

Honolulu, Hawaii

FEB 04 2008

RE: S.B. No. 2164
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Education, to which was referred S.B. No. 2164 entitled:

"A BILL FOR AN ACT RELATING TO EDUCATION,"

begs leave to report as follows:

The purpose of this measure is to establish the Hawaii Charter School Facilities Fund for funding the repair, maintenance, and other facilities needs of charter schools.

This measure also establishes a tax credit for certain individuals who make contributions to charter school repairs, maintenance, or development and appropriates funds for the Hawaii Charter School Facilities Fund.

Testimony in support of the measure was submitted by Kamehameha Schools and Kanu o ka 'Āina Learning 'Ohana. Comments on the measure were also submitted by the Department of Taxation, the Department of the Attorney General, and the Tax Foundation of Hawaii.

Your Committee finds that the Legislature has been committed to growing and supporting charter schools within the State. This commitment has been made clear through Act 298, Session Laws of Hawaii 2006, which adopted proposals from the Task Force on Charter School Governance, established pursuant to Act 87, Session Laws of Hawaii 2005, and Act 115, Session Laws of 2007, which contained efforts to provide for the efficient operations of the charter schools. As charter schools provide an alternative



learning experience for students and families, funding for charter school operations, including facilities, must also be accomplished by creative or alternative means. This measure establishes the Hawaii Charter School Facilities Fund to provide funding for repair, maintenance, and other facilities needs. The Hawaii Charter School Facilities Fund is modeled after Hawaii 3R's, which utilizes private financial and human resources to address the department of education repair and maintenance backlog. As Hawaii 3R's has enjoyed great success by saving taxpayers money, helping schools with much needed repair and maintenance projects, and benefiting businesses through tax credits, a similar program to assist charter schools is an intriguing idea.

Upon review of the testimony and other information received, your Committee understands that some concerns have been raised regarding the propriety of this measure, including the responsible entity to report on the charter school repair and maintenance tax credit. Following the model of Hawaii 3R's, your Committee has attempted to address some of these concerns, but also believes that this measure should continue to proceed through the legislative process to allow for further consideration and amendments, as necessary.

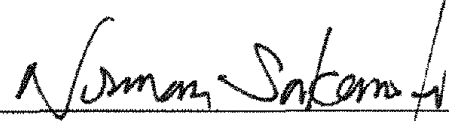
Accordingly, your Committee has amended this measure by:

- (1) Requiring the Charter School Review Panel, rather than Kanu o ka 'Āina Learning 'Ohana, to be the responsible entity for maintaining records, verifying information, issuing certificates to appropriate taxpayers, and providing necessary information to the Department of Taxation for the charter school repair and maintenance tax credit; and
- (2) Making technical, nonsubstantive changes for purposes of clarity and to conform to preferred drafting style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2164, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2164, S.D. 1, and be referred to the Committee on Economic Development and Taxation.



Respectfully submitted on
behalf of the members of the
Committee on Education,



NORMAN SAKAMOTO, Chair



