

## **APPENDIX M**

### **Financial Component**

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### **FINANCIAL COMPONENT**

The amount and type of funding that will be available to support the transportation policies, program, and projects will affect the quality of the transportation plan that can be developed for Hawaii. Agencies responsible for transportation programs and services are facing the common problem of balancing ever-increasing needs with limited resources, and the state's fiscal health and priorities will determine how well these needs will be met by the HSTP.

Implementation of transportation facilities and programs is dependent on many factors, including the ability to satisfy travel demand, physical and operational feasibility, public acceptance, and the availability of funding. A good transportation system requires programs and strong public policies that promote and provide adequate funding to allow for the maintenance of existing facilities and expansion of the transportation system to satisfy growth and development. Funds to support the transportation system in Hawaii are provided by a variety of sources including federal and state transportation funds as well as local financing. The federal government maintains dedicated trust funds, supported by user-fees. These trust funds have been operated in a manner that makes the federal support of the transportation almost entirely supported by user-fees. In the State of Hawaii, funding for the various elements of the transportation system is allocated by mode with each administered by Special funds. The functional divisions of the State Department of Transportation are responsible for the administration of the financial programs for their respective modes. Public transportation is the responsibility of the respective counties, as are county roads; the Department does, however, assist with the administration of federal funds and allocation to counties.

## **FINANCING THE AIR TRANSPORTATION SYSTEM**

As provided in Section 261-5(a), Hawaii Revised Statutes, the Department of Transportation is required to generate revenues sufficient to meet all of the expenditures of the statewide system of airports. State airports are thus developed, operated, and maintained on a self-sustaining basis. The three sources of revenue available to the airports division of the DOT are the Airport Special Fund, grants from the federal government through the Federal Aviation Administration, and state revenue bonds. Of these, only the Airport Special fund can be used for operation and maintenance on an on-going basis. All three can be used for capital improvements. Federal grants can sometimes be used for major non-recurring operations and maintenance expenditures.

### **Airport Special Fund**

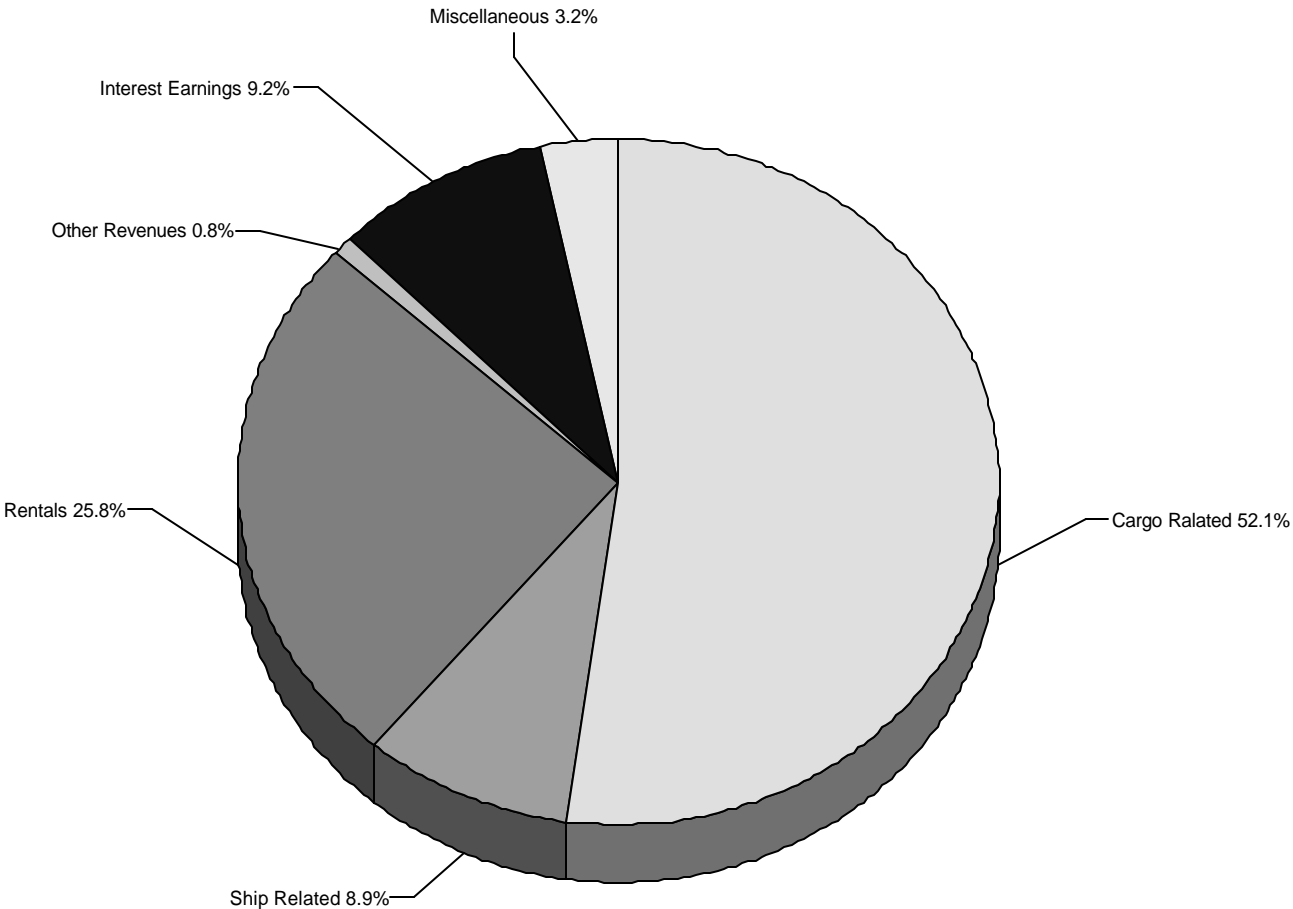
The primary source of revenue for the Airport Special Fund is from user-related fees; no State general fund monies are used to support the development and operation of the Airport System. Revenues are derived from concession fees, aviation fuel taxes, building space and land rentals, investment income, airport use charges and landing fees, and other sources. Table M-1 summarizes revenue and expenditure levels under each of the major categories for fiscal year (FY) 2000 and FY 2001 and projected figures for FY 2002 to FY 2007. Figures M-1 and M-2 illustrate the various components of the total revenue and expenditures, respectively, for FY 2002.

