

PUBLIC HEARING

NOVEMBER 15, 2017

A public hearing of the Council of the County of Kaua'i was called to order by Arryl Kaneshiro, Chair, Budget & Finance Committee, on Wednesday, November 15, 2017, at 1:31 p.m., at the Council Chambers, 4396 Rice Street, Suite 201, Historic County Building, Lihue, and the presence of the following was noted:

Honorable Ross Kagawa (*left at 1:36 p.m.*)
Honorable Arryl Kaneshiro
Honorable Derek S.K. Kawakami (*present at 1:36 p.m.*)
Honorable JoAnn A. Yukimura
Honorable Mel Rapozo

Excused: Honorable Arthur Brun
 Honorable Mason K. Chock

The Clerk read the notice of the public hearing on the following:

“Bill No. 2670 – A BILL FOR AN ORDINANCE TO ESTABLISH A GENERAL EXCISE AND USE TAX SURCHARGE FOR THE COUNTY OF KAUA'I,”

which was ordered to print by the Council of the County of Kaua'i on October 18, 2017, and published in The Garden Island newspaper on November 1, 2017.

The following communications were received for the record:

1. de Luis, Debra, November 14, 2017
2. Deal, Chad, November 13, 2017
3. Hawai'i Food Industry Association, November 15, 2017
4. Martinez, Nieves, November 13, 2017
5. Moises, Doug, Kaua'i Aloha Blind Group, November 13, 2017
6. Nakanelua, Dayton (UPW), November 15, 2017
7. Parker, Alice, November 15, 2017
8. Petition with 45 signatures
9. Russo, Paul, November 15, 2017
10. Spindt, Milo, November 13, 2017
11. Zeeb, Marn, November 13, 2017

The hearing proceeded as follows:

JADE K. FOUNTAIN-TANIGAWA, County Clerk: Committee Chair, we have nine (9) pieces of written testimony that was submitted and three (3) registered speakers.

Committee Chair Kaneshiro: Thank you. Before we have the registered speakers up, it was requested that the Administration give a brief presentation on the General Excise Tax (GET) revenue. Members, this is strictly for the public's benefit, so we are not going to ask questions on it. This is public hearing and we will save our questions until it goes to the Committee Meeting.

Councilmember Yukimura: Even if it is a clarifying question that might help the public understand better?

Committee Chair Kaneshiro: If it is a clarifying question, you may ask.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Ken, can you come up?

KEN M. SHIMONISHI, Director of Finance: *Aloha* Councilmembers. Ken Shimonishi, Director of Finance. We do have a brief presentation of roughly twenty (20) slides. I will be going through those, hopefully relatively quickly, to give everyone a better sense of why we have put forth this measure for a GET surcharge. Again, the main question would be why the surcharge? As we look at the needs of our County and what the potential surcharge revenues could be used for, we have gone over these items, where are our Islandwide Resurfacing, which includes the reconstruction, overlay, and slurry seal for an estimated cost of one hundred seventeen million four hundred thousand dollars (\$117,400,000). We have other road projects that would include items such as slope stabilization, drainage, as well as potential connectivity roads to help alleviate congestion, estimated at one hundred twenty-five million six hundred thousand dollars (\$125,600,000). This is already assuming that we would get the maximum federal matching dollars for any of these projects that were allowed. Our federal aid bridges are at twelve million two hundred thousand dollars (\$12,200,000), again, assuming a federal aid match on that. Then we have non-federal aid bridges at twenty million three hundred thousand dollars (\$20,300,000) and transportation improvement/expansions at seventy-one million two hundred thousand dollars (\$71,200,000) for a total of three hundred forty-six million eight hundred thousand dollars (\$346,800,000). This is over a 12-year lifespan, if you will, for when the surcharge would be in effect, if passed. The total assumed federal funding for those two (2) items that I mentioned is three hundred fifty-two million dollars (\$352,000,000), assuming that we would get that in its entirety of what we see as being eligible.

Focusing in on our Islandwide Resurfacing program, these are the various treatment methods that we have identified, our reconstruction at thirty-four (34)

miles for a total cost of sixty-two million six hundred thousand dollars (\$62,600,000); our overlay, thirty-nine (39) miles, at seventeen million eight hundred thousand dollars (\$17,800,000); and slurry seal, almost two hundred (200) miles, at thirty-seven million three hundred thousand dollars (\$37,300,000). So the total miles addressed here, at least in this initial look, is two hundred seventy-two miles (272) or a total of one hundred seventeen million four hundred thousand dollars (\$117,400,000). The bottom part of the table just represents the roads that are assigned to the various County baseyards. It does not mean that these baseyards would actually do the work, but they are assigned of the miles of cost of the roads that fall within their area of responsibility. You can see Hanalei, Hanapēpē, and Kapa‘a, two hundred seventy-two (272) miles, one hundred seventeen million four hundred thousand dollars (\$117,400,000) or one hundred seventeen million five hundred thousand dollars (\$117,500,000).

Slide number 5 would just show that this actually lays out on the island. Hanalei Baseyard, which assumes responsibility from the roads from Hā‘ena through the outside of Anahola. Our Kapa‘a baseyard, which would then handle the roads from Anahola until “Halfway Bridge,” and then our Hanapēpē Baseyard, which would be responsible from “Halfway Bridge” through the Kōke‘e junction.

Slide number 6 provides a ten-year outlook as far as the types of treatment that could be applied, the miles of the treatment, as well as the cost of the treatment. If you look at the funding year, for funding year one, we are saying we would address one point two (1.2) miles of reconstruction, eleven (11) miles of overlay, eighteen point five (18.5) miles of slurry seal, for a total of thirty point eight (30.8) miles that would be addressed. The cost associated with that would be: reconstruction, three million one hundred thousand dollars (\$3,100,000); overlay, four million eight hundred thousand dollars (\$4,800,000); and slurry seal of three million six hundred thousand dollars (\$3,600,000). So a total being addressed in this particular Islandwide Resurfacing program on the first year would be eleven million six hundred thousand dollars (\$11,600,000). We have gone forward and projected a program here to address ten (10) years out, as well as you can see the cost per year, roughly eleven million dollars (\$11,000,000) to twelve million dollars (\$12,000,000) per year. Again, this is just a snapshot at this particular point in time. It does not factor in future cost increases or continued road deterioration. Let us say, in the second year, if we are estimating twelve million six hundred thousand dollars (\$12,600,000) would be the need; if the cost increases by two percent (2%), then you would add two percent (2%) on top of that, and in each subsequent year, you would continue to add the cost increases, as well as should the conditions of the roads deteriorate or require increased treatment, then something that is currently listed as an overlay could actually fall into the reconstruction and slurry seal to overlay and so on. Again, just a ten-year outlook as to how we could apply the GET surcharge revenues.

(Councilmember Kawakami was noted as present.)

(Councilmember Kagawa was noted as not present.)

As far as other roads and bridges projects and so forth, we have identified three (3) areas of road projects, federal aid bridges and non-federal aid bridges. The top part of this table on slide number 7 provides the total cost. So the first item there, Road Projects, four hundred thirty-eight million dollars (\$438,000,000); this is where we will assume federal funding for all eligible projects, three hundred twelve million dollars (\$312,000,000), roughly, some County funds that have been set aside, and then the needs of the County would be one hundred twenty-five million seven hundred thousand dollars (\$125,700,000). Our Federal Aid Bridges total cost is at fifty million eight hundred thousand dollars (\$50,800,000); federal funds assumed on the match is thirty-nine million five hundred thousand dollars (\$39,500,000), some County funds already set aside, and then County funds needed at twelve million two hundred thousand dollars (\$12,200,000). Our Non-Federal Aid Bridges, culverts, and smaller bridges at twenty million four hundred thousand dollars (\$20,400,000). Obviously, no federal funds, nothing has been set aside, so the total cost there of one hundred fifty-eight million two hundred thousand dollars (\$158,200,000). Again, this would be assuming that we would be able to obtain one hundred percent (100%) federal match on all of the projects that we believe qualifies for that match. The bottom section of slide number 7 would now list the actual tax map key (TMK) districts of where these projects would reside, where we have identified them. The number of projects, the total costs, federal match, and County funds needed again. So just a different look at how we identify the needs of each tax district.

Slide number 8 provides a layout of the island, where we can see that the Hanalei district, we have identified twelve (12) projects for a total cost of thirty million dollars (\$30,000,000), nineteen million dollars (\$19,000,000) of which we have identified federal match, as well as eleven million dollars (\$11,000,000) coming from the County. The Kapa'a district: twenty-five (25) projects, eighty-three million dollars (\$83,000,000) total, sixty-one million dollars (\$61,000,000) in federal match, twenty-two million dollars (\$22,000,000) from the County. The Lihu'e district: twenty-four projects (24), two hundred twenty-seven million dollars (\$227,000,000) total, one hundred forty-nine million dollars (\$149,000,000) in federal match, seventy-eight million dollars (\$78,000,000) in County funds. Kōloa: twenty-three projects (23), one hundred thirty-four million dollars (\$134,000,000), one hundred three million dollars (\$103,000,000) federal match, thirty-one million dollars (\$31,000,000) in the County. Then our Waimea district: sixteen (16) projects, twenty-seven million dollars (\$27,000,000), twenty million dollars (\$20,000,000) in federal match, and seven million dollars (\$7,000,000) from the County.

Slide number 9 provides the various options for our transit service expansion. This is in line with the Short-Range Transit Plan. You can see that the first option there being to reorganize the Lihu'e-Kōloa shuttle routes, including a baseyard and repair shop expansion, as well as fleet expansion; what the costs would be in operating costs, as well as additional capital. As we add the different options onto our transit program, you can see the associated operating costs, as well as the associated capital, going all the way out to options 5 through 11, which would address all of the Short-Range Transit Plan initiatives.

Something else to think about is with the surcharge, there is a potential budgetary offset related to our transportation. Currently, our Transportation Agency is funded in Fiscal Year 2018: four million nine hundred thousand dollars (\$4,900,000) of General Fund money and three million six hundred thousand dollars (\$3,600,000) of Highway Fund money. We could use this GET surcharge to at least offset this four million nine hundred thousand dollars (\$4,900,000) in General Fund money that would be a savings or offset to the General Fund, alleviating pressure on Real Property Taxes.

Again, why the surcharge? People have asked about why not Transient Accommodations Tax (TAT)? I know all of the Members here are well-aware of the TAT, but I think just in terms of the public, the State Legislature controls the distribution. Some of the history is that the TAT took effect in 1987 and in 1990, a portion of the TAT distribution went to the counties. Thereafter, the distribution rate changed more than a dozen times over the next two (2) decades. In 2011, the legislature capped the TAT revenues to the counties at ninety-three million dollars (\$93,000,000) and their rationale was "to temporarily increase and preserve the amount of state revenues derived from the TAT," basically saying to help the state with their budgetary shortfalls. In 2015, the counties were expecting that this cap would be lifted, but unfortunately, the State Legislature did not remove the cap, but rather simply increase the counties' share from ninety-three million dollars (\$93,000,000) to one hundred three million dollars (\$103,000,000). In 2016, the State Legislature rejected the recommendation of the State-County Functions Working Group, which was a unanimous recommendation to the legislature that the TAT revenues be shared fifty-five percent (55%) to the State, forty-five percent (45%) to the counties, and this was after certain allocations were made off the top to fund the Tourism Special Fund, the Convention Center, Special Land Development Fund, and so on. In 2017, the Special Session was held, which Act 001 now makes permanent the one hundred three million dollar (\$103,000,000) cap to the counties. It also increases the TAT cap rate by one percent (1%) and this is to fund O'ahu's Rail Project.

