

STAND. COM. REP. NO.

734

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 1346  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1346, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to provide a sustained source of funding for public education in the State.

Specifically, this measure:

- (1) Increases the four per cent general excise tax, allocating a portion of the increased revenues for public education;
- (2) Offsets the effects of the general excise tax increase by establishing a general excise tax exemption for purchases of:
  - (A) Food;
  - (B) Medical expenses, including nonprescription medications, prescription eyewear, and physician and dental services; and
  - (C) A portion of rental expenses;



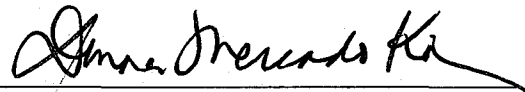
- (3) Exempts from the general excise tax an unspecified amount of the gross proceeds or income from the payment of rent;
- (4) Establishes a tax credit for individuals who volunteer their services at public schools;
- (5) Increases the state income tax standard deduction amounts; and
- (6) Establishes an education funding commission to provide oversight for general excise tax revenues deposited into the education special fund established in this measure.

Your Committee received seven written comments on this measure. The written comments may be reviewed on the Legislature's website.

Your Committee believes that during the current economic recession, this measure offers a long-term alternative to cutting vital funding for public education by providing a dedicated source of funding for public education while simultaneously addressing Hawaii's regressive tax structure.

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. 1346, S.D. 1, and recommends that it pass Third Reading.

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

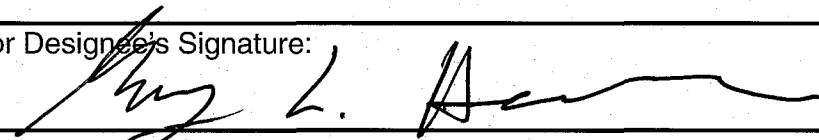


DONNA MERCADO KIM, Chair



The Senate  
Twenty-Fifth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1346 SDJ	EDH, WAM	MAR 4 2009		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)		✓		
TSUTSUI, Shan S. (VC)				✓
CHUN OAKLAND, Suzanne	✓			
ENGLISH, J. Kalani		✓		
FUKUNAGA, Carol			✓	
GALUTERIA, Brickwood		✓		
HEE, Clayton				✓
HOOSER, Gary L.	✓			
KIDANI, Michelle N.	✓			
KOKUBUN, Russell S.	✓			
TOKUDA, Jill N.		✓		
HEMMINGS, Fred			✓	
<b>TOTAL</b>	4	4	2	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes