



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
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HONOLULU, HAWAII 96813-3065
TELEPHONE: (808) 768-5010 • FAX: (808) 768-5011

LATE

Testimony
House Bill 134, HD1, Relating to Taxation

COMMITTEE ON TRANSPORTATION
and
COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS
Hawaii State Senate
Thursday, March 19, 2015

Chairs Nishihara and Espero, Vice Chairs Harimoto and Baker, and members of the committees,

I am asking for your committees' favorable consideration in the extending the General Excise Tax (GET) surcharge for Honolulu's rail project. We all recognize that an extension of the GET surcharge represents the most viable and equitable means to address the \$910 million dollar deficit that we are currently facing at the minimum. For the record, the Honolulu City Council supports rail and wants to see it successfully completed.

We remain optimistic that the Legislature recognizes the importance of rail to the future sustainability of Oahu and will approve an extension of the surcharge. I have introduced Bill 23 at the Council to authorize the imposition and use of any surcharge in the City and County of Honolulu.

Meanwhile, I wanted to inform the Legislature that the City Council, on its own, is exploring other local sources of funding, such as broadening the City's fuel tax revenue base, redirecting federal formula funds it receives, and possibly changing the City Charter for more flexibility in expending special purpose funds.

I have also called for a forensic City audit of the project that may yield useful information to guide the Council's future actions.

Rail is a City project with broad public benefits. Its success rests on continued cooperation between State and City governments.

Mahalo for this opportunity to submit testimony.

Ernest Martin, Chair
Honolulu City Council
(808) 768-5002



HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST
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**TESTIMONY OF HAWAII LECET
CLYDE T. HAYASHI - DIRECTOR**

LATE

THE SENATE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015

COMMITTEE ON TRANSPORTATION
Senator Clarence Nishihara, Chair
Senator Breene Harimoto, Vice Chair

COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS
Senator Will Espero, Chair
Senator Rosalyn H. Baker, Vice Chair

NOTICE OF HEARING

DATE: Thursday, March 19, 2015
TIME: 2:45 P.M.
PLACE: Conference Room 229
State Capitol
415 South Beretania Street

A G E N D A

TESTIMONY ON HOUSE BILL NO. 134, HD1, RELATING TO TAXATION.

TO THE HONORABLE SENATOR NISHIHARA, TRANSPORTATION COMMITTEE CHAIR, SENATOR HARIMOTO, TRANSPORTATION COMMITTEE VICE CHAIR, SENATOR ESPERO, CHAIR, COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS, SENATOR BAKER, VICE CHAIR, COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS AND MEMBERS OF THE COMMITTEES:

My name is Clyde T. Hayashi, and I am the Director of Hawaii LECET. Hawaii LECET is a labor-management partnership between the Hawaii Laborers Union, Local 368, and its unionized contractors.

Mahalo for the opportunity to testify in SUPPORT of House Bill No. 134 HD1.

We request that HB 134, HD1 to be amended to restore the .5% GET amount and extend the tax for 25 years, to allow completion of the spurs to UH and West Kapolei.

At this point, the only option to allow the Rail Project to be completed is to extend the collection of the county surcharge. If this is not approved and if there are no other options, it is very likely that the Rail Project will be killed.

For these reasons, we support House Bill No. 134 HD1 with amendments, and humbly ask that it passes this committee.

LATE

March 19, 2015

The Honorable Will Espero, Chair
The Honorable, Roslyn H Baker, Vice Chair
and members of the Senate Committee on Public Safety and
Intergovernmental Affairs
The Honorable Clarence K. Nishihara, Chair
The Honorable, Breene Harimoto, Vice Chair
and members of the Senate Committee on Transportation
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813



Working together for Kapolei

Dear Senators Espero, Nishihara and Committee Members:

RE: HB134 HD1 – RELATING TO TAXATION

The Kapolei Chamber of Commerce presents this testimony in support of the intent of HB134 HD1; however The Kapolei Chamber respectfully requests the following amendments be considered in order to ensure the extension of the rail project from West Kapolei to the University of Hawaii at Manoa.

Requesting HB134 HD1 be amended to:

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

Supporting completion of the rail project as set forth in the Full Funding Grant Agreement between the City and County of Honolulu and the Federal Transit Administration aligns with the mission of the Kapolei Chamber to improve the regional and State economic climate and help Kapolei businesses thrive.

Without a dedicated funding source for completion of the project identified, future federal funding will be comprised. Additionally, return of funds provided to the City by the federal and government contracts that have already been granted would need to be mitigated if the rail project is not completed. Securing a funding source is critical for future contract execution as per State procurement laws and delays could result in increased costs on future contracts.

This measure also provides funding for the planned extensions of the rail project from Kapolei to University of Hawaii – West Oahu and connecting to Ala Moana Center and the University of Hawaii, Manoa. These extensions are essential to support our secondary urban center's future growth and provide traffic relief. With approximately two miles of completed guideway in West Oahu, completed structures and rail car production underway, it is critical for the rail project to secure funding for completion to ensure Kapolei's future as planned for decades.

Sincerely,

Kiran Polk
Executive Director

1001 Kamokila Boulevard, Campbell Building Suite 250, Kapolei, Hawaii 96707

nishihara1 - Amanda

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 19, 2015 10:35 AM
To: TRA Testimony
Cc: gino@local368.org
Subject: Submitted testimony for HB134 on Mar 19, 2015 14:45PM

LATE

Follow Up Flag: Follow up
Flag Status: Flagged

HB134

Submitted on: 3/19/2015

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

Submitted By	Organization	Testifier Position	Present at Hearing
Gino Soquena	Hawaii Laborers Union Local 368	Support	Yes

Comments: The Hawaii Laborers' Union Local 368 stands in STRONG SUPPORT of HB134 with the following proposed amendments: "That the surcharge on state tax remain at the current .05 per cent rate" and "that the GET Tax extention be for an additional 25 years after the current 2022 sunset date".

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the Senate Committee on Transportation and Committee on
Public Safety, Intergovernmental and Military Affairs
Thursday, March 19, 2015 at 2:45 P.M.
Conference Room 229, State Capitol**

LATE

RE: HOUSE BILL 134 HD1 RELATING TO TAXATION

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 134 HD1, which removes the authority of the City and County of Honolulu to collect county surcharges on state tax under Act 247, Session Laws of Hawaii 2005, beginning on January 1, 2016. Also allows all counties, including the City and County of Honolulu, to adopt ordinances allowing for county surcharges on state general excise and use taxes at a .25 per cent rate, beginning January 1, 2017 and amends the administrative fee for the collection of a county surcharge by the State.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber supports an extension of the county surcharge on the excise tax for rail. The Chamber has always supported rail and would like 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. 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. Although the decision is a challenging one and concerns about the financial situation are valid, if we look at the big picture and long-term benefits of this project, we believe that rail will be a positive step for Hawaii.

Thank you for the opportunity to testify.

nishihara1 - Amanda

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 19, 2015 9:22 AM
To: TRA Testimony
Cc: lindalegrande2243@gmail.com
Subject: Submitted testimony for HB134 on Mar 19, 2015 14:45PM

LATE

Follow Up Flag: Follow up
Flag Status: Flagged

HB134

Submitted on: 3/19/2015

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

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

Comments: vote to support this bill ONLY IF YOU BELIEVE THAT THE PROPOSED RAIL SYSTEM WILL EFFECTIVELY REDUCE TRAFFIC FOR OUR NEIGHBORS OUT WEST. If you do not believe that it will, and I ask you to THOROUGHLY SEARCH YOUR CONSCIENCE, then oppose it as I am doing. Thank you ... Linda Legrande

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

Forwarded Message -----

From: Tom Berg <tomberg00@yahoo.com>

To: Sennishihara <sennishihara@capitol.hawaii.gov>; Sen. Will Espero <senespero@capitol.hawaii.gov>; Breene Harimoto <senharimoto@capitol.hawaii.gov>; Sen. Roz Baker <senbaker@capitol.hawaii.gov>

Cc: Tom Berg <tomberg00@yahoo.com>

Sent: Wednesday, March 18, 2015 10:25 AM

Subject: urgent \- Online testimony system is rejecting my submittal to HB134 HD1

Aloha Senators- please assist or provide further direction- my email in the online system will not go through- the clerk said to contact your office for direction. So here is my testimony - mahalo. See below what the system would not let me post in the body of the email to submit testimony the way as is prescribed- can you confirm this will suffice for the circumstances? Mahalo
Tom Berg 753-7324

Please permit our Honolulu City Charter to kick in where it allows for the private sector to also enter into the agreement and take on the risks and pay for the costs. Please conduct an informational briefing whereby other rail providers could come forward and explain their ability to utilize what we have, not tear anything down, but streamline the design for future extensions.