On slide number 13, this is a chart that is very similar to what was included in the State-County Functions Working Group. This is something that I put together based on the Annual Tax Collection Data from the State Department of Taxation's website. The columns there represent the total TAT, which starts from 1995, that is the oldest data that they had on the website. It goes until 2016 with the actuals. 2017 and 2018 represent estimates based on an eight percent (8%) growth rate, which is what the State Director used in their projections going forward. You can see in 1995 that the total TAT collected was ninety-eight million dollars (\$98,000,000) of which the counties' share is represented in the blue segment of the column, which is seventy-eight million six hundred thousand dollars (\$78,600,000). You can see that from 1995 through 1998 that the County received most of the TAT. In 1999, the State then included the State Tourism Special Fund represented by the gray portion of that column. As you move forward, you can see how the counties' share really did not grow with the collections in the TAT. If you would look at what really occurred is the red line...if you look at the red line in 1995 through 1998, the counties were receiving

approximately eighty percent (80%) of the total TAT collected. As I mentioned earlier, the formula kept changing and you can see for the period from 2000 through 2009 roughly, the change in the formula then had the County receiving forty-four point eight percent (44.8%) of the total TAT collected. As we move forward, you can see that in 2012, where we have the ninety-three million dollar (\$93,000,000) cap, up until current, that the County is now receiving probably what should be roughly twenty percent (20%) or less than twenty percent (20%) being projected to be received of the total TAT collected. So the actual inverse is true of the State, where the State was receiving roughly twenty percent (20%), and now, they are receiving the eighty percent (80%). So those percentages have actually flipped over this period of time. It is also worth noting that the TAT rates had changed as well. You can see by the green line that in 1995 through 1998, it was at six percent (6%) and it went up to seven and a quarter percent (7.25%), eight and a quarter percent (8.25%), and now nine and a quarter and a quarter percent (9.25%), and in 2018, it will actually be ten and a quarter percent (10.25%) going forward. Again, the counties' share of this is capped.

Again, changes in the TAT distribution formula by the State Legislature have been continually to the benefit of the State and at the detriment of the counties. Despite repeated attempts by the counties, the State Legislature has been unwilling to remove the cap of the counties' share of TAT.

Some other legislative actions that we saw this year, House Bill 182, and Senate Bill 683, sought Constitutional Amendments allowing a State surcharge on Residential Investment real property and Visitor Accommodations. This is where the State is actually wanting to get into the real property taxing, which is actually the counties' authority. Senate Bill 686 actually spelt out the surcharge in dollars where the State's surcharge on Residential Investment real property was set at seven dollars and fifty cents (\$7.50) per one thousand dollars (\$1,000) of valuation, compared that to the current County of Kaua'i rate at seven dollars and five cents (\$7.05), so this would more than double that segment of taxes for that Real Property Tax category. That would also make it much more difficult, should the County need to look to real property taxes of what options the County would have to try to raise revenue. It also sought a three dollar (\$3) a day visitor accommodations surcharge for any rooms that were one hundred fifty dollars (\$150) or less and five dollars (\$5) a day for one hundred fifty dollars (\$150) a day or more. I guess three (3) of these bills were set to increase funding for public education. There was also a House Concurrent Resolution 169, which requested the Department of Business, Economic Development & Tourism (DBEDT) to study the economic outcome of transferring the authority to tax real property back to the State and allocating a portion of GET revenues to the counties. So think about that, that currently the counties' General Fund revenues, the largest fund, eighty-three percent (83%) of our revenues come from Real Property Taxes. So if this was now to actually fall under the authority of the State, with the State allocating a portion of GET revenues, I think that would be very concerning for the County or "counties," I should say.

Again, why the surcharge? I think we need to ask ourselves some questions. Now that Act 001 uses TAT revenue to help fund O'ahu's rail project, what are the chances that the State Legislature will lift the cap on the counties? As Councilmembers, if you have reached out to our legislative delegation, what has been the response to removing the TAT cap—if the County does not exercise the GET surcharge authority, will the State increase the GET rate for the State's budgetary shortfalls?

Finally, just a statement that the Mayor believes it is the responsibility of the Mayor and the Council to control our own destiny. With that, Act 001 provides the authority to the counties, provided that the County conducts a public hearing, which is what we are doing today on the proposed ordinance. Also, the ordinance must be adopted prior to March 31st of 2018 and the surcharge will not be levied prior to January 1st of 2019 or after December 31st of 2030. The use of the surcharge remains unchanged since the last authority was established, which is, "Operating or Capital costs of public transportation within each county for public transportation systems, including public roadways, highways, public buses, trains, ferries, pedestrian paths or sidewalks, bicycle paths; and expenses in complying with the Americans With Disabilities Act (ADA) of 1990." Again, this definition of the allowed use is for counties outside of O'ahu, which is defined as having a population of less than five hundred thousand (500,000). That is our presentation. Thank you.

Committee Chair Kaneshiro: Thank you, Ken. I think that presentation was very clear and very easy to understand. Are there any clarifying questions? Councilmember Yukimura.

Councilmember Yukimura: Ken, on slide number 3, essentially the first slide, "County Roads and Transportation Needs," under "Other Road Projects," could we put that up? I just wanted to clarify that this is not repair projects; these are new roads?

LYLE TABATA, Acting County Engineer: Lyle Tabata, Acting County Engineer. So we have set aside several projects, which part of this money could be used to...we have several projects that we recommended to the State in the State's Short-Range Transportation Plan for the east side for congestion relief. So these would be one hundred percent (100%) County-funded roads because they are off of the State system and not part of the Statewide Transportation Improvement Program (STIP), so we would have to fund one hundred percent (100%) with County funds.

Councilmember Yukimura: Okay. Thank you. That helps to clarify. One hundred percent (100%) County roads. Are they repair or new projects?

Mr. Tabata: New projects.

Councilmember Yukimura: Do you have a list?

Mr. Tabata: Yes we do.

Councilmember Yukimura: Can you submit that?

Mr. Tabata: It will be in the Committee as part of the summary.

Councilmember Yukimura: Okay.

Mr. Tabata: We have spoken to some of our projects that were in the Short-Range Transportation Plan that the State put together and this would be to create a grid system for us on the east side of County roadways.

Councilmember Yukimura: So that is one of the projects?

Mr. Tabata: I believe we have one (1) main and three (3) crossroads.

Councilmember Yukimura: Okay. So basically, the one hundred twenty-five thousand dollars (\$125,000) is to create that grid system.

Mr. Tabata: One hundred twenty-five million dollars (\$125,000,000).

Councilmember Yukimura: One hundred twenty-five million dollars (\$125,000,000). I am sorry, yes. Okay. But you will detail that in your submittals to us prior to the Committee Meeting, right?

Mr. Tabata: I believe so.

Councilmember Yukimura: Okay. On the transit service expansion number 9, I do not see the North Shore Shuttle or the East Kaua'i Shuttle, the Wailua-Kapa'a Shuttle. That is part of our Long-Range Transit Plan and I know that the intention is to get the visitor industry funded, but I am not sure it is going to be only the visitor industry or only the property owner, so that is why I am asking why it is not on the list.

CELIA M. MAHIKOA, Executive on Transportation: Celia Mahikoa, Executive with the Transportation Agency. At this point, we had chosen just to include the expansion on the existing transit service. The efforts that will be taken in the future to set up coordinated networks within the visitor industry areas will result in quite a varying amount of coverage that will be needed fiscally, depending on the agreements that were able to work out between the visitor industry entities, as well as the County in partnership, which the partnership is what was recommended through the Short-Range Transit Plan. That is extremely early in the process. We have not even begun working out details on how much is going to be covered by the County, as well as by the visitor industries.