**Concession Fees.** Concession fees are the rentals or fees imposed by the DOT on concessions operated by private interests at the airports. The rental or fee paid to the Airports Division usually consists of a minimum monthly guarantee or a percentage of the gross receipts, whichever is greater. Concession revenues are the largest source of revenues for the Airport System, comprising approximately 55 percent of the total revenues in FY 2000. Most of the concession revenues are produced at Honolulu International Airport.

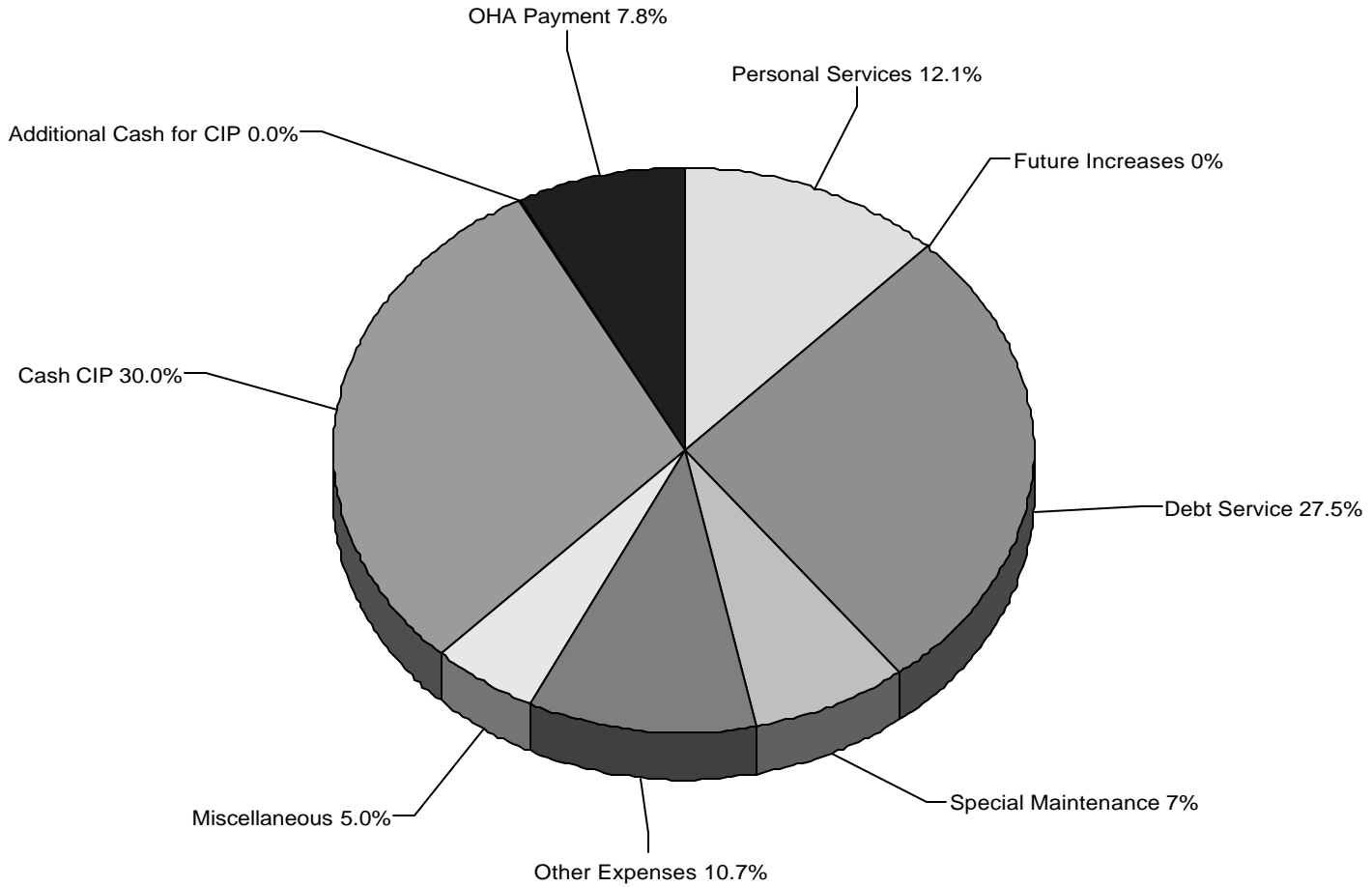
**TABLE M-1  
MULTI-YEAR FINANCIAL SUMMARY  
AIRPORTS DIVISION - AIRPORTS SPECIAL FUND  
(Thousands of Dollars)**

