

EXECUTIVE CHAMBERS

HONOLULU

June 18, 2001

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 549

Honorable Members
Twenty-First Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 549, entitled "A Bill for an Act Making an Appropriation for the Establishment of Manufacturing Extension Programs."

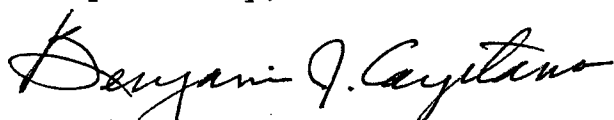
The purpose of this bill is to appropriate \$300,000 for each of the fiscal years 2001-2002 and 2002-2003 from the employment and training fund (ETF) to the Hawaii Manufacturing Extension Partnership to match federal funds to improve performance of manufacturing enterprises in Hawaii.

The ETF is a special fund that is funded by an employer tax assessment. The expenditure of ETF funds must comply with the statutory requirements of section 383-128, Hawaii Revised Statutes. Therefore, ETF funds may only be used to offer employment-related training. This bill, however, authorizes an inappropriate use of ETF funds for such services as commercializing new manufacturing and high technology products and assisting firms to adopt new techniques and practices.

In addition, the ETF assessment rates have been reduced from 0.05 percent to 0.03 percent in 2001, and will be further reduced to 0.01 percent in 2002. ETF assessments will also sunset on December 31, 2003. Thus, ETF funds may not be available to continue the manufacturing extension programs.

For the foregoing reasons, I am returning Senate Bill 549 without my approval.

Respectfully,



BENJAMIN J. CAYETANO
Governor of Hawaii