Councilmember Yukimura: So you do not have any estimates whatsoever?

Ms. Mahikoa: We have estimates of the total cost for the areas. The costs that were provided within the plan did not include what it would take to provide the ADA required service for paratransit service for individuals who are unable to access the fixed-route systems that we do set up within those areas. So that would add to the costs that were provided in the plan.

Councilmember Yukimura: Okay, because this is a ten-year plan. I am anticipating that somewhere within the ten (10) years, those shuttles will be established and there will be costs, unless we are talking about private sectors funding everything. So maybe if there are additional costs, you can submit that before the Committee Meeting.

Ms. Mahikoa: Sure.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Any other clarifying questions? Council Chair.

Council Chair Rapozo: Just real quick, on page number 6, you are talking about the County roads and the overlay, I notice that you have one point five (1.5) inches overlay—I thought you were doing two (2) inches? Is the standard not two (2) inches for the repaving?

Mr. Tabata: It varies. This would be the overlay after we did the reconstruction. We just picked the average number.

Council Chair Rapozo: Was the standard not two (2) inches?

Mr. Tabata: It varies.

Council Chair Rapozo: A standard cannot vary, Lyle. Whatever the standard is...the American Association of State Highway and Transportation Officials (ASHTO) or whatever it is called. What is the standard?

Mr. Tabata: I do not have the code right here with me, but it varies between inch and a half (1.5) to three (3) inches.

Council Chair Rapozo: I know this Council was told in the past that it was two (2) inches and that is what we were going to maintain, so I am kind of surprised to see one and a half (1.5). Before the Committee, you have to apply some kind of inflation estimate. This is so inaccurate, and you know that, Ken, that in ten (10) years, there will be an increase in cost and we have to have some kind of idea. I want to make sure that these numbers are as accurate as we can be. We have to put an inflationary number in there, whatever the percent is, like cost of living. We

do not know what it will be, but we have a pretty good idea. I know that you have the little disclaimer on the bottom, but you know that it is not going to be one hundred seventeen million dollars (\$117,000,000) after ten (10) years.

Mr. Shimonishi: Great suggestion. We will definitely address that. For ease of reconciling to the actual data that we have, we left it as-is, because it is a snapshot at today's list of roads, miles, and treatments and if you wanted to go back and see, "How did you folks get this number," then we will give you the full detail of the listing that would come back to that number. But for forecasting purposes, we definitely can build that in.

Council Chair Rapozo: Yes, I think that is how you forecast. You have to put the variable in there. We know there is going to be inflation. However you determine that number, I assume that somebody in your department should be able to do that. I think we need to numbers to be real so that the public understands that it is not one hundred seventeen million dollars (\$117,000,000) and that it is going to be a lot more than that. Thank you.

Committee Chair Kaneshiro: Any other clarifying questions? If not, thank you. We will take public testimony.

Ms. Fountain-Tanigawa: Committee Chair, the first registered speaker is Lee Gately, followed by Mark Perriello.