	Fiscal Year							
	2000 (Actual)	2001 (Actual)	2002 (Est.)	2003 (Est.)	2004 (Est.)	2005 (Est.)	2006 (Est.)	2007 (Est.)
Operating Expenditures								
Personal Services	47,397	45,200	52,936	53,477	54,814	56,184	57,589	59,029
Debt Service - GO Bonds	437	424	405	285	13	12	12	11
Debt service - Revenue bonds	126,166	290,457	76,907	67,621	67,591	81,448	85,296	85,265
Special maintenance	4,661	5,628	1,829	10,282	10,539	10,803	11,073	11,349
Other expenses	64,359	61,197	98,062	94,087	96,790	100,145	103,026	105,714
5% Surcharge - Cntrol. Svs.	12,324	2,267	5,714	9,868	10,044	9,360	9,217	9,337
Department Pro-Rata Share-TRN99	3,685	3,607	4,652	4,653	4,768	4,888	5,010	5,136
Major maintenance, renewal, & replacment	2,262	3,104	0	4,000	4,100	4,203	4,308	4,415
Total Operating and MMRA	261,291	411,884	240,505	244,273	248,659	267,043	275,531	280,256
Special CIP Expended	16,357	29,232	68,430	70,034	54,845	41,817	12,144	5,929
Total - EXPENDITURES	277,648	441,116	308,935	314,307	303,504	308,860	287,675	286,185
Revenues								
Aviation Fuel tax	3,361	3,870	3,429	3,463	3,497	3,532	3,568	3,603
Airport Use Charge/Landing Fees	31,810	37,330	4,102	36,581	39,139	40,790	43,198	44,303
Airports System Suport Charge	807	871	192	1,022	1,032	1,042	1,052	1,063
Concession fees	181,002	176,861	85,997	128,086	128,686	129,373	130,067	130,768
Rentals	62,250	63,010	63,501	64,136	64,778	65,426	66,080	66,741
Interest earning-operating	19,689	20,132	11,334	10,823	11,700	11,700	11,700	11,700
Interest-CIP	29,607	27,293	20,828	19,044	17,789	14,851	11,937	11,689
Miscellaneous	3,738	6,173	1,805	1,821	1,840	1,933	2,028	2,130
Total REVENUES	332,264	335,540	191,188	264,976	268,461	268,647	269,630	271,997
Excess of Revenues oveer Expenditures	54,616	-105,576	-117,747	-49,331	-35,043	-40,213	-18,045	-14,188
Add New CIP	0	0	0	-30,000	-30,000	-30,000	-30,000	-30,000
PFC/Bond Funding Of	0	0	0	0	30,000	30,000	30,000	30,000
Other Adjustment	97,208	-93,401	-22,797	0	0	-13,250	-17,839	-19,950
CHANGE in Fund Balance	151,824	-198,977	-140,544	-79,331	-35,043	-53,463	-35,884	-34,138
Prior Year Fund Balance	442,077	595,473	396,477	255,933	176,602	141,559	88,096	52,212
Reim Prior Year	1,572	-19	0	0	0	0	0	0
AIRPORT FUND BLANCE	595,473	396,477	255,933	176,602	141,559	88,096	52,212	18,074

**FIGURE M - 1  
AIRPORTS SPECIAL FUND FY 2002 REVENUES**



**FIGURE M - 2  
AIRPORTS SPECIAL FUND FY 2002 EXPENDITURES**



**Aviation Fuel Tax.** The aviation fuel tax is imposed by the Legislature of Hawaii under Section 243-4(a)(2), Hawaii Revised Statutes, on all types of aviation fuel. The tax has been one cent per gallon since May 1, 1962.

**Aeronautical Rentals.** Aeronautical rentals consist of rentals, primarily to airlines, for the exclusive use of space in the terminal buildings and for areas at an airport. Such rentals, which are subject to periodic renegotiation, are generally based on the current fair market rental value of the space rented. The planned expansion of the terminals at various airports in the Airport System will provide additional rental space, with a resulting increase in aeronautical rentals.

**Investment Income.** Investment income is derived from the investment of bond proceeds and of moneys credited to various accounts in the Airport Revenue Fund.

**Airport Use Charges and Landing Fees.** The Airport Use Charge is imposed on aircraft revenue landings at all State airports by airlines that have entered into an Airport-Airline Lease Agreement with the DOT. Such agreements exist with 27 major airline carriers. The lease agreements provide the lessees with the nonexclusive right to use the State's airport system facilities, equipment, improvements and services, in addition to occupying certain premises and facilities. Other users pay a landing fee set according to the Airport Use Charge rate and based upon the aircraft's weight. After the U.S. Secretary of Transportation implements appropriate rules, the DOT will be able to collect a passenger facility charge for eligible airport projects.

### **Federal Grants-in-Aid**

The Federal Aviation Administration provides funding for commercial and general aviation airports in Hawaii from the Airports & Airways Trust Fund, which receives its revenue from aviation excise taxes on airline tickets, cargo, and general aviation fuel. Funding is made available through authorizing legislation, the most recent of which is the Aviation Investment and Reform Act for the 21st Century (AIR-21). AIR-21, which was enacted in April of 2000, provides for assistance for primary commercial airports based on the number of passengers boarding. AIR-21 also provides entitlement funding to general

aviation airports based on the needs identified in the National Plan of Integrated Airport Systems (NPIAS). For purposes of forecasting expected revenue under the federal aviation programs, it is assumed that the level of funding will be similar to current levels for the 25-year period of the HSTP.

Capital improvements for airports have historically been financed in three ways: Federal grants-in-aid, long term bond financing, and revenue fund cash outlays. Under the Airport Development Aid Program, the State may receive Federal grants for eligible capital improvement projects on a cost-sharing basis. The Federal participation rate is 75 percent for eligible projects at Honolulu International and Kahului Airports and 90 percent participation for the remaining airports in the system.

Airports with 10,000 or more annual enplaned passengers are eligible for passenger entitlement funds. In addition, airports with an annual cargo aggregate certificated landed weight in excess of 100 million pounds are eligible for cargo entitlement funds. Projects recommended as a result of FAA Part 150 studies are eligible for 80 percent Federal funding.

Federal grants-in-aid to the State of Hawaii have been about \$18 million. In general, projects which include land acquisition, site work, airfield paving and grading, lighting and electrical work, terminal building holding rooms, utilities, roads, removal of obstructions to air navigation, fencing, and aircraft rescue and fire fighting equipment are eligible for federal aid.

### **Airport System Revenue Bonds**

The issuance of airport revenue bonds is authorized by the Legislature for the payment or reimbursement of the cost of acquiring, purchasing, or constructing properties to constitute part of the Airport System or reconstructing, improving, bettering, or extending the Airport System. A large portion of the state's financing of capital improvement projects is from airport revenue bonds.



In 1969, the Director of Transportation issued the “Certificate of the Director of Transportation Providing for the Issuance of State of Hawaii Airports System Revenue Bonds” under which \$40 million revenue bonds were initially authorized for issuance. Subsequent issues of revenue bonds were covered by first through twenty-sixth supplemental certificates to the original 1969 Certificate.

These revenue bonds are payable solely from and collateralized solely by the revenues generated by the Airports Division including all aviation fuel taxes levied. The Certificate requires that the Airport Division impose, prescribe and collect revenues that will yield net revenues and taxes at least equal to 1.35 times the total interest, principal and sinking fund requirements for the ensuing 12 months. The Airports Division is also required to maintain adequate insurance on its properties.

For the purposes of calculating the required amounts to be credited to the interest, serial bond principal, sinking fund, debt service reserve, and major maintenance, renewal and replacement accounts (collectively referred to as revenue bond debt service reserve accounts), the Certificate stipulates that all investments be valued at the lower of their face amount or fair value. At June 30, 2000, amounts credited to the revenue bond debt service reserve accounts were in accordance with applicable provisions of the Certificate.

## **FINANCING THE WATER TRANSPORTATION SYSTEM**

Financing for the water-related transportation facilities comes from two primary sources. The Harbors Special Fund is used to finance the operations and maintenance as well as the capital improvement program for the harbor system. The state also uses revenue bonds to fund its capital improvement program.

### **Harbors Special Fund**

Both the capital improvement program and operating & maintenance expenditures for the Hawaii Commercial Harbor System are financed through the Harbor Special Fund. Authorized CIP projects are financed either directly from the Special Fund in cash or via

Harbor Revenue Bonds where the Special Fund pays the annual debt service. Revenues to the Harbors Special Fund are generated by the collection of fees from wharfage, dockage, port entry, rentals, and other charges on a statewide basis. Table M-2 summarizes the revenue and expenditure levels under each of the major categories for FY 2000 and FY 2001 and projected figures for FY 2002 to 2007. Figures M3 and M4 illustrate the various components of total revenues and expenditures, respectively, for FY 2002, for the Harbors Division.

**Cargo Related Fees.** Cargo related revenues include wharfage fees and other cargo handling assessments. Cargo related fees are expected to account for about 42% of the projected Harbor Special Fund revenues.

**Rental Fees.** Rental fees include charges for private storage and processing facilities at the commercial harbors. Approximately 26% of the Harbors Special Fund revenue is realized through rental fees.

**Ship Related Fees.** Ship related fees include port entry and dockage charges assessed to calling vessels. These fees are expected to account for an estimated 9% of the projected Fund revenues.

### **Harbors Revenue Bonds**

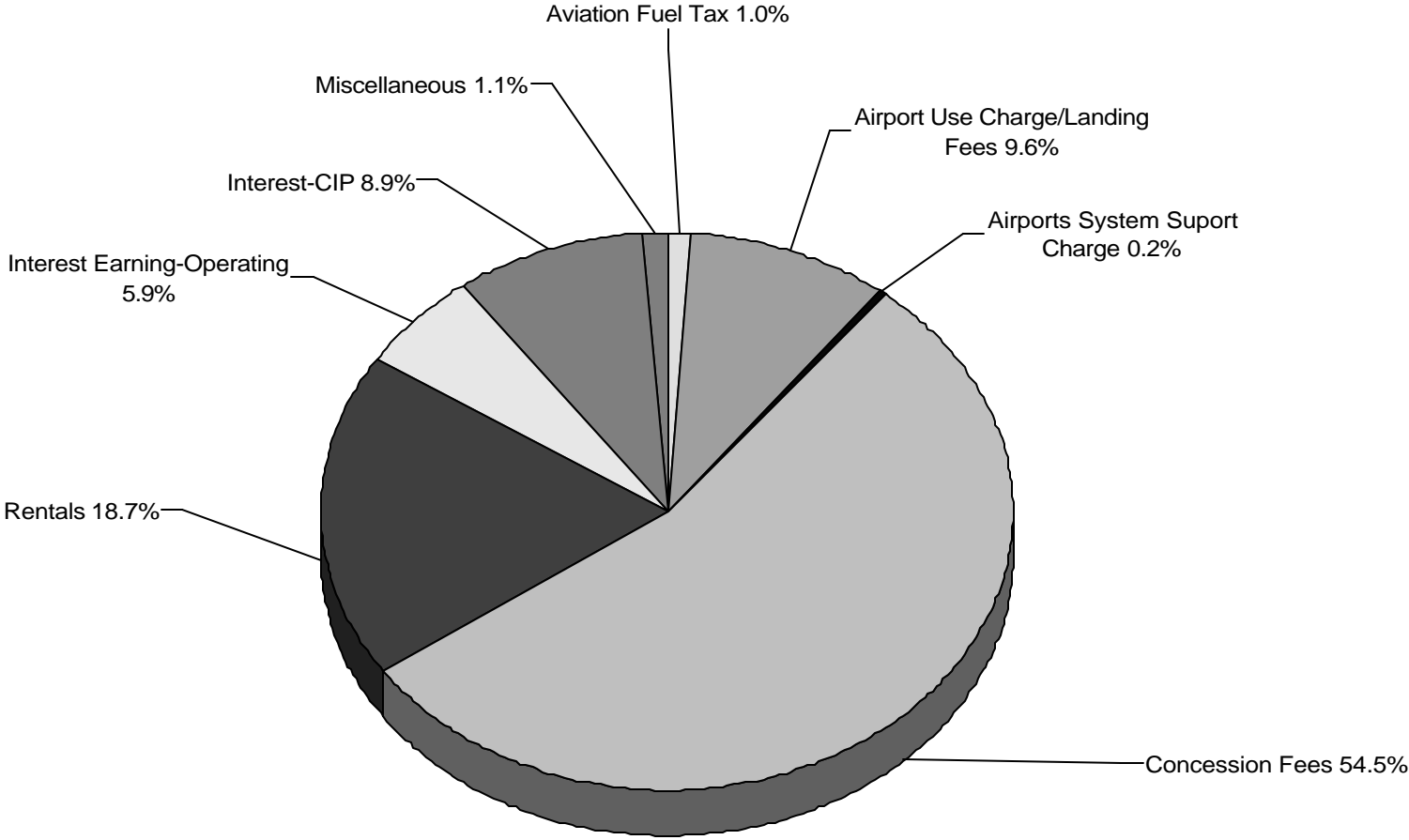
Pursuant to the authorization from the State Legislature, the Director issued the 1967 "Certificate of the Director of Transportation Providing for the Issuance of State of Hawaii Harbor Capital Improvement Revenue Bonds," with subsequent Certificates in 1990 and 1997, which provide for the issuance of bonds at any time and from time to time upon compliance with certain conditions of the respective conditions of the respective Certificates. The harbor revenue bonds are collateralized by a charge and lien on the gross revenues of the program and upon all improvements and funds and securities created in whole or in part from the revenues or from the proceeds of the bonds.

