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Tax revenue for rail falling short this year

Financing not meeting even lowered forecast

By [Sean Hao](#)

Tax collections needed to pay for Honolulu's planned \$5.3 billion train are slipping below the level forecast for the current fiscal year.

The city expects to raise a net \$164 million, or about \$13.7 million a month, in the 12 months ending June 30. However, through the first eight months of the fiscal year monthly collections from the half-percentage-point tax averaged \$13.1 million, according to calculations based on state Department of Taxation figures.

During the next four months the city needs to collect an average of nearly \$14.9 million a month to meet its tax revenue target.

Construction of the 20-mile East-Kapolei-to-Ala-Moana train was supposed to begin last December but has been delayed by a prolonged federal review of environmental impacts.

Through the first eight months of this fiscal year, transit-tax collections are down 1.6 percent to

\$104.6 million, compared with the same period a year earlier. In February the transit tax generated \$13 million, which was down 2.3 percent from February 2009.

The city had initially expected to raise \$198 million this fiscal year, but that forecast was reduced last year when the slowing economy took a toll on tax collections.

State tax collections overall have fallen amid declining visitor arrivals and rising unemployment.

The accuracy of the city's tax revenue projections and the viability of the transit project's financial plan will be the subject of an upcoming review by Gov. Linda Lingle.

Separately, the Federal Transit Administration has recommended that the city obtain an independent forecast of transit tax revenues from a source familiar with the Hawai'i economy. The tax revenue estimates used in the city's most recent publicly available train financial plan were prepared by Parsons Brinckerhoff, which has a city contract to conduct preliminary engineering and environmental impact studies.

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