LEE GATELY: Thank you for that presentation. It was helpful. My name is Lee Gately. I live at 3895 Kōloa Road in Lāwa'ī. I am a big fan of public buses. I used them when I was a kid and I still use them today. I have used them in different countries, so I am glad they are there. Even today, I met with two (2) other residents and picked up a hitchhiker who was waiting for the bus and she needed a faster ride to the Kaua'ī Veterans Memorial Hospital (KVMH). I am a big fan of the buses and having them available to the public. I am a proponent of this tax option. I would like to keep aware that what we have, I hope not to just see more of the public transportation, but to make it user-friendly, so not just the people who take it every day who can decode the system, but just so that anybody who walks in can know how to take the bus here. For example, we recently came back from the airport and we decided to take the bus from the airport back to Lāwa'ī Post Office, and we discovered that there is a bus stop there, and it is only a drop-off typically, and if you want to take the bus back, first you have to go where there are no covers and read the little sign, which is in microscopic font, and at the very bottom is the airports stop and it is says "OC." So then you have to go down to the key and read that "OC" means it is "on-call," and then you have to figure out what the phone number is and who do you call, and you call and maybe forty (40) minutes will go by before your bus with come by, which is fine; I can wait forty (40) minutes for a bus ride, it is much cheaper than renting a car or having my aunt or somebody come by and pick me up. But then the other buses are coming by and they are dropping off and I notice that other visitors who are there do not know how the bus system works, and if you have bad eyes like I do, they might not see the little fine print that is on

there. There is no pricing that we see on the sign or no phone number that we see where to call to get help. It is kind of confusing to first-time users or if you have not been on that route before...maybe you are a resident, but you have not been in that area before. I would like to see that we spend some time not just increasing or adding half hour runs, but to make it just more accessible for those of us who take it sporadically, instead of daily, as the students and stuff do. I am a proponent of this increase. I really appreciate seeing that one of the reasons why we do not have the moneys that we want it because the State kind of ties our hands. Thank you.

Committee Chair Kaneshiro: Thank you, Lee. Next speaker.

Ms. Fountain-Tanigawa: The next speaker is Mark Perriello, followed by Alice Parker.

MARK PERRIELLO: Hello. My name is Mark Perriello. I am the President and CEO of the Kaua'i Chamber of Commerce and I am representing the Kaua'i Chamber of Commerce today. If you will forgive me, I am going to read what I have prepared. "Chair Rapozo, Vice Chair Kagawa, and Members of the Council, the Kaua'i Chamber of Commerce supports an increase to the General Excise Tax of point five percent (0.5%), which is projected to generate over twenty million dollars (\$20,000,000) per year for the next ten (10) years. This is the best way to secure the necessary funds to ensure an appropriate investment into Kaua'i's transportation infrastructure and transit, which is critical for commerce on the island. According to Hawai'i News Now, traffic is one of the biggest problems facing the Garden Island today. Currently, the Department of Public Works, Roads Division's annual budget ill-prepares the County to meet the demands expected upon our roads and transit over the next decade. With proximately three hundred (300) miles of roads to maintain on the island, the current budget barely enables the department to meet the needs of today. Many people on our island depend on roads that are modern and well-maintained; for example, our visitors, the military, the agricultural industry, the construction industry, and the energy sector to name a few. Unless the roads are kept up-to-date, many businesses will suffer, and when businesses suffer, that impacts the real working men and women of Kaua'i. It stands to reason that delivery trucks sitting in traffic equate to longer drive times for delivering goods and increased labor and gas costs. More potholes mean more wheel-alignment damage and more costs to businesses and residents alike. Traffic and bad roads could lead many to forgo a trip to one of our numerous shopping destinations in favor of the convenience of online shopping. According to the Road Information Program, a Washington-based nonprofit, the quality of a region's transportation system is an important factor in where businesses and industries decide to locate, expand, or downsize. A modern transportation system is critical. With that said, the County must ensure that spending takes into account the 2030 sunset provision and the potential cessation of funds. Therefore, as a strong recommendation of the Kaua'i Chamber of Commerce that projects only target the most pressing transportation and transit needs on the island, the Kaua'i Chamber of Commerce is opposed to applying revenues gained by the point five percent (0.5%) increase towards projects that will

create new, reoccurring expenses that will extend beyond the sunset of the tax. Thank you for your time.

Committee Chair Kaneshiro: Thank you, Mark. Do you have a clarifying question?

Councilmember Yukimura: I was just wondering if you could submit what you have read.

Mr. Perriello: I could.

Councilmember Yukimura: Will you, please?

