

# Honolulu Rail Transit Update

## Rail Overview

Currently, nearly 60 percent of the Honolulu Rail Project's construction contracts have been awarded. Two miles of guideway have been completed in West Oahu, construction of buildings at the Rail Operations Center is 60 percent complete, and the production for the project's fleet of 80 rail cars is underway.

Due to a number of difficulties surrounding the project including rising construction costs, legal issues, and a reduction of funds, the program's total deficit is nearing \$910 million dollars.

Many questions and concerns have been raised since this news broke. We, the State Legislature, do not have direct authority over the rail project. Because the rail is part of the city's mass transportation system, the City and County of Honolulu is in charge of the project's construction and its management.

However, the Legislature is dedicated to helping the City make the best decision for Hawaii's residents. Currently, the City's options to close the deficit are limited by their current taxing powers. HB134 is intended to give the City the additional option of extending the GET surcharge.

If the Legislature does not allow the City to continue the GET surcharge, the City will have the options to raise property and other taxes or stop the project and incur up to \$2 billion in penalties.

**\$600m  
Cost**

- \$410m in projected construction deficit
- \$190m in project delays including delays due to legal challenges

- \$100m projected deficit in GET surcharge revenue for the remainder of the project
- \$210m in 5307 formula funds that are no longer available and will be removed from the financial plan

**Revenue  
\$310m**

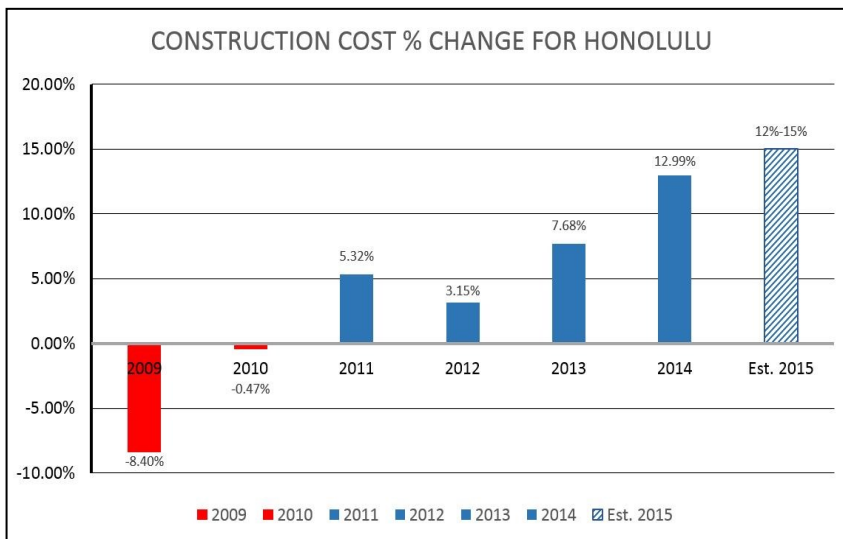


Chart Courtesy of Honolulu Authority for Rapid Transportation

## Construction Costs

As this chart illustrates, the construction costs in Hawaii are steadily increasing. This is one of the main causes of the project's growing deficit. Delays in the initial construction have cost the City close to \$190 million.

## GET Surcharge

State Law (*Hawaii Revised Statutes Section 103D-309 and Hawaii Administrative Rules Section 3-122-102*) requires the Rail Project to have its funding in place before they can award contracts that are necessary for the completion of the rail.

The extension of the GET surcharge would function similar to a mortgage on a house. Rather than paying everything in cash or short-term loans, the GET surcharge extension would allow for long term investment in the Rail Program.

<b>HOW MANY ADDITIONAL YEARS OF GET REVENUE WOULD IT TAKE TO FUND THE PROJECT? EAST KAPOLEI TO ALA MOANA STATION (20 MILES, 21 STATIONS, 80 RAIL CARS)</b>		
Projected Project Deficit	\$550—\$700 million (including GET Deficit)	
5307 Formula Funds	\$210 million	
<b>SUBTOTAL</b>	<b>\$910 million</b>	<b>4-5 years GET Surcharge Extension</b>
<b>FIRST EXTENSION (to Kapolei or UH Manoa)</b>		
	\$2 billion	7-8 years GET Surcharge Extension
<b>SECOND EXTENSION (to Kapolei or UH Manoa)</b>		
	\$2 billion	10-12 years GET Surcharge Extension
<b>CURRENT PROJECT AND BOTH EXTENSIONS WITH STAGGERED PLANNING AND CONSTRUCTION</b>		
	<b>\$5 billion</b>	<b>25 years GET Surcharge Extension</b>
<b>OPERATIONS AND MAINTENANCE (Annual)</b>		
	\$80 million	

Chart Courtesy of Honolulu Authority for Rapid Transportation

Note: These estimates assume GET Surcharge revenue of \$300 million per year beginning in FY2023.

Also assumes the economy continues to grow at a steady rate with no under-performance of the GET Surcharge revenue.

If you would like to learn more about the Honolulu Rail Project, visit:  
**[www.honolulustransit.org](http://www.honolulustransit.org)**

You can also call HART's 24 Hour Project Hotline: **(808)-566-2299**