There is rail technology available today that could if deployed, be moving goods services and freight during the hours of non-passenger service on the guideway and generating revenue - for some reason, all this chatter of sticking with steel wheels on steel rails - compounding the mistake, is alarming.

There is a better way- I believe the email pasted below explains it all- and if you do not know the answer to my main question that HART too- will not answer, then you cannot in good faith, condone and enable this broken treaty to continue.

----- Forwarded Message -----

From: Tom Berg <tomberg00@yahoo.com>

To: Honolulu Transit Team <info@honolulutransit.org>; "leslie.rogers@dot.gov" <leslie.rogers@dot.gov>; "angela.gates@dot.gov" <angela.gates@dot.gov>; "Therese.McMillan@dot.gov" <therese.mcmillan@dot.gov>

; Jeanne Mariani-Belding <jbelding@honolulu.gov>; Scott Ishikawa <sishikawa1@honolulu.gov>; Dan Grabauskas <dgrabauskas@honolulu.gov>;

"sens@capitol.hawaii.gov" <sens@capitol.hawaii.gov>;

"reps@capitol.hawaii.gov" <reps@capitol.hawaii.gov>

Sent: Wednesday, March 18, 2015 8:02 AM

Subject: BREAKING Honolulu's Transit Authority GOES INTO HIDING MODE

Aloha HART,

Within the last few weeks, four Honolulu city councilmembers went to Washington DC to ask the FTA if we the grantee of the FFGA can save money by switching rail technologies (system).

The councilmen returned with verbal communications covered by KITV reporter Andrew Pereira, that the answer was that we (the grantee) agreed to a steel wheels on steel rails system of which that agreement was executed on December

19, 2012. To change now would be met with forfeiture - and we the public were apprised it was not to be entertained- cost prohibitive at this time.

I am trying to get clarity to this issue- PLEASE HART, please answer- please simply share and identify when we as the grantee- the taxpayers- lost all ability to exercise resolve to your cost overruns and miscalculations and react to Governor Lingle's report. Is it an accurate statement, that before the FFGA was signed and agreed to by the grantee in December of 2012, that the grantee did reserve the right to pursue a scope of project change and not incur a definitive, absolute forfeiture and or return of all federal monies received for the project? Yes or No---- please read on and expound upon any answer you may have - I am waiting now for years for you to answer....

Just exactly, at what interval, milestone, or otherwise critical component of the contract brokered for the project, did we the grantee, forfeit the opportunity and ability to petition congress and the FTA, for a waiver* to alter the scope of project that would yield a savings?

*The waiver would include the request to amend the scope of the project to another rail system without penalty- and please be apprised, that there would be in the request for the petition, conditions thereof that do not impact any other requisite for the project, and not compromise any level of service such as route, price, distance, number of stations, etc. The only change in scope of project, would be the utilization of a rail system that costs less to build, costs less to operate and maintain, uses less energy, emits zero carbon emissions, and can make steep inclines and turns that steel wheels on steel rails cannot- as well as emanating no noise, and, can move goods services and freight during non-passenger, non revenue generating periods in which to generate revenue.

All these positive, beneficial features aforementioned that could have been retained and made available to the grantee, in which to solicit the federal government for the right and privilege to entertain the change in scope of the rail system on November 2, 2011, was met with a definitive no from the FTA per the statements of Councilman Ikaika Anderson- that as early as November 2, 2011, before the contract for approving the project's Final Design was executed, it was conveyed to the grantee, the public at large, via the hearing on Resolution 11-328, that the FTA would not allow for the change in scope at that time without complete forfeiture of the project with the FTA.

YOUTUBE of HEARING

<https://www.youtube.com/watch?v=kkupwxDiK58>

QUESTION NUMBER ONE :

Please, simply show us where in writing- that it states we the grantee, had no availability to solicit the FTA for relief without suffering forfeiture on November 2, 2011. This is the question- on what date did the condition of the contract become applicable to the grantee- that the relief sought via Resolution 11-328 to amend the contract to request congress deliberate on our request to save money - such as to place a lesser than in cost rail system on the same route and keep all other features and level of service the same- on what date did the FTA claim we terminated that option to save money- without a mandatory, definitive penalty of having to pay everything thus far received upwards of \$200 million back to the federal government? Where does that penalty exist in writing that such would be an automatic condition upon the grantee for making the request to the FTA to save the taxpayer money?

