

STAND. COM. REP. NO.

667

Honolulu, Hawaii

MAR 06 2015

RE: S.B. No. 1299

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1299 entitled:

"A BILL FOR AN ACT RELATING TO DISPOSITION OF TAX REVENUES,"

begs leave to report as follows:

The purpose and intent of this measure is to establish maximum dollar amounts to be distributed among certain non-general funds from the conveyance tax.

Specifically, this measure provides that:

- (1) Ten percent or \$7,600,000, whichever is less, of the conveyance tax shall be paid into the land conservation fund;
- (2) Fifty percent or \$38,000,000, whichever is less, of the conveyance tax shall be paid into the rental housing trust fund; and
- (3) Twenty-five percent, or \$19,000,000, whichever is less, shall be paid into the natural area reserve fund.

Your Committee received testimony in opposition to this measure from the Department of Land and Natural Resources, the Hawaii Housing Finance and Development Corporation, Catholic Charities Hawaii, the Hawaii Appleseed Center for Law and Economic Justice, The Trust for Public Land, The Nature Conservancy, and PHOCUSED. The Tax Foundation of Hawaii provided comments on the measure.

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Your Committee finds that under the present tax structure, certain non-general funds receive a specified percentage of conveyance tax revenues, with no limit on the total amount of tax revenue that may be received each fiscal year. Your Committee further finds that placing a cap on the amount of conveyance tax revenues received by these non-general funds will promote budgetary planning and transparency by:

- (1) Making forecasts of general fund revenues more reliable;
- (2) Increasing legislative oversight of the agencies and programs supported by those non-general funds; and
- (3) Increasing competition for limited public funds among agencies and programs seeking funds additional to those automatically distributed to their non-general funds.

Your Committee further finds that the practice of automatically earmarking funds that fluctuate over time is not in the best interest of either the State or the recipient program. Without legislative involvement in the distribution of funds, determinations as to whether or not programs are receiving too little or too much resources are often not made in a timely manner. This has resulted in some programs requiring additional funds and other programs building up large reserves that could have been better utilized for other programs and services.

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. 1299 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

  
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JILL N. TOKUDA, Chair