The Certificate requires that the Harbors Division impose, prescribe and collect revenues that will yield net revenues and taxes at least equal to 1.35 times the total interest,

**TABLE M-2  
MULTI-YEAR FINANCIAL SUMMARY  
HARBORS DIVISION - HARBORS SPECIAL FUND  
(Thousands of Dollars)**

	Fiscal Year							
	2000 (Actual)	2001 (Actual)	2002 (Est.)	2003 (Est.)	2004 (Est.)	2005 (Est.)	2006 (Est.)	2007 (Est.)
Operating Expenditures								
Personal Services	8,769	8,072	10,568	10,868	10,955	11,229	11,510	12,085
Future Increases	0	0	0	0	274	281	575	604
Debt Service	19,936	21,220	23,855	25,044	23,893	25,020	25,393	27,394
Special maintenance	5,091	3,707	6,891	6,901	8,279	7,313	8,351	8,281
Other expenses	7,737	6,464	8,349	7,818	8,199	7,953	8,596	8,364
5% Surcharge-Cntrl. Svs.	2,458	2,388	2,547	2,499	2,198	2,198	2,325	2,395
Departmental Pro-rata share-TRN 99	1,147	959	969	978	988	998	1,008	1,048
Cash CIP	21,811	13,512	28,005	15,750	10,375	4,650	3,225	18,400
Additional cash for CIP	0	0	0	0	0	0	0	0
OHA Payment	5,653	5,459	6,555	6,755	6,088	6,226	6,559	6,742
Total EXPENDITURES	72,602	61,781	87,739	76,613	71,249	65,868	67,542	85,313
Revenues								
Cargo related	35,912	37,759	35,884	36,034	36,979	37,950	40,709	43,678
Ship related	6,112	6,431	6,107	6,127	6,299	6,474	6,907	7,370
Rentals	17,811	19,277	19,404	18,543	19,285	19,579	19,877	18,356
Other revenues	567	702	544	554	564	574	584	594
Interest earnings	6,326	8,615	4,198	2,691	3,180	2,832	2,222	3,684
Miscellaneous	2,203	1,512	1,517	1,534	1,552	1,569	1,588	1,607
Total REVENUES	68,931	74,296	67,654	65,483	67,859	68,978	71,887	75,289
Excess of Revenues over Expenditures	-3,671	12,515	-20,085	-11,130	-3,390	3,110	4,345	-10,024
Other Changes in Fund Balances								
Bond Reserve/Reversions/Adjust. Pric	104	735	0	0	0	0	0	0
Balance from Pior Year	50,679	47,109	60,359	40,274	29,144	25,754	28,864	33,209
Balance Carried over to Next Year	47,112	60,359	40,274	29,144	25,754	28,864	33,209	23,185
(Less) Contingency Reserve	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
END OF YEAR BALANCE	44,707	28,734	-3,596	-9,163	-9,871	-4,070	-562	-19,472

**FIGURE M - 3  
HARBORS SPECIAL FUND FY 2002 REVENUES**



**FIGURE M - 4  
HARBORS SPECIAL FUND FY 2002 EXPENDITURES**



principal and sinking fund requirements for the ensuing 12 months. The Harbors Division is also required to maintain adequate insurance on its properties.

## **FINANCING THE LAND TRANSPORTATION SYSTEM**

The administration of an acceptable highway program requires a sound financial base to permit long-term planning for construction, reconstruction and maintenance to meet transportation needs with social, economic, and environmental concerns, and to match federal apportionments.

Expenditures for surface transportation in Hawaii include both capital and operating expenditures. Funding sources for the program include federal grants, state funds appropriated by the Legislature, local county funds appropriated by the City/County councils of each county, and transit operating revenues.

### **Federal Revenue Sources – Highways**

The federal Highway Trust Fund (HTF) is supported by user-fees on motor fuel, tires, and heavy trucks. Hawaii's Highway Account in the HTF is currently \$19 billion. Hawaii has historically received more from the HTF than it has made in payments.

The Transportation Equity Act for the 21st Century (TEA-21) substantially changed the manner in which federal HTF resources are allocated from a needs-based allocation to an allocation that reflects the individual contributions of each state to the Trust fund. For Hawaii, the minimum apportionment is expected to provide an average of \$120 million annually during the period covered by TEA-21. This represents an increase in funding of almost \$10 million annually from the levels of the prior transportation authorization act, the Intermodal Surface Transportation Efficiency Act (ISTEA). For fiscal years 2002 and 2003, the final years of TEA-21, Hawaii's apportionment is expected to be \$122 million annually. As a means of controlling the federal deficit, the amount that Hawaii is allowed to expend annually, obligational authority, has historically been approximately 100 percent of the apportionments. Since it is expected the federal budget will be balanced, for

purposes of forecasting available funds it is assumed that future obligational authority will equal the apportionments.

The Congressional Budget Office (CBO) and Office of Management and Budget (OMB) both generate 10-year forecasts for HTF revenues. The CBO growth estimate (2-3 percent), after adjusting for inflation, is slightly higher than the OMB estimate (1.9 percent). For purposes of the HSTP an average of the two or about 2.1 percent per year is assumed. This growth rate is less than typical estimates of growth in the economy because HTF revenues are based on excise taxes that are not automatically adjusted to account for future inflation.

Under TEA-21 the federal HTF funding is provided primarily in the following four program areas:

1. The Interstate Maintenance and National Highway System programs, which provide funding for roadways that serve interstate travel represents on average 6 percent of the HTF funding.
2. The Bridge program, which provides assistance to rehabilitate and replace bridges on public roadways, represents 15 percent of the funding.
3. The Surface Transportation Program, which provides the flexible funding that may be used on any federal aid eligible project, represents on average 23 percent of the HTF funding.
4. The congestion Mitigation and Air Quality Improvement (CMAQ) program provides funding to areas that are designated by the United States Environmental Protection Agency (USEPA) as non-attainment or maintenance for ozone or carbon monoxide. This program represents about 6 percent of Hawaii's funding.
5. ISTEA's equity-based funding categories—Interstate Reimbursement, Hold Harmless, 90 Percent of Payment, Donor State Bonus and Minimum Allocation—have been collapsed into one new category called Minimum Guarantee which is about 10 percent of the funding.
6. The remaining 40 percent is provided for air quality, planning, research and other programs. The actual amounts received by program is not of a concern in forecasting future funding since considerable transfers of funding between programs is allowed.

## **Federal Revenue Sources – Transit**

The Federal Transit Administration (FTA) provides assistance funding through various discretionary and formula grant programs. These major programs are as follows:

1. The Urbanized Area Formula Grants program (49 USC Section 5307) provides transit capital and planning assistance to urbanized areas with populations of more than 50,000;
2. Transit Capital Investment Grants and Loans (49 USC Section 5309) provides transit capital assistance for new fixed guideway systems and extensions to existing fixed guideway systems (New Starts), fixed guideway modernization, and bus and bus-related facilities. Funding for New Starts and bus and bus-related facilities (Bus Capital) are discretionary programs while the Fixed Guideway Modernization Program (FGM) uses a formula apportionment;
3. Formula Grants for Special Needs of Elderly Individuals and Individuals with Disabilities (49 USC Section 5310) provides funding, through the States, to private and non-profit organizations that provide specialized transportation services to elderly persons and to persons with disabilities; and
4. Formula Grants for Other Than Urbanized Areas (49 USC Section 5311) provides transit capital and operating assistance, through the states, to nonurbanized areas with populations less than 50,000.

Funds from the Federal Highway Administration (FHWA) could also be used for mass transit purposes. The Federal Highway and Transit Laws authorize certain funds to be “flexible”. For example, FHWA Surface Transportation Program funds can be transferred from FHWA to FTA for use in transit projects, while FTA Urbanized Area Formula funds may also be available for highway projects.

The FTA grant programs listed above have been authorized under the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) authorized during Fiscal Year (FY) 1999 through FY 2003, eighty percent (80%) of the funding for Sections 5307, 5309, 5310, and 5311 programs will be from the Mass Transit Account of the Highway Trust Fund (HTF), and the remaining 20 percent will be from the General fund.

The actual funding amounts are determined annually through appropriations to the U.S. Department of Transportation. The amounts apportioned for formula grant programs in FY 2002 were as follows:



- \$22.803 million (Section 5307),
- \$ 1.094 million (Section 5309 FGM),
- \$ 0.421 million (Section 5310), and
- \$ 0.340 million (Section 5311).

Additionally in FY 2002, \$11.88 million in Section 5309 New Starts and \$8.663 million in Section 5309 Bus Capital funds were allocated to the City and County of Honolulu for various projects.

In 1998, the FTA posted guaranteed amounts for FY 2003 and, currently, the agency has estimated apportionment amounts based on its proposed FY 2003 budget.

