

STAND. COM. REP. NO.

678

Honolulu, Hawaii

MAR 04 2011

RE: S.B. No. 1426  
S.D. 2

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 1426, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC FUNDS,"

begs leave to report as follows:

The purpose and intent of this measure is to explore options for balancing the state budget by:

- (1) Requiring the City and County of Honolulu to return to the State \$200,000,000 of the revenues from the county surcharge on state general excise and use taxes;
- (2) Authorizing the issuance of general obligation bonds in the sum of \$300,000,000 to reimburse the City and County of Honolulu; and
- (3) Extending the county surcharge on general excise and use taxes under Act 247, Session Laws of Hawaii 2005, by two years.

Your Committee received written comments in opposition to this measure from Peter B. Carlisle, Mayor, City and County of Honolulu; and the Land Use Research Foundation of Hawaii. Written comments were received from the Tax Foundation of Hawaii.

Your Committee finds that the State must find innovative ways to balance its budget amid the current economic crisis. Borrowing funds from the City and County of Honolulu's surcharge on state

SB1426 SD2 SSCR LRB 11-2394.doc



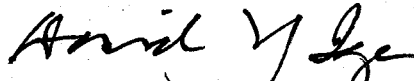
taxes and repaying the county with revenues from the issuance of general obligation bonds will help the State to maintain current services and personnel while ensuring that the county is repaid in a timely manner.

Your Committee has amended this measure by:

- (1) Changing to unspecified sums, the dollar amounts for county surcharge revenues to be returned to the State and the general obligation bond proceeds to be transferred to the City and County of Honolulu;
- (2) Clarifying that the State is to seek the affirmative advice of its bond counsel regarding any potential effect on the State's bond rating from using the general obligation bonds to replace the county surcharge revenues returned from the City and County of Honolulu; and
- (3) Making technical nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1426, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1426, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,




DAVID Y. ISE, Chair



The Senate  
 Twenty-Sixth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1426 SD1	PGM, WAM	2/24/11		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)				✓
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.		✓		
ENGLISH, J. Kalani	✓			
ESPERO, Will		✓		
FUKUNAGA, Carol	✓			
KIM, Donna Mercado		✓		
KAHELE, Gilbert	✓			
KOUCHI, Ronald D.	✓			
RYAN, Pohai		✓		
TOKUDA, Jill N.		✓		
WAKAI, Glenn		✓		
SLOM, Sam	✓			
<b>TOTAL</b>	7	6	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes