

JAN 26 2009

A BILL FOR AN ACT

RELATING TO NON-GENERAL FUNDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Many unprecedented events have converged to
2 create an economic, financial, and fiscal environment that
3 threatens the very foundation of our national economy. Problems
4 that arose in the national housing sector and sub-prime mortgage
5 market last year have radiated from Wall Street to Main Street.
6 Across the United States, the result has been increasing
7 business bankruptcies and closures, lower consumer confidence
8 and spending, and job losses and rising unemployment.

9 For state governments, the financial crisis and economic
10 downturn have adversely impacted tax revenues and budgets. Most
11 states, like Hawaii, rely on income and sales taxes as their
12 main sources of revenues. The slowdown in employment and
13 consumer spending has reduced state revenues nationwide at a
14 time when operating costs continue to rise.

15 Hawaii is experiencing a severe contraction in its visitor,
16 retail, and construction industries. As a consequence, the
17 council on revenues has revised its revenue projections downward
18 five times during 2008 and once again at the beginning of

1 January 2009. The cumulative effect of these successive
2 reductions in revenue estimates for fiscal years 2008-2009,
3 2009-2010 and 2010-2011 is a substantial decrease in the amount
4 of general funds that the State can expect in the immediate and
5 near future. Given the level of spending that has been
6 authorized by the legislature during the 2007 and 2008 regular
7 and special sessions and the anticipated rising cost of state
8 operations, a \$1,760,000,000 general fund budget shortfall is
9 projected by the end of fiscal year 2010-2011 if corrective
10 action is not taken.

11 The legislature finds that due to the extraordinary fiscal
12 crisis the State faces, non-general funds must be reviewed and
13 scrutinized to determine if there are excess balances available.
14 The legislature further finds that transfers of excess balances
15 are needed to help address the critical budget shortfall in
16 fiscal biennium 2009-2011.

17 The purpose of this Act is to address the budget shortfall
18 by transferring a total of \$19,000,000 from the deposit beverage
19 container deposit special fund and the wireless enhanced 911
20 fund to the general fund for fiscal year 2009-2010.

S.B. NO. 884

1 SECTION 2. Section 138-3, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§138-3 **Wireless enhanced 911 fund.** There is established
4 outside the state treasury a special fund, to be known as the
5 wireless enhanced 911 fund, to be administered by the board.
6 The fund shall consist of amounts collected under section 138-4.
7 ~~[Moneys paid into the fund are not general fund revenues of the~~
8 ~~State.]~~ The board shall place the funds in an interest-bearing
9 account at any federally insured financial institution, separate
10 and apart from the general fund of the State. Moneys in the
11 fund shall be expended exclusively by the board for the purposes
12 of ensuring adequate cost recovery for the deployment of phase I
13 and phase II wireless enhanced 911 service and for expenses of
14 administering the fund. Any funds that accumulate in the
15 wireless enhanced 911 fund shall be retained in the fund unless
16 determined by the legislature to be in excess."

17 SECTION 3. Section 342G-104, Hawaii Revised Statutes, is
18 amended by amending subsection (c) to read as follows:

19 "(c) Any funds that accumulate in the deposit beverage
20 container deposit special fund shall be retained in the fund
21 unless determined by the ~~[auditor]~~ legislature to be in excess~~[7~~
22 ~~after adjustments to the deposit beverage fee, pursuant to the~~

1 ~~management and financial audits conducted in accordance with~~
2 ~~Section 342G-107]."~~

3 SECTION 4. The legislature determines that there is in the
4 deposit beverage container deposit special fund at least
5 \$10,000,000 in excess of the requirements of the fund. On
6 July 1, 2009, the director of finance is authorized to transfer
7 from the deposit beverage container deposit special fund to the
8 general fund the sum of \$10,000,000 or so much thereof as may be
9 necessary for fiscal year 2009-2010.

10 SECTION 5. The legislature determines that there is in the
11 wireless enhanced 911 fund at least \$9,000,000 in excess of the
12 requirements of the fund. On July 1, 2009, the director of
13 finance is authorized to transfer from the wireless enhanced 911
14 fund to the general fund the sum of \$9,000,000 or so much
15 thereof as may be necessary for fiscal year 2009-2010.

