

Honolulu, Hawaii

Feb 12, 2010

RE: H.B. No. 1926

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Economic Revitalization, Business, & Military Affairs, to which was referred H.B. No. 1926 entitled:

"A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM,"

begs leave to report as follows:

The purpose of this bill is to ensure that the Department of Business, Economic Development, and Tourism (DBEDT) has adequate funding to continue to provide services and programs promoting economic development by:

- (1) Establishing a special fund for the operation of DBEDT;
- (2) Imposing a surcharge on certain business- and commerce-related fees that will be paid by businesses benefiting from the activities of DBEDT which is to be paid into a special fund; and
- (3) Requiring \$2,000,000 of the taxes imposed on banks and other financial corporations to be deposited into the special fund each year.

The Division of Financial Institutions, Department of Land and Natural Resources (DLNR), Department of Health (DOH), Hawaii Bankers Association, Hawaii Association of REALTORS, GCA of Hawaii, Hawaii Financial services Association, National Association of Social Workers, and Hawaiian Telcom opposed this



measure. The Department of Commerce and Consumer Affairs (DCCA), Department of Budget and Finance, The Chamber of Commerce of Hawaii, Tax Foundation of Hawaii, and a concerned individual commented on this bill.

Your Committee finds that the activities of DBEDT enhance economic development and performance in the state, and should be supported, at least in part, by the businesses that those activities benefit.

Your Committee has amended this bill by:

- (1) Authorizing \$2,000,000 to be transferred out of the Compliance Resolution Fund of DCCA out of moneys that are not derived from regulatory fees, to address concerns about funding for the Division of Financial Institutions; and
- (2) Exempting the DOH, DLNR, and a telecommunications carrier that is the carrier of last resort from the surcharge requirement.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization, Business, & Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1926, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1926, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Revitalization, Business, &
Military Affairs,



ANGUS L.K. MCKELVEY, Chair



