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Subject: Historic Vote In Honolulu
Attachments: Honolulu Star-Bulletin.htm

We are pleased to share the news (see above attachment) that yesterday, August 10, by a 7-2 vote, the Honolulu City Council took the mandatory third and final vote on Bill 40 (2005), which authorizes the city to add a half-percentage point surcharge to the state's 4 percent general excise tax (GET) to support a major transportation capital investment project on Oahu. This vote was preceded by a vote of the Joint Committee on Budget and Planning and Transportation on August 3, from which the bill was reported to the full City Council. In two prior votes, the City Council similarly had approved the measure by a 7-2 margin. Through a quirk of scheduling, the final vote took place in Kapolei, the main area that would be served by a major transit investment project. In some years past, the Council has held its August meeting in Kapolei as a way to emphasize the growing importance of O'ahu's "second city." But this year, the move also was driven by construction at Honolulu Hale (City Hall) to repair termite damage in the Council Chamber. In an editorial the day before the final vote, the Honolulu Star-Bulletin expressed strong support for the GET increase by characterizing it as "a landmark event to result in making Honolulu more livable in the future." Further, the editorial said, "The Council should not be intimidated by a vocal minority opposed to any increase of any tax for any purpose."

Earlier on July 12, Hawaii Governor Linda Lingle took no action on HR 1390 allowing it automatically to become law and thus permitting Honolulu to increase the GET by the half-percentage point. The Governor's action followed assurances of legislative leaders that they would move to amend the legislation in the next session to address Lingle's longtime position that counties should be the ones to assess and collect the optional tax - not the state as outlined in HR 1390 although the legislation said 10 percent of the new taxes would go to the state for collection purposes. Honolulu Mayor Mufi Hannemann reluctantly agreed to the change after earlier saying the city lacked the resources or system to collect the money, yet needs the money to help fund a multibillion-dollar project. The surcharge is estimated to generate \$150 million annually to the city. After yesterday's vote, the Mayor said he will sign the bill into law and then select a contractor to begin a study to determine the preferred transportation solution through an alternatives analysis and a draft environmental impact statement, which is expected to take about 18 months to complete.