16 SECTION 6. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

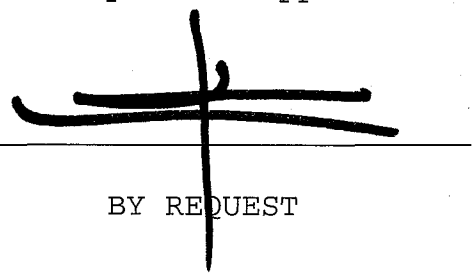
18 SECTION 7. This Act shall take effect upon its approval.

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INTRODUCED BY:


BY REQUEST

Report Title:

Transfer of Non-General Funds

Description:

Transfers excess balances from certain special funds to the general fund to address the budget shortfall in fiscal biennium 2009-2011.

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO NON-GENERAL FUNDS.

PURPOSE: Transfer \$10,000,000 from the Deposit Beverage Container Deposit Special Fund and \$9,000,000 from the Wireless Enhanced 911 Fund for fiscal year 2009-2010 to the general fund to help address the budget shortfall in fiscal biennium 2009-2011. Also changes the requirements of these special funds in order to enable the transfer of a total of \$19,000,000 into the general fund.

MEANS: Amend section 138-3 and subsection 342G-104(c), Hawaii Revised Statutes; and determine through the Legislature that the specified amounts from the identified funds are in excess of requirements of the respective funds and authorize the Director of Finance to transfer those amounts to the general fund on July 1, 2009.

JUSTIFICATION: Many unprecedented events have converged to create an economic, financial, and fiscal environment that threatens the very foundation of our national economy. Problems that arose in the national housing sector and sub-prime mortgage market last year have radiated from Wall Street to Main Street. Across the United States, the result has been increasing business bankruptcies and closures, lower consumer confidence and spending, and job losses and rising unemployment.

For state governments, the financial crisis and economic downturn have adversely impacted tax revenues and budgets. Most states, like Hawaii, rely on income and sales taxes as their main sources of revenues. The slowdown in employment and

consumer spending has reduced state revenues nationwide at a time when operating costs continue to rise.

Hawaii is experiencing a severe contraction in its visitor, retail, and construction industries. As a consequence, the Council on Revenues has revised its revenue projections downward five times during 2008 and once again at the beginning of January 2009. The cumulative effect of these successive reductions in revenue estimates for fiscal years 2008-2009, 2009-2010 and 2010-2011 is a substantial decrease in the amount of general funds that the State can expect in the immediate and near future. Given the level of spending that has been authorized by the Legislature during the 2007 and 2008 regular and special sessions and the anticipated rising cost of state operations, a \$1,760,000,000 general fund budget shortfall is projected by the end of fiscal year 2010-2011 if corrective action is not taken. These transfers are one of the steps being taken to address this shortfall.

Impact on the public: This measure will help ensure that the budget shortfall is met and that the State is operating within a balanced budget.

Impact on the department and other agencies: This measure will help ensure that the budget shortfall is met and that the State is operating within a balanced budget.

GENERAL FUND:

None.

OTHER FUNDS:

\$10,000,000 from the Deposit Beverage Container Deposit Special Fund and \$9,000,000 from the Wireless Enhanced 911 Fund for fiscal year 2009-2010.

PPBS PROGRAM

DESIGNATION:

AGS 891 and HTH 840.

OTHER AGENCIES

AFFECTED:

Department of Accounting and General
Services and Department of Health.

EFFECTIVE DATE:

Upon approval.

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON HEALTH AND
COMMERCE AND CONSUMER AFFAIRS
ON
SENATE BILL NO. 884

February 10, 2009

RELATING TO NON-GENERAL FUNDS

Senate Bill No. 884 amends Sections 138-3 and 342G-104(c), Hawaii Revised Statutes, to allow the Legislature to determine the excess funds in the Wireless Enhanced 911 Fund and the Deposit Beverage Container Deposit Special Fund. The bill also authorizes the Director of Finance to transfer \$9 million from the Wireless Enhanced 911 Fund and \$10 million from the Deposit Beverage Container Deposit Special Fund to the general fund in FY 10.