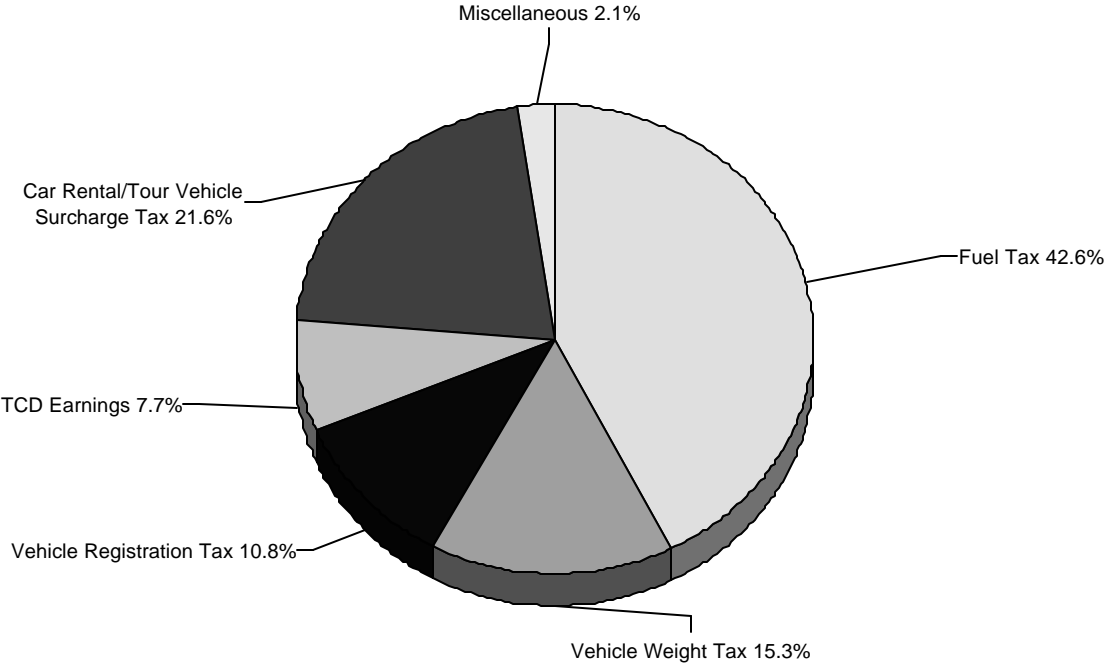
### **Hawaii Revenue Sources for Highways**

State funding for highways accounts for more than 60 percent of all public support for highways, amounting to more than \$160 million. State sources of funding for highways are derived from the state Highway Special Fund. The primary sources of revenue for the Highway Special fund are indirect users fees in the form of fuel taxes, weight taxes and vehicle registration fees. The State Highway Fund is required by law to generate revenues necessary to carry out the operations, maintenance, and the capital improvement programs for the Department of Transportation highway programs. Table M-3 summarizes the revenue and expenditure levels under each of the major categories for FY 2000 and FY 2001 and projected figures for FY 2002 to 2007. Figures M-5 and M-6 illustrate the various components of the total revenue and expenditures, respectively, for FY 2002.

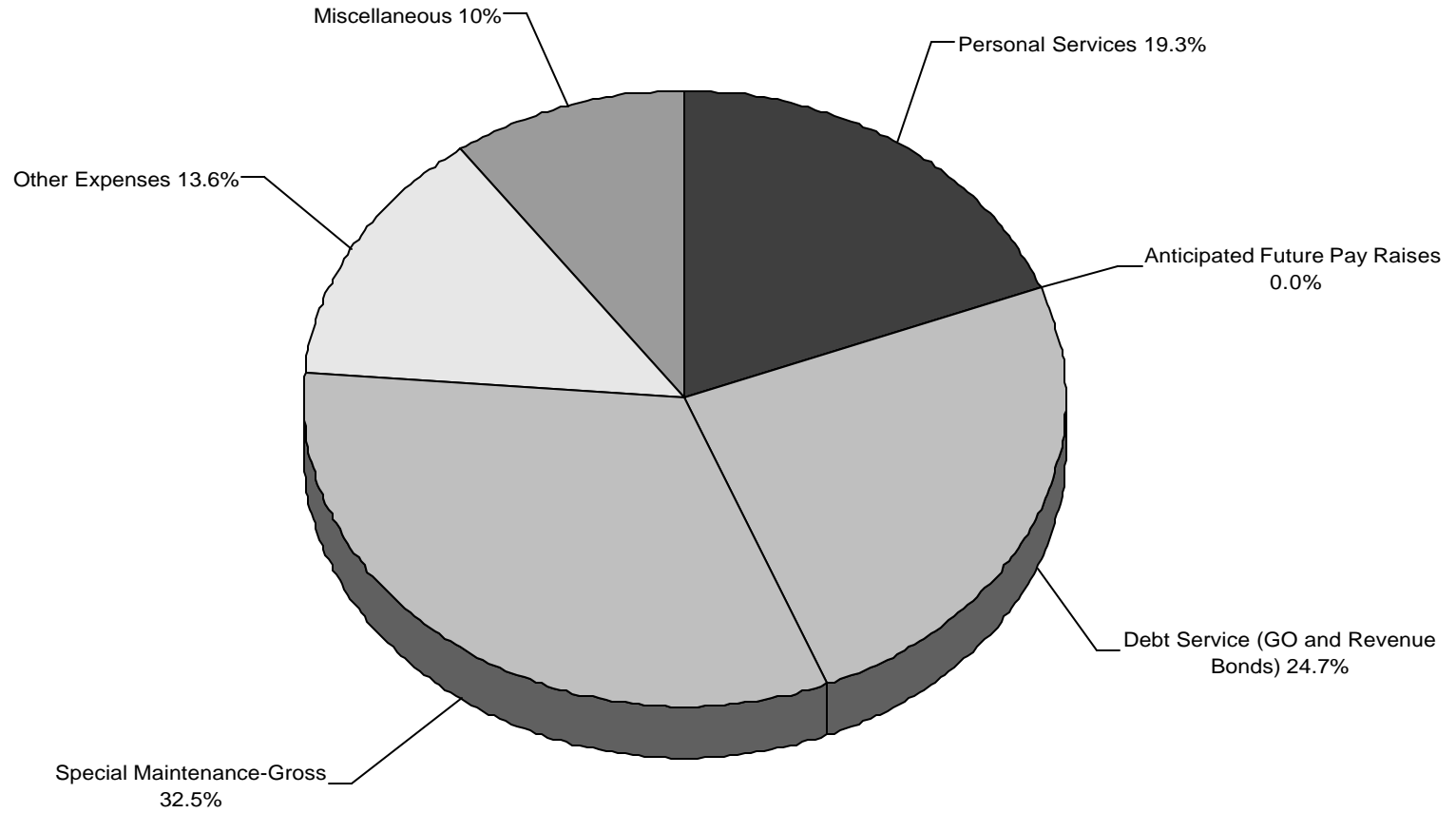
**TABLE M-3  
MULTI-YEAR FINANCIAL SUMMARY  
HIGHWAYS DIVISION - HIGHWAYS SPECIAL FUND  
(Thousands of Dollars)**

