

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2013 - 11

**REGARDING THE POSITION OF THE BOARD OF DIRECTORS OF THE
HONOLULU AUTHORITY FOR RAPID TRANSPORTATION ON THE COUNTY
TAX SURCHARGE PROCEEDS COLLECTED BY THE STATE OF HAWAII FOR
THE HONOLULU RAIL TRANSIT PROJECT**

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended; and

WHEREAS, with the enactment of Act 247, Hawaii Session Laws 2005, the Hawaii State Legislature authorized the City and County of Honolulu to levy a surcharge of one-half percent on the state general excise and use taxes by ordinance to fund operating or capital costs of a locally preferred alternative (LPA) for a mass transit project, and expenses in complying with the Americans with Disabilities Act of 1990 with respect to such project; and

WHEREAS, on August 10, 2005, the Honolulu City Council passed Ordinance 05-027 which established the one-half percent surcharge to be collected by the State beginning January 1, 2007; and

WHEREAS, through the approval of Ordinance 07-001, the Honolulu City Council selected a fixed guideway system as the LPA for the Honolulu High-Capacity Transit Corridor Project (now known as the Honolulu Rail Transit Project or HRTTP); and

WHEREAS, Ordinance 07-001 requires that the LPA be financed only by general excise and use tax surcharge revenues, interest earned on the revenues, and any federal, state, or private revenues; and

WHEREAS, the State of Hawaii (State) retains ten percent of the gross proceeds of the county surcharge on state taxes to reimburse the State for the costs of assessment, collection, and disposition of the county surcharge; and

WHEREAS, the ten percent amount retained by the State is greater than the actual cost incurred by the State to administer the county surcharge on state taxes; and

WHEREAS, there needs to be a reasonable balance between the county surcharge amount paid to the City to support the HRTTP and the amount retained by the State for its actual administrative costs in assessing, collecting and distributing the surcharge amounts; and

WHEREAS, any assurance of additional county surcharge amounts for building the HRTTP will enhance HART's ability to avoid using funds from the Federal Transit Administration's Urbanized Area Formula Program (49 U.S.C. §5307) or from financing through bonds or other debt instruments.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. The HART Board of Directors favors and supports legislative measures which seek to increase the amount that will be paid to the City for HART of the county surcharge on state tax revenues to construct the HRTTP.
2. The HART Executive Director and CEO is authorized to submit testimony on pertinent legislation consistent with the overall policies set forth herein.
3. This Resolution shall take effect immediately upon its adoption.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on
DEC 19 2013.


Board Chair

ATTEST:


Board Administrator

Honolulu Authority for Rapid Transportation

STAFF SUMMARY

TITLE Regarding the Position of the Board of Directors of the Honolulu Authority for Rapid Transportation on the County Tax Surcharge Proceeds Collected by the State of Hawaii for the Honolulu Rail Transit Project	STAFF CONTACT: Joyce Oliveira	DATE: June 24, 2013
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Type:	Goal	Focus	Area	Reference Notes
<input checked="" type="checkbox"/> Action/Approval	<input type="checkbox"/> Project Delivery	<input type="checkbox"/> Livability/Land Use		
<input type="checkbox"/> Information	<input type="checkbox"/> Service Delivery	<input type="checkbox"/> Partnerships		
<input type="checkbox"/> Follow-up	<input checked="" type="checkbox"/> Resource Stewardship	<input checked="" type="checkbox"/> Agency Admin.		

1. Purpose:
 Establish the Board of Director's position on the amount of the GET County Surcharge Tax paid to the City for the Honolulu Rapid Transit Project (H RTP)

2. Background/Justification
 The State of Hawaii retains ten percent of the gross proceeds of the county surcharge on state general excise and use taxes which is collected to fund the H RTP . The amount retained by the State is greater than the cost to administer the county surcharge, so the Board supports measures that seek to increase the amounts paid to the City for the H RTP.

3. Procurement Background
 N/A

4. Financial/Budget Impact
 Potential to enhance HART's ability to avoid using FTA Urbanized Area Formula Program funds 49 USC §5307.

5. Policy Impact
 Part of HART's efforts to establish clarity on the State's assessment, collection and distribution of surcharge amounts.

6. Public Involvement
 N/A

7. Alternatives
 N/A

8. Exhibits
 N/A

Certified and Recommended by:



 Executive Director and CEO