These transfers are needed to assist in addressing the severe budget shortfall facing the State and ensuring that the State is operating within a balanced budget. When the Fiscal Biennium 2009-11 Executive Budget was submitted, we had projected general fund balances of \$42.5 million, \$39.0 million and \$100.5 million at the end of FY 09, FY 10 and FY 11, respectively. To achieve these balances, we counted on transferring \$45 million from these two special funds. Since then, the amount of excess funds available from these special funds has been revised due to revised program requirements. In addition, in January, the Council on Revenues reduced its general fund revenue projections by \$650 million over the three-year period from FY 09 to FY 11. Thus, it is even more critical that these transfers are authorized.

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MUFI HANNEMANN
MAYOR



GORDON J. BRUCE
DIRECTOR & CIO

February 6, 2009

The Honorable David Y. Ige, Chair
and Members of the Committee on Health

The Honorable Rosalyn H. Baker, Chair
and Members of the Committee on Commerce and
Consumer Protection
State Senate
State Capitol
Honolulu, Hawaii 96813

Dear Chairs Ige and Baker and Members:

**Subject: Senate Bill 884
Relating to Non-General Funds**

As representative of the Oahu Public Safety Answering Points (PSAPs), we respectfully oppose SB 884, which aim to transfer \$9,000,000 from the Wireless Enhanced 911 (WE 911) funds to the state general fund for fiscal year 2009-2010, for the purpose of balancing the state budget.

Over the past years, the PSAPs and wireless providers have made tremendous progress in enhancing the WE911 services. Lives have been saved, tourists have been rescued, and kidnappings have been prevented as a result of WE911 deployment. The PSAPs and wireless service providers have now reached a point where expenditures for the fund will be considerable in nature. We are also well into a program to further enhance these systems. Over 50% of all 911 calls in Honolulu are from mobile telephones and this number will increase with next generation telephone systems such as those provided over the internet. The transfer of monies from the WE911 fund will jeopardize the ability of the PSAPs and wireless providers to provide the services for which it was intended.

The fund is from extra fees imposed on the mobile telephone users for the specific intent of improving their 911 services. It is, therefore, disheartening to learn of this proposed legislation to "raid" this fund, especially in light of the significant progress made from the Hawaii PSAPs.

The Honorable David Y. Ige, Chair, HTH
The Honorable Rosalyn H. Baker, Chair, CPN
February 6, 2009
Page 2

We should not "Borrow from Peter to Pay Paul" when it comes to fiscal management, especially when it comes to the delivery of public safety services. We all have to tighten our belts during these times, but lets not fall on to practices that jeopardize the public trust in government.

We respectfully urge the 2009 legislators in keeping the WE911 funds intact so it can be used as originally intended.

Thank you for the opportunity to testify.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Gordon J. Bruce". The signature is fluid and cursive, with a large initial "G" and "B".

Gordon J. Bruce
Director and Chief Information Officer



BERNARD P. CARVALHO, JR.
Mayor

GARY K. HEU
Administrative Assistant

POLICE DEPARTMENT COUNTY OF KAUAI

3990 KAANA STREET, SUITE 200
LIHUE, HAWAII 96766-1268
TELEPHONE (808) 241-1600
FAX (808) 241-1604



DARRYL D. PERRY
Chief of Police

MARK N. BEGLEY
Deputy Chief

**TESTIMONY
OF
DARRYL D. PERRY, CHIEF OF POLICE
KAUAI POLICE DEPARTMENT
TO THE
SENATE COMMITTEE
ON
COMMERCE AND CONSUMER PROTECTION
ON
February 10, 2009**

S.B. 884

RELATING TO NON-GENERAL FUNDS

Chair Baker, and members of the Senate Committee on Commerce and Consumer Protection, thank you for the opportunity to testify on S.B. 884.

The Kauai Police Department understands the intent of S.B. 884; however we oppose S.B. 884 for several reasons.

The Kauai Police Department has long recognized the importance of providing E9-1-1 service to the public. 9-1-1 calls from wireless and wireline phones help ensure public safety on highways, in cities, towns, workplaces, neighborhoods, and schools.

The Kauai Police Department believes that E9-1-1 funds should be collected and used for its intended purpose. It is important that funds collected from telecommunications customers for enhancements to the 9-1-1 emergency response system are used for the purposes established in the applicable statutes.

As technology changes, so too must the 9-1-1 system. The main hurdle of implementing wireless location technology for mobile phones has been completed, but continues to be a work in progress as new technology emerges for new wireless devices and services. Funding from the Wireless E9-1-1 fund is crucial in meeting these challenges.

Funding from the Wireless Enhanced 9-1-1 fund has enabled us to upgrade our equipment and software systems for the deployment of Phase I and phase II wireless enhanced 9-1-1 service. The funding has also enabled us to subscribe to services from our Local Exchange Carrier for hardware, software, and dedicated lines as mandated by the Federal Communications Commission for wireless caller automatic number identification and automatic location information.

An audit in December 2007 of all wireless provider cell tower sites in our 9-1-1 database and mapping system revealed that the GPS locations of cell tower sites were not accurately reported to the F.C.C. This audit was made possible through funding from the Wireless Enhanced 9-1-1 fund and revealed that the accuracy of a wireless caller's location was within an average of 100 feet. This distance may not be significant in a large open area, but it would be very critical in a residential area in order to properly locate the emergency situation. Additional funding will be required to improve the accuracy of a wireless caller's location.

Our citizens and visitors deserve and expect the most advanced E9-1-1 technology for their emergency needs.

In 1993, the technology was not readily available. Today that is not the case. Deferring passage of S.B. 884 is essential to providing parents with the assurance that their children will get the help they need when they dial 9-1-1—regardless of whether they dial it from a cell phone or from their home phone.

Our department would not have been able to acquire many of the newer equipment, software, and services for wireless caller automatic number identification and automatic location information without funding from the Wireless Enhanced 9-1-1 fund.

Thank you for your consideration of our request and the opportunity to testify.

JOINT LETTER SUBMITTED BY
THE NATIONAL EMERGENCY NUMBERING ASSOCIATION (NENA)
CTIA – THE WIRELESS ASSOCIATION®

February 9, 2009

On behalf of the wireless industry and the national 9-1-1 community, CTIA¹ and the National Emergency Number Association (NENA)² submit the following letter in opposition to SB 884, the “Transfer of Non General Funds”, which will take \$9 million in revenue collected from wireless consumers under the auspices of 9-1-1 and spend the revenue for general purposes. This funding is extremely critical to our nation’s 9-1-1 systems, ensuring that wireless 9-1-1 callers can quickly be located in emergency situations. These wireless calls help to save lives, locate missing children and prevent numerous crimes. CTIA and NENA are very cognizant of the critical budget issues that currently face Hawaii. However, in the interest of public safety, this fund needs to be used for its intended purpose.

Wireless carriers annually collect nearly \$2 billion dollars of dedicated taxes, fees and surcharges from wireless consumers for the purpose of supporting and upgrading the capabilities of the 6,174 Public Safety Answering Points (PSAPs) that exist across the country. In addition to the nearly \$2

¹ CTIA – The Wireless Association® is the international organization of the wireless communications industry for both wireless carriers and manufacturers. Membership in the organization covers Commercial Mobile Radio Service (“CMRS”) providers and manufacturers, including cellular, broadband PCS, ESMR, and AWS, as well as providers and manufacturers of wireless data services and products.

² NENA is *The Voice of 9-1-1*TM. NENA promotes implementation and awareness of 9-1-1 as North America’s universal emergency number and the advancement of Next Generation 9-1-1 systems. NENA is the leading professional non-profit organization dedicated solely to 9-1-1 emergency communications issues. NENA serves its nearly 7,000 members in 48 chapters across the U.S., Canada and Mexico through policy advocacy, establishment of technical and operational standards, certification programs and a broad spectrum of educational offerings. Find out more at www.nena.org.

billion dollars annually collected from consumers and remitted to state and local governments, wireless service providers have also expended billions to modify their networks to enable them to identify and locate wireless 911 callers.

