

# The Rail Tax Burden

Financing shortfall under Bill 40 with the 0.5% General Excise tax increase from 2007 through 2021

By 2021 we will still owe far more than rail transit's original cost since losses and interest will exceed tax revenues.

(in millions of current \$'s)

		Tax revenue growth rate = 4.2%			Interest costs = 5.5%			Inflation = 2.96%				
		Tax Revenues	Interest earnings (expense)	Annual tax Revenues Net of Interest	Operating Losses	Federal funds revenues	Revenues, net of interest & operating losses.	Capital Outlays	Revenues, less interest, losses & capital outlays	Bond Balance	Increase by inflation	
		Year									Operating Losses	Balance
Columns >		B	C	D	F	G					M	
	2005		\$143.0									\$4,140.0
	2006		\$149.0									\$4,262.5
Tax start	2007	\$155.3		\$155.3			\$155.3		\$155.3	\$155.3	(\$128.3)	\$4,388.7
	2008	\$161.8	\$8.5	\$170.3			\$170.3		\$170.3	\$325.6	(\$132.1)	\$4,518.6
	2009	\$168.6	\$17.9	\$186.5			\$186.5		\$186.5	\$512.1	(\$136.0)	\$4,652.4
Construction	2010	\$175.7	\$28.2	\$203.8			\$203.8	(\$1,500.0)	(\$1,296.2)	(\$784.1)	(\$140.0)	\$3,290.1
	2011	\$183.0	(\$43.1)	\$139.9			\$139.9	(\$1,500.0)	(\$1,360.1)	(\$2,144.2)	(\$144.1)	\$1,887.5
	2012	\$190.7	(\$117.9)	\$72.8			\$72.8	(\$1,500.0)	(\$1,427.2)	(\$3,571.4)	(\$148.4)	\$443.3
Service start	2013	\$198.7	(\$196.4)	\$2.3	(\$153.0)	\$456.0	\$305.3	(\$456.5)	(\$151.2)	(\$3,722.6)	(\$152.8)	(\$0.0)
	2014	\$207.1	(\$204.7)	\$2.3	(\$157.3)		(\$155.0)		(\$155.0)	(\$3,877.6)	(\$157.3)	(\$0.0)
	2015	\$215.8	(\$213.3)	\$2.5	(\$162.0)		(\$159.5)		(\$159.5)	(\$4,037.0)	(\$162.0)	(\$0.0)
	2016	\$224.8	(\$222.0)	\$2.8	(\$166.8)		(\$164.0)		(\$164.0)	(\$4,201.0)	(\$166.8)	
	2017	\$234.3	(\$231.1)	\$3.2	(\$171.7)		(\$168.5)		(\$168.5)	(\$4,369.5)	(\$171.7)	
	2018	\$244.1	(\$240.3)	\$3.8	(\$176.8)		(\$173.0)		(\$173.0)	(\$4,542.5)	(\$176.8)	
	2019	\$254.4	(\$249.8)	\$4.5	(\$182.0)		(\$177.5)		(\$177.5)	(\$4,720.0)	(\$182.0)	
	2020	\$265.1	(\$259.6)	\$5.5	(\$187.4)		(\$182.0)		(\$182.0)	(\$4,901.9)	(\$187.4)	
Tax ends	2021	\$276.2	(\$269.6)	\$6.6	(\$193.0)		(\$186.4)		(\$186.4)	(\$5,088.3)	(\$193.0)	

**Notes:** The grayed-out data is used only for reference.

**Col. B:** The 2005 tax revenue amount is the \$148 million used by the Council during Bill 40 discussions as the tax revenues in 2005 dollars, less \$5 million as the administrative costs for collecting the tax.

**Cols. F & L:** Operating losses of \$121 million is calculated from the total for bus and rail combined of \$221 million as shown in the 1992 FEIS for 2005. Deducted from this amount is the current operating loss for TheBus of \$100 million annually

**Col. M:** The total cost of the system of \$4.14 billion is calculated using the 1992 FEIS costs inflated by the Construction Cost index with an additional allowance for the addition of Waikale to Kapolei. See [www.honolulutraffic.com/costunderstate.pdf](http://www.honolulutraffic.com/costunderstate.pdf)

**The tax revenue growth rate** of 4.2 percent is the average experienced by the state for the last fifteen years, 1989-2004.

**The bond interest cost** of 5.5% is what experts consider the likely average over the next 15 years for the life of GE tax increase.

**The rate of inflation** shown of 2.96 percent is that forecast by DBEDT for the next five years.