnakamoto@ssfm.com)

Date: 25 August 2017

Time: 3:00 PM

Place: State Capitol, Auditorium

Subject: Support for Bill SB 4 Relating to Taxation

Dear Chair and members of the committee:

I am a resident of Aiea, testifying in support of Bill SB 4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

I am a supporter of rail because of both the transportation and transit oriented development opportunities that will benefit our community. This system will be coordinated with TheBus and Handivan schedules will provide all of us an integrated, island-wide public transportation network. All of this will translate into a better quality of life for thousands of Oahu residents making it easier to get to jobs, lower transportation costs, and allow more time for family.

The fully built rail system will provide an alternative mode of transportation running above our roadways. I like the option of having a commute from Aiea to downtown that will not be gridlocked in traffic.

Investment in the rail is an investment in our future and I urge the Legislature to please pass Bill SB 4 that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.

Ryan Nakamoto
98-410 Koauka Lp. #24K
Aiea, Hawaii 96701
(808) 203-9969

25 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Trisha Sugita

Date: 25 August 2017
Time: 3:00 PM
Place: State Capitol, Auditorium

Subject: Support for Bill SB 4 Relating to Taxation

Dear Chair and members of the committee:

I am an Oahu resident, testifying in support of Bill SB4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

Rail construction appears to be too far along to cancel the project now (rail cars purchased, amount of construction already completed in Kapolei, Waipahu, Pearly City, etc.), so now the question that needs to be answered is how the project will be funded to completion. In order for the project to have the most benefit it should go to Ala Moana (instead of shortening the route). If it is marketed well, I believe many tourists and residents will use the rail from the airport once it is completed.

Rail is expensive and it will get more expensive if the project is delayed. The cost of everything continues to go up, so if the funding for rail is not resolved quickly, you can expect higher costs. Please pass Bill SB1 that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.

Trisha Sugita
47-623 Halemanu St.
Kaneohe, Hawaii 96744
Email: tsugita@hawaii.rr.com

25 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Victor Valdez
vvaldez@ssfm.com

Date: 25 August 2017
Time: 3:00 PM
Place: State Capitol, Auditorium

Subject: Support for Bill SB 4 Relating to Taxation

Dear Chair and members of the committee:

I am Victor Valdez, a Civil Engineer that resides in Honolulu area and I'm writing in support of Bill SB 4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

The Rail project would provide a multi-modal system and would offer the public mobility options that will be an energy efficient alternative means of commuting to and from work, school or other activities. The activities proposed will help revitalize and foster long-term stimulus to the growing island of Oahu. It will also help promote livable, walkable and healthier communities. In addition, the Rail project will boost the local economy in the short and long term by creating both direct and indirect jobs. Besides jobs in the construction industry, rail would create long term careers in professional services, including engineering, planning and architecture as well as rail operations and maintenance of the system.

Rail construction is already underway and we need to finish the job. It is a future investment in our future. I urge the Legislature to please pass Bill SB 4 that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.

Victor Valdez

28 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Charles Miller, cmiller@ssfm.com

Date: 28 August 2017
Time: 11:30 AM
Place: State Capitol, Auditorium

Subject: Support for Bill SB 1 Relating to Taxation

Dear Chair and members of the committee:

I am Charles Miller, I'm a Construction Inspector with SSFM International and I have lived in Kapolei for 23 years, testifying in support of Bill SB 1 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

Rail is a much needed project for the communities like Kapolei, Ewa Beach, Makakilo, Waianae, and numerous communities along the rail route. It'll be an alternate means of transportation from Kapolei to Ala Moana Shopping Center and all stops in between. It'll benefit morning and afternoon commuters heading into and out of town that would normally have to deal with numerous cars and traffic on a daily basis, including weekends.

I'm in support of the full 20 mile rail system because it'll improve the quality of life for everyone and I urge the Legislature to please pass Bill SB 1 that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.



Charles Miller
91-1058 Kekuilani Loop 1303N
Kapolei, Hawaii 96707
(808) 531-1308



28 August 2017

To: Chair Senator Donovan M. Dela Cruz
Vice Chair Senator Gilbert S.C. Keith-Agaran
Committee on Ways and Means

From: Corinne Toyama, Email: ctoyama@ssfm.com

Date: 28 August 2017

Time: 11:30 AM

Place: State Capitol, Auditorium

Subject: Support for Bill SB 1 Relating to Taxation

Dear Chair and members of the committee:

I am a concerned citizen and I live in the Makiki area, testifying in support of Bill SB 1 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

I am a supporter of rail. Rail construction is already underway; therefore, we need to follow through and finish the job. There is a misperception that not completing the project or changing technology will save money, when, in fact, it will incur all kinds of costs for Oahu taxpayers, including funding remittance to the FTA, charges and lawsuits from contractors, and years of additional delay and expenses.

In addition, the rail project will improve the quality of life for tens of thousands of O'ahu residents by reducing commuting stress. I personally feel that the daily commute for many residents often result in a lot of frustrations and I seem to also see and hear more incidents of road rage occurring. This is not a good sign for the well being of everyone on this island and I think we need to have some kind of solution which can be the rail project.

I urge the Legislature to please pass Bill SB 1 that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays.

Thank you for the opportunity to testify before your committee today.



Corinne Toyama
501 Sumner Street, Suite 620
Honolulu, Hawaii 96817
(808) 356-1209

LATE TESTIMONY

From: [Michael & Terry Kristiansen](#)
To: [WAM-WrittenOnly](#)
Subject: SB4
Date: Monday, August 28, 2017 7:00:52 PM

We STRONGLY OPPOSE the passage of SB4 where it relates to neighbor islands being required to pay an additional TAT of 1% to clean up Honolulu's mismanaged budget for their mass transit project. You as elected officials are misguided by not holding the City and County of Honolulu accountable for their financial mess. It is not Maui's problem. It is not likely that any Maui resident will use the system - ever.

