

LATE TESTIMONY

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON EDUCATION
ON
SENATE BILL NO. 2244

January 30, 2008

RELATING TO TEACHERS

Senate Bill No. 2244 creates a Public School Teachers Reimbursement Special Fund to reimburse teachers for out-of-pocket classroom expenses. The special fund would include amounts transferred from general excise tax revenues.

We do not support this bill. We oppose the earmarking of general excise tax revenues because it decreases the amount available for other competing State priorities. We believe that the need for classroom supplies should be reviewed on its merits through the Executive budget process.

Also, as a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine if the proposed fund meets any of the above criteria.

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LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



KURT KAWAFUCHI
DIRECTOR OF TAXATION

SANDRA L. YAHIRO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809

PHONE NO: (808) 587-1510
FAX NO: (808) 587-1560

SENATE COMMITTEE ON EDUCATION

TESTIMONY REGARDING SB 2244 RELATING TO TEACHERS

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)
DATE: JANUARY 30, 2008
TIME: 1:15PM
ROOM: 225

This bill would redirect an amount of general excise tax revenue, not to exceed an unspecified amount, to the Public School Teachers Reimbursement Fund.

The Department of Taxation ("Department") takes no position on the concept of this legislation; however opposes the funding mechanism.

I. FUNDING TEACHER EXPENSES IS IMPORTANT.

The Department understands the importance of ensuring that teachers are reimbursed out-of-pocket expenditures related to classroom supplies and other costs. An effective way to ensure Hawaii teachers are providing an effective learning environment is through encouraging programs such as this.

II. THE DEPARTMENT CANNOT SUPPORT GET REVENUE DIVERSIONS.

The Department is always cautious about policy that redirects general excise tax revenue away from the general fund and into specific special funds. The Department routinely opposes funding mechanisms such as this because the general excise tax represents over one-half of the State's overall operating revenue stream. The Department strongly prefers that a direct appropriation be the means for funding this program so that the amount may be budgeted and prioritized just as any other program.

III. REVENUE ESTIMATE.

This bill will result in an unspecified revenue loss to the general fund.