The capital provided in good faith by wireless consumers through 9-1-1 fees or surcharges has been and continues to be extremely critical in supporting public safety in a given state. However, the taxes and fees collected from wireless consumers at the state and local level under the auspices of E9-1-1 deployment need to be solely dedicated to the advancement of E911 deployment and not used for other revenue purposes. Not only is it the appropriate policy in the best interest of Hawaii's citizens and visitors that depend on an effective 9-1-1 system, but also it is consistent with the direction of the United States Congress.

As a result of other states diverting money from their 9-1-1 Funds, the U.S. Congress has taken several steps to prevent this practice from occurring. First, through the ENHANCE 911 Act of 2004 (Pub. Law 108-494), Congress made clear that states are ineligible for federal 9-1-1 grant money if the state has misallocated 9-1-1 fees for unintended purposes. Currently, the National 9-1-1 Office which will administer the federal 9-1-1 grant program is in the process of drafting grant guidance in advance of seeking grant applications this year. If Hawaii diverts their 9-1-1 fund as directed by SB 884, the state will be automatically ineligible to apply for such funds.

More recently, Congress passed the NET 9-1-1 Improvement Act, signed by the President on July 20th, 2008, that highlights the need to keep 9-1-1 fees protected for the purposes intended. The language specified in PL 110-283 addresses the issue of state 9-1-1 fund diversions in two important respects. First the law makes clear that state and local governments have the authority to impose 9-1-

1 fees on wireless and voice over-IP (VoIP) providers only if the fees are used for their intended purpose:

Nothing in this Act, the Communications Act of 1934 (47 U.S.C. 151 et seq.), the New and Emerging Technologies 911 Improvement Act of 2008, or any Commission regulation or order shall prevent the imposition and collection of a fee or charge applicable to commercial mobile services or IP-enabled voice services specifically designated by a State, political subdivision thereof, Indian tribe, or village or regional corporation serving a region established pursuant to the Alaska Native Claims Settlement Act, as amended (85 Stat. 688) for the support or implementation of 9-1-1 or enhanced 9-1-1 services, provided that the fee or charge is obligated or expended only in support of 9-1-1 and enhanced 9-1-1 services, or enhancements of such services, as specified in the provision of State or local law adopting the fee or charge. For each class of subscribers to IP-enabled voice services, the fee or charge may not exceed the amount of any such fee or charge applicable to the same class of subscribers to telecommunications services.

The law also requires the Federal Communications Commission (FCC) to monitor the practice of state implementation and collection of 9-1-1 fees:

To ensue efficiency, transparency, and accountability in the collection and expenditure of fees for the support or implementation of 911 or E-911 services, the Commission[FCC] shall submit a report within 1 year after the date of enactment of the 911 Modernization and Public Safety Act of 2007, and annually thereafter, to the Committee on Commerce, Science and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives detailing the status in each State of the collection and distribution of 911 fees, and including findings on the amount of revenues obligated or expended by each State or political subdivision thereof for any purpose other than the purpose for which any fee or charges are specified. (H.R.3403 Sec 6(f)(20).

On Friday, February 6, 2009, the FCC announced that it is beginning the process of developing this report. The FCC release is available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-09-205A1.pdf.

Recognizing these developments, in recent correspondence to the Florida E9-1-1 Board, the Office of the Attorney General of Florida noted the concerns the Attorney General's office has with transferring money from the Florida 9-1-1 trust fund to general revenue:

Section 365.172 was enacted, in part, to provide funds to counties to pay costs associated with their E911 or 911 systems. §365.172(2)(b), Florida Statutes. It appears that expenditure of the funds in the E911 Trust Fund for purposes other than the payment of costs associated with Florida's 911 system could result in the loss of the authority to impose and collect those fees.³

The wireless industry and the national 9-1-1 community are committed to working together with states to ensure emergency 9-1-1 services is a coordinated and collaborative operation between the public and private sectors and provided at a reasonable cost. The capital provided to state governments by wireless consumers through taxes, fees or surcharges is extremely critical in supporting the acquisition of the necessary tools to receive and act on wireless calls in order to save a life, locate a missing child or prevent a crime.

Therefore, the wireless industry and the National Emergency Number Association urge the Hawaii Senate to oppose SB884 and not divert critical public safety funds for general revenue purposes.

Patrick Halley

Government Affairs Director

National Emergency Number Association

K. Dane Snowden

Vice President of External and State Affairs

CTIA- The Wireless Association

³ Letter from Lee Ann Gustafson, Office of the Florida Attorney General, to John Ford, Chairman of Florida 911 Board, dated Jan 16, 2009, regarding NET 911 Improvement Act of 2008.



**Written Testimony of
David Thorp
Director, Government Affairs
American Beverage Association
1101 16th Street, N.W.
Washington, D.C. 20036**

**Before the Senate Committees on Health
and Commerce and Consumer Protection
Subject: S.B. 884, Relating to Non-General Funds**

February 10, 2009; 8:30 a.m.

Good morning, Chairs Ige and Baker, Vice Chair Green, and Members of the Committees,

Thank you very much for the opportunity to present comments on S.B. 884, which transfers excess balances from certain special funds to the general fund to address the budget shortfall in fiscal biennium 2009-2011. **The American Beverage Association (ABA) is testifying in opposition to only the sections of the bill that seek to raid the deposit beverage container deposit special fund.**

ABA is the trade association representing the non-alcoholic beverage industry. Founded in 1919, ABA represents hundreds of beverage producers, distributors, franchise companies and supporting businesses that employ more than 217,000 people across the country. The beverage companies throughout Hawaii directly employ over 500 workers and indirectly impact the jobs of thousands of others across the state.

ABA members offer consumers myriad brands, flavors and packaging choices and a full range of drink options including soft drinks, diet soft drinks, ready-to-drink teas, bottled waters, water beverages, 100 percent juice, juice drinks, sports drinks and energy drinks.

Beverage Container Deposit Law's 5-cent deposit and 1-cent fee (tax)

S.B. 884 seeks to transfer at least \$10 million from the deposit beverage container deposit special fund to the state's general fund. Hawaii's Beverage Container Deposit Law imposes a five-cent refund value and a one-cent deposit fee (tax) on beverage containers.

Hawaii Act 176 (the 2002 deposit law) impacts beverage containers made of glass, metal, PET, and HDPE containing 68 ounces or less of "beer, ale, or other drink produced by fermenting malt, mixed spirits, mixed wine, tea and coffee drinks..., soda, or noncarbonated water, and all nonalcoholic drinks in liquid form..." Wine and spirits as well as concentrates, flavorings, medicines, nutritional supplements, powders, milk, and dairy-derived products are exempt.

According to Act 176, revenues from the five-cent refund value and one-cent deposit fee (tax) are for payment of refunds and handling fees; administrative, audit, and compliance activities by the state; recycling education and demonstration projects; market development for recyclables; subsidies for handling and transporting beverage container materials to end-users; and periodic management and financial audits of the program.

S.B. 884 is a hidden tax on consumers

Hawaii consumers have been paying the five-cent refund value and one-cent deposit fee (tax) for several years and have been led to believe that the unclaimed refund value and the deposit fee (tax) are to be used for running the deposit program and other specific environmental programs.

The many millions of dollars currently in the deposit special fund should be used for its stated purposes of the deposit program and beyond, including funding environmental programs such as recycling education.

Hawaii's taxpayers have spoken out in the past about the Legislature's attempt to raid other revenue generating programs, such as the Hurricane Fund. This latest attempt to take away taxes already paid by consumers is no different and should not be allowed.

Re-evaluate the deposit program or provide refunds for Hawaii consumers and businesses

Hawaii's deposit program costs consumers and businesses tens of millions of dollars every year to address about two percent of the waste stream and about 9% of all litter. We need to pursue a better way to address waste and litter that is more convenient and efficient than the deposit program – a way that consumers, businesses, and lawmakers can support, such as comprehensive recycling. Rather than the discriminatory tax imposed only on beverage consumers by the deposit program, what should be considered is a comprehensive recycling program in Hawaii as exists in 40 other states that would provide convenient recycling access to all residents and businesses for all recyclables – not just the small fraction contributed by beverage containers.

In the meantime, ABA respectfully suggests that, instead of raiding the deposit program of millions of excess tax dollars already paid by consumers and businesses, the Legislature should lessen the tax burden on these same businesses and consumers by lowering or eliminating the deposit program's one-cent deposit fee (tax).