QUESTION TWO :

In addition- please confirm HART did not provide testimony on Resolution 11-328. I could not find any reference online- here is the link that shows PRP. and their ilk, all provided testimony that the pursuit to save taxpayers money and still proceed with a rail system, was bad for us. Why did HART not chime in- they provide testimony on every asset threatened that we the public or policy makers want to enhance and improve upon- but in contrast, most odd, that in this instance, the entire project up for review- they, you, HART, were no where to be found....hiding.....playing dead, playing possum.....that is more than odd....it rather, substantiates my claim that we the public were lied to and that is why HART did not testify- for they knew, we had the right!

I am deducing, that HART did not provide testimony because HART knew, that the RULES and PROCEDURES that guide an applicant to the FFGA process, that such process affords, extends, offers, and permits, any grant recipient known as the grantee, to pursue a request to the federal government for relief when the project is not sound. On December 2, 2010, the people of the state of Hawaii were informed by their governor, that the city's financial status to pay for the project was severely flawed, grossly misrepresented, and not sound. Furthermore, that project as is, was going to harm the people required to pay for the project- unless they react to the report.

Please provide an answer- did HART provide testimony on Resolution 11-328 - and the clerk mistakenly omitted it?

<http://www4.honolulu.gov/docushare/dsweb/Get/Document-118490/RES11-328.htm>

No.

From

M-1869

Frank Genadio - Comments regarding Resolution 11-328.

M-1881

AL Frenzel - Supports Resolution 11-328.

M-1885

C. Mike Kido, The Pacific Resource Partnership - Opposes Resolution 11-328.

M-1886

Maurice Morita, Hawaii Laborers-Employers Co-operation & Education Trust - Opposes Resolution 11-328.

M-1887

Kika G. Bukoski, Hawaii Building and Construction Trades Council - Opposes Resolution 11-328.

M-1888

Georgette Stevens - Comments regarding Resolution 11-328.

M-1889

William Sager - Supports Resolution 11-328.

M-1890

Elizabeth Kamis - Comments regarding Resolution 11-328.

M-1891

Laurence E. Blow, MaglevTransport Inc. - Comments regarding Resolution 11-328.

M-1892

Lyle Moody, GCA of Hawaii - Opposes Resolution 11-328.

M-1893

Shane Peters, Hawaii Developers' Council - Opposes Resolution 11-328.

(Supporting material)

1 December 2, 2010 Governor Lingle released a report detailing the State of Hawaii's analysis of the financial status of the Honolulu Rail Project as presented by the City and County of Honolulu to the Federal Transit Administration (FTA). The report detailed variances in construction costs conservatively estimated to be \$1.7 billion more than the \$5.2 billion figure submitted to the FTA by the City.

<http://www.scribd.com/doc/44620161/Executive-Summary-Honolulu-Rail-Transit-Financial-Plan-Assessment>

2 A poll and survey was conducted by my office immediately. It concluded that the people overwhelmingly wanted another vote on the rail project along with the option to choose another rail system: 75% in favor of a new vote. I crafted Resolution 11-328 to place the rail question back on the ballot for the people before any contract/Full Funding Grant Agreement (FFGA) was to be signed/brokered with the FTA.

<http://www4.honolulu.gov/docushare/dsweb/Get/Document-118506/613xfmkf.pdf>

3 Executed Full Funding Grant Agreement

<http://www.honolulutransit.org/media/160229/20121219-full-funding-grant-agreement.pdf>

4 Honolulu City Councilman Anderson states that the voters/taxpayers of Honolulu have forfeited their ability to amend the FFGA (Two minute clip)

<https://www.youtube.com/watch?v=FrsZfsJlsoY>

5 The FTA allows grant recipients to amend scope and change rail systems before a contract has been executed without penalty and without forfeiture. (Ref. Chapter V, Rules and Guide FTA/FFGA Administrative Procedure:

<http://www.fta.dot.gov/legislation law/12349 4119.html>

TOM BERG 753-7324 A CONCERNED TAXPAYER WHO KNOWS WE WERE WRONGFULLY DENIED OUR RIGHTS AND IS SEEKING REMEDY