Mr. Perriello: Yes.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Alice, you are up.

ALICE PARKER: Howdy Council people. Alice Parker, for the record. An increase in the General Excise Tax is a regressive tax, particularly onerous for us in lower-income brackets, since it also taxes food, health care, medicines, as well as services. A fairer tax would be a sales tax excluding goods and services relating to healthcare and others and excluding foods. Also, a tariff or tax on automotive transport would be more equitable by taxing the weight of vehicles wearing down the surfaces of our roads; and yes, I use public transportation, Kaua'i Bus, I also drive a personal sedan, so I would also be impacted with additional costs. As far as lessening major infrastructure costs to make our public restrooms usable and presentable, consider what Europe and Chiefess Kamakahahei Middle School does, which uses gender-nonspecific restrooms. So this equalizes gender waits in line and reduces the number of unusable stalls, reducing wasted space. Also, we need to ensure that our funds are used most efficiently, a county auditor would ensure that. Where is the Pahe'e Street bus stop and how sooner will we receive later bus service on weekends so that personal car use can decrease, thus save our streets and keep out seniors from going bats? Thank you.

Committee Chair Kaneshiro: Thank you, Alice.

Ms. Fountain-Tanigawa: The last registered speaker is Laura Miyashiro.

Committee Chair Kaneshiro: Hi Laura. You have three (3) minutes, and as everyone does, they will have another three (3) minutes after you are done, if anybody wants to go a second time. I will let you know when you have thirty (30) seconds left. Go ahead, state your name for the record. You can start.

LAURA MIYASHIRO: My name is Laura Miyashiro. As you can tell, I am highly handicapped or disadvantaged. I know highly handicapped and disadvantaged people have a lot of special needs. The people of Kaua'i are the ones who will be paying this excise tax the most because they are the ones who live here and spend more time here and have more needs from the island. My belief is that since we are the people who will actually footing the bill basically, that we should actually benefit from the proceeds and I am hoping that transportation...our basic needs are food, shelter, and clothing. Other than that, the next basic need is transportation and the next one is communication I guess. It is my belief that the success of the legislature is based on how many people's lives you have made better, not just how much money you have put into it. I would just like that to be addressed that people do start assessing value as being how many lives you have made better and not value as how much money you have. Thank you.

Committee Chair Kaneshiro: Thank you, Laura.

Councilmember Yukimura: Laura, may I ask a question?

Ms. Miyashiro: Yes.

Councilmember Yukimura: This is Councilmember Yukimura.

Ms. Miyashiro: Yes.

Councilmember Yukimura: So I hear you saying that transportation is a key need and the issue before us is an excise tax; are you willing to say whether you are for this tax in order that we be able to meet transportation needs?

Ms. Miyashiro: I think at this particular time, that is the way to go, but my premise is also that somebody's economics is worth less if the dollar is worth less, and is worth more if your dollar is worth more. It means if you get more for your dollar, rather than less for your dollar, you are actually doing better.

Councilmember Yukimura: Yes. So you are saying that if we pass this bill and get additional tax money, that we should use it so we get the most gain, by your standard of how many lives we make better?

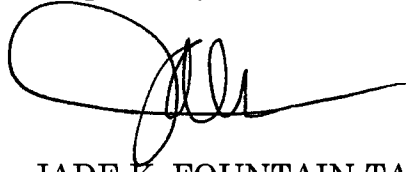
Ms. Miyashiro: Yes.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Thank you. Anyone else in the audience wishing to testify on this? Anyone else wishing to go a second time? You folks had enough? Okay. Seeing none, this public hearing is now adjourned.

There being no further testimony, the public hearing adjourned at 2:15 p.m.

Respectfully submitted,

A handwritten signature in black ink, consisting of a large, stylized loop followed by several smaller, connected loops and a long horizontal stroke extending to the right.

JADE K. FOUNTAIN-TANIGAWA
County Clerk

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