We encourage the Committee to reject the proposal to raid the deposit beverage container deposit special fund and ask the Committee to consider immediately lowering or eliminating the one-cent deposit fee (tax) as the State pursues a more comprehensive and economical way to address waste and litter.

Sincerely,

David Thorp

David Thorp
Director, Government Affairs
American Beverage Association



Dan Youmans
Director
External Affairs

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February 10, 2009

The Honorable Senator David Ige
Chair, Committee on Health
The Honorable Senator Rosalyn Baker
Chair, Committee on Commerce & Consumer Protection
Hawaii State Legislature

RE: Oppose Senate Bill 884

Dear Sen. Ige, Sen. Baker, and Members of the Committees:

AT&T urges opposition to Senate Bill 884, which would allow the E911 fund – now dedicated to ensuring the safety of Hawaiian citizens – to be used for general fund purposes.

The E911 Fund, financed by a 66-cent surcharge on wireless customers, was established to provide valuable technology to help first-responders provide emergency and sometimes life-saving services to our customers. AT&T supported the establishment of this program, although we recognize that there is now a surplus of these funds. Instead of using these funds for other purposes, we recommend that the State of Hawaii closely examine the current and future needs of the E911 system. A thorough study would answer the following questions:

- Have all of the funding needs of the current E911 system been met, or are upgrades still needed to offer emergency location-based services to Hawaiian citizens?
- Are there new technologies to enhance the E911 system, such as Next Generation E911, that will require substantial investments in the near future?
- Can the E911 surcharge be reduced so that the tax burden on the wireless customer can be reduced?

While AT&T recognizes that the State of Hawaii faces difficult budget challenges, we oppose solving these problems by using funds that our customers generated for E911. Since the state's general fund provides programs for all Hawaiian citizens, it is our view that the burden for solving this problem – whether through taxes or budget cuts – should be shared by all citizens.

Respectfully Submitted

Dan Youmans
Director, External Affairs
AT&T

From: Bruce Iverson [biverson@reynoldsrecycling.com]
Sent: Monday, February 09, 2009 9:30 PM
To:
Subject:
Attachments:



Conference Room 229, Testimony against SB 884

To: Senator David Y. Ige, Chair
Senator Josh Green, M.D., Vice Chair
Committee on Health

To: Senator Rosalyn H. Baker, Chair
Senator David Y. Ige, Vice Chair
Committee on Commerce and Consumer Protection

Fr: Terry G. Telfer, President
Reynolds Recycling

Date: Tuesday, February 10, 2009, 8:30am, Conference Room 229

Re: Testimony against SB 884, Relating to Non-General Funds

Thank you for the opportunity to testify on this bill.

Reynolds Recycling is strongly opposed to SB 884.

Reynolds Recycling operates the oldest and largest network of redemption centers in Hawaii. Hawaii's redemption center operators have taken great strides in helping to make the Deposit Beverage Container law a success. For the fiscal year ending June 30, 2008 the redemption rate was 72 %. This was up 4% from the previous year, and is reported to be steadily rising in FY 09.

The Bottle Deposit Law was designed to encourage the redemption and recycling of all beverage containers. This program is self-funded from the remaining deposits from un-redeemed containers, and handling fees for all beverage containers. This program was designed to reach a balance of money coming in and going out at an 80% redemption rate. We are quickly approaching this number. We have heard that all recyclers have seen an increase in redemption since the 72% redemption rate was reported. We are awaiting current redemption rates, but expect that it will show a significant increase.

While the Deposit Beverage Container Special Fund was reported to have an unencumbered balance of \$23 million for FY 2007, we are told that the fund currently has only \$10 million of unencumbered funds. The recycling community is justly concerned that as we reach the 80% participation rate these funds will disappear, putting the program at risk, and forcing the DOH to raise the handling fee paid by all consumers. In spite of the financial climate of the state, we do not feel that this is in the best interest of the program, or of consumers.

As a leader in Hawaii's recycling industry, Reynolds Recycling remains committed to protecting Hawaii's future by recycling today, and in the future. We respectfully oppose SB 884.