	Fiscal Year							
	2000 (Actual)	2001 (Actual)	2002 (Est.)	2003 (Est.)	2004 (Est.)	2005 (Est.)	2006 (Est.)	2007 (Est.)
Operating Expenditures								
Personal Services	29,856	28,592	24,463	24,563	24,514	24,514	24,514	24,514
Anticipated future pay raises	0	0	1,574	1,026	613	613	613	613
Debt service (GO and Revenue Bonds)	38,112	44,173	46,664	51,891	52,355	54,521	57,296	56,566
Special maintenance-Gross	50,262	57,063	50,049	50,001	49,991	49,959	49,973	49,898
Other expenses	20,935	26,955	37,293	37,774	30,842	30,884	30,924	30,938
5% Surcharge-Cntrl. Svs	4,900	6,133	5,756	5,809	5,969	5,903	5,814	5,942
MVSO-TRN597-Gross	5,679	5,438	6,546	6,531	6,535	6,535	6,535	6,535
Departmental pro-rata share-TRN99	4,742	4,072	5,898	5,911	5,911	5,911	5,911	5,911
Sub-total	154,486	172,426	178,243	183,506	176,730	178,840	181,580	180,917
Less Federal Funds (cash basis)	-20,615	-32,562	-3,289	-9,929	-959	-959	-959	-959
Cash CIP	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	133,871	139,864	174,954	173,577	175,771	177,881	180,621	179,958
Revenues								
General Excise Tax	0	0	0	0	0	0	0	0
Fuel tax	68,088	71,930	68,399	70,706	73,610	74,291	74,973	74,973
Vehicle weight tax	24,406	25,337	24,323	23,351	26,862	27,537	28,132	28,929
Vehicle registration tax	17,216	17,609	16,905	16,229	18,126	18,347	18,568	18,789
TCD earnings	12,314	14,961	14,900	13,900	12,900	11,900	10,900	10,900
Car rental/tour vehicle surcharge tax	34,586	38,633	32,180	36,319	38,445	38,968	39,492	40,017
Miscellaneous	3,395	2,833	2,624	2,537	2,671	2,672	2,835	2,835
Total REVENUES	160,005	171,303	159,331	163,042	172,614	173,715	174,900	176,443
Excess Revenues over Expenditures	26,134	31,439	-15,623	-10,535	-3,157	-4,166	-5,721	-3,515
OTHER CHANGES IN FUND BALANCE								
Fund Balance Prior year	53,587	68,721	86,591	66,035	53,300	50,144	45,978	40,257
Adj. Prior Year/Transfer	-11,000	-13,569	-4,933	-2,200	0	0	0	0
Fund Balance at end of the Year	68,721	86,591	66,035	53,300	50,144	45,978	40,257	36,742

**FIGURE M - 5  
HIGHWAYS SPECIAL FUND FY 2002 REVENUES**



**FIGURE M - 6  
HIGHWAYS SPECIAL FUND FY 2002 EXPENDITURES**



**State Liquid Fuel Tax.** The fuel tax has traditionally been the single largest source of revenue for the Highways Special fund. For fiscal year 2000, the fuel tax of \$0.16 per gallon is expected to account for an estimated 43% of the total fund income.

**State Motor Vehicle Weight Tax.** The \$20.00 per vehicle registration fee will contribute approximately 15% of the projected Special fund revenue for FY 2000-2001.

**Car Rental Vehicle Surcharge.** A surcharge tax on rental and tour vehicles become effective on January 1, 1992, as follows:

- The surcharge tax on motor vehicles will be \$3.00 per day or portion of a day that a motor vehicle is rented or leased.
- The surcharge tax on tour vehicles will be \$65.00 month for vehicles with a passenger capacity of eighteen passengers or more and \$15.00 per month for vehicles with a capacity of eight to seventeen passengers, for each vehicle used or partially used during the month.

It is estimated that the surcharge tax will account for approximately 22% of the total Special Fund Revenue for FY 2000-01.

**Overweight Vehicle Surcharge.** The graduated weight tax on commercial and non-commercial vehicles will account for approximately 3% of the project total revenue in the Special Fund in FY 2000-01.

**Local Transportation Funding – Highway.** The fourth major funding support for Hawaii's transportation system comes from Hawaii's five counties. Local County revenues for transportation purposes are derived from three primary sources: the State Highway Fund, the State General Fund, and appropriations to each respective City/County by the HDOT. The County Highway Fund includes four major revenues sources:

- County fuel tax
- Motor vehicle weight tax
- Public utility franchise tax
- Portion of the charges for services category

The General Fund includes a variety of revenue sources, with the largest being property taxes.

### **Local Transportation Funding – Transit**

Local sources are expected to contribute up to 25 percent of public support for public transportation systems in Hawaii. Local County revenues for these purposes are derived from the General Fund, appropriations by each respective City/County Council, and transit operating revenues. Transit operating revenues are almost entirely from bus fare box receipts. For the City and County of Honolulu, major operating revenues include fare box revenues and subsidies from the county's General and Highway Funds. Capital revenue is usually from general obligation bonds. For capital assistance, the City and County of Honolulu contributes 20 percent (20%) of net project costs.