Do not make this a State wide tax. Keep it where it belongs.

Michael & Terry Kristiansen
P.O. Box 841
Hana, HI 96713
Phone: 808-248-7600
Fax: 808-248-7601
Skype: greentoes2
greentoes@alohaservices.net
www.entabenicottage.com

TO: Members of the Senate Committee on Ways & Means

FROM: Natalie Iwasa, CPA, CFE
808-395-3233

HEARING: 3 p.m. Monday, August 28, 2017

SUBJECT: SB 4, Related to Rail Funding and Oversight - **ADDENDUM**

Aloha Chair Dela Cruz and Committee Members,

During my oral testimony on SB4, I mentioned additional errors I had found in HART's August 23, 2017, projection and said I would submit additional comments.

Additional Comments About HART's Numbers

The "stressed" financial projections dated 8/23/2017 (see my original testimony) have additional errors in them:

- The column labeled "(A) 2017" is only through April 2017. It therefore appears two months are missing from the projection. In addition, the actual federal income to date (\$569 + \$209) plus the \$18 million received in June 2017 (as reported in HART's July Monthly Progress Report) totals \$796 million. However, the total federal revenue to date reported in that same monthly progress report is \$785. **Why is there an \$11 million difference?**
- "All Other" revenue to date and projected is shown as \$7 million. The total should be at least \$12 million, as shown in HART's recent monthly cash flow report provided to the HART board on 8/17/17.

A Forensic Audit

The city auditor stated that if prior management were still in charge, a forensic audit would be recommended. He is not recommending one, however, because there is new management. **If fraud has occurred, it would not magically disappear just because new management is put in place. Taxpayers should be made whole if fraud, waste or abuse has occurred.**

Please also consider that in order to be effective, a forensic audit should be completed by someone who is independent, can preserve the evidence and has the skills and experience necessary to perform such an audit. An expert or specialists may be hired to ensure those qualities are part of the investigation.

As noted by Les Kondo, the state auditor, under SB4 he and his office are responsible for "a lot of work" related to rail. Efficiencies can be realized by starting with the city auditor's April 2016 report.

In addition, if the legislature decides to keep all of the oversight components in the bill, it is very important that internal controls at the HART staff level are operating significantly better than they were in 2016. If they aren't, fraud could still occur and not be caught by state oversight.

Senator Kim had mentioned a couple of examples of waste. The people who relayed these concerns apparently felt comfortable doing so. Many others, however, would likely fear negative consequences. A tip or whistleblower hotline that offers anonymous reporting should be implemented as soon as possible, so people feel free to share their concerns about fraud, waste or abuse they come across.

Please do not rush passing this bill. Please include a condition in the bill that a forensic audit must be done prior to any tax extension or increase.

LATE TESTIMONY

From: [Natalie Santiago](#)
To: [WAM-WrittenOnly](#)
Subject: Rail Tax
Date: Monday, August 28, 2017 7:36:06 PM

Please stop the madness! Local people are struggling to survive and increasing our taxes is not the solution!

Besides it's just going to sink! Built incorrectly and it is aole pono!

We need to stop the money hungry ways of the world and invest in sustainability!

Sent from my iPhone

From: [Mo Subi](#)
To: [WAM-WrittenOnly](#)
Subject: Opposition to rail
Date: Monday, August 28, 2017 8:14:57 PM

Sent from [Mail](#) for Windows 10

Aloha,

My name is Anna Subiono. I am completely opposed to rail. Being a lineal descendent of kuleana lands to Ewa. I have major concerns for the safety of the Rail in it's entirety due to the ancient archaeological and underground karst system used by my family for generations.

I am a cultural practitioner of Hawaiian medicinal plants, and other important arts in the Hawaiian kanaka maoli lifestyle. I am 100% sure my grandfather would be just as much against the rail as I am due to several reasons:

- The thousands of Hawaiian burials in the area.
- The destruction of my own kuleana lands passed down through my grandfathers and grandmothers.
- The karst system is highly relevant not only to our culture but also the stability of all of Honolulu. Adding more concrete for rail will pose a grave safety threat.
- The karst system cannot withstand the weight of the concrete which poses a big safety situation for people driving in traffic and buildings and houses and any future developments below the rail along the whole rail track.
- The rail in it's entirety is built over the karst system and is unstable grounds. This will cause a catastrophic event for Honolulu and all who live there.
- The airport is also at risk which means the general public (not just on island) is at risk.
- The loss of traditional trails.
- The loss of federally protected endangered animals and plants.
- The loss of plants which are significant in medicine and the Hawaiian (kanaka) ecosystem.
- The fact that HART, HUNT, and the politicians have not had any accountability disallowing the KAKOO meetings to commence.
- The infringement on kanaka maoli (Hawaiian native) cultural practitioners warnings throughout the entirety of the project.
- The destruction of natural resources significant to my family and our traditional lineal practices.
- The destruction of legendary shark caves as well as other very significant archaeological and ecological sites situated all throughout the area.

- The continual corruption between HART, Caldwell, Ige, Donovan, Anderson, and every single politician that supports rail.
- The kuleana lands are our lands in perpetuity.

I speak now for my Ohana for future generations. The whole rail development is a big scam because it is a very dangerous development. Due to my right to speak out for public safety, I am opposed to the rail.

Mahalo,

Anna Subiono
89-709 Lani Kona Rd.
Captain Cook, HI 96704

momishells@msn.com