



LINDA LINGLE
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JAMES R. AIONA, JR.
LT. GOVERNOR

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LAWRENCE M. REIFURTH
DIRECTOR
RONALD BOYER
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEES ON
ECONOMIC REVITALIZATION, BUSINESS,
AND MILITARY AFFAIRS

AND

CONSUMER PROTECTION AND COMMERCE

TWENTY-FIFTH STATE LEGISLATURE
REGULAR SESSION, 2010

Wednesday, January 27, 2010
2:30 p.m.

TESTIMONY ON HOUSE BILL NO. 1926
RELATING TO THE DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT, AND TOURISM.

TO THE HONORABLE ANGUS L.K. MCKELVEY AND ROBERT N. HERKES, CHAIRS,
AND MEMBERS OF THE COMMITTEES:

The Department of Commerce and Consumer Affairs (Department) appreciates the opportunity to express concerns with regard to House Bill No. 1926, Relating to the Department of Business, Economic Development, and Tourism. My name is Lawrence M. Reifurth, and I am the Department's Director. House Bill No. 1926, proposes, among other things, to add, for a period of five years, a \$20 surcharge on every fee charged by the Department for the:

- (1) Application, issuance, or renewal of a license, permit, or other authorization for a profession, business, or occupation;

- (2) Examination or audit of a person engaged in a profession, business, or occupation;
- (3) Filing, registration, or renewal of a business document;
- (4) Application for, or registration of, a trade name, trademark, or service mark; or
- (5) Tax on insurance premiums.

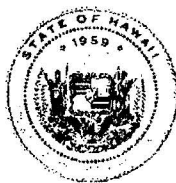
Additionally, the bill diverts the primary funding source for the Department's Division of Financial Institutions. Specifically, the bill diverts \$2 million from the Compliance Resolution Fund and directs it into a newly created Department of Business, Economic Development, and Tourism Special Fund.

The Commissioner of Financial Institutions will comment separately on the diversion of his division's primary funding source. I will focus my comments on the \$20 surcharge.

First, from a policy standpoint, the imposition of the surcharge is inconsistent with the Department's long standing focus on reducing the cost of doing business in Hawaii. Ultimately, this must be balanced against the need for additional general fund revenues.

Second, it is unclear how the surcharge is to be imposed on the hourly examination fees charged by the Department. For example, a \$20 surcharge on what is now a \$40/hour examination may, if applied on top of the \$40/hour charge (increasing the charge to \$60/hour), significantly increase costs on affected institutions.

Thank you for the opportunity to express our concerns with the bill.



LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR

LAWRENCE M. REIFURTH
DIRECTOR

D.B. GRIFFIN III
COMMISSIONER

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TO THE
HOUSE COMMITTEE ON ECONOMIC REVITALIZATION,
BUSINESS, & MILITARY AFFAIRS
AND THE
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
THE TWENTY-FIFTH STATE LEGISLATURE
REGULAR SESSION OF 2010

Wednesday, January 27, 2010
2:30 p.m.

TESTIMONY ON H.B. NO. 1926 RELATING TO THE DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT, AND TOURISM

THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR,
THE HONORABLE ROBERT N. HERKES, CHAIR
AND MEMBERS OF THE COMMITTEES:

My name is Nick Griffin, Commissioner of Financial Institutions ("Commissioner"),
testifying on behalf of the Division of Financial Institutions ("Division") of the Department of
Commerce and Consumer Affairs. The Division opposes Section 4 of this bill which seeks
to amend the provisions of section 241-7, Hawaii Revised Statutes ("HRS"), which was
enacted by the Legislature in 1999, to provide a stable, financial services industry-derived

source of funding, independent of the general fund, for the operations of the Division, to meet the Accreditation Guidelines of the Conference of State Bank Supervisors (CSBS)¹.

The purpose of the bill, namely, to generate special funding for the Department of Business, Economic Development, and Tourism (DBEDT) to promote economic development, is acknowledged. However, to essentially eliminate the Division, a State agency that has historically provided vital guidance and protection for Hawaii's consumers, by redirecting the primary source of the Division's funding, is not in the best interests of Hawaii's consumers and the State licensed or chartered financial institutions that the Division regulates and supervises.

Should the \$2 million not be deposited into the Compliance Resolution Fund (CRF), the Division will be required to significantly reduce its operations (including reducing staffing levels) since personnel expenditures comprise approximately 85% to 90% of the Division's expenditures. This could be potentially damaging to Hawaii's consumers and State licensed or chartered financial institutions because:

- Division examinations, investigations, and complaints processing involving State licensed or chartered financial institutions have resulted in administrative enforcement actions that directly benefited Hawaii

¹ As part of the Department's initiative to become fully self-sufficient, the transfer of funds from the taxes paid by banks and other financial corporations to the Compliance Resolution Fund (CRF) was established in 1999 in order to provide the Division with the necessary revenues to support all of its operations. Self-sufficiency was also part of the Division's continuing efforts to achieve and maintain its accredited status by the Conference of State Bank Supervisors ("CSBS"). The CSBS accreditation program, which recognizes those state banking departments that meet the highest standards and practices in state banking supervision, requires that a banking department have adequate funding to supervise and regulate its banks and recommends that a banking department be self-supporting.

consumers, with more than \$8 million refunded or returned to consumers and the State since 2006. Should the Division be required to significantly reduce staffing levels, no resources will be available to examine Hawaii financial institutions in order to enforce compliance with State and federal consumer protection statutes.

- The current economic crisis, which has been affecting Hawaii's banks for the past eighteen months, has required a significant increase in the frequency and scope of on-site examinations and off-site supervisory efforts. Examinations and supervisory efforts regarding banks and depository financial institutions are most often conducted jointly by the Division and its regulatory colleagues from the Federal Reserve Bank ("FRB") and the Federal Deposit Insurance Corporation ("FDIC"). However, should the Division be required to significantly reduce staffing levels, there will be no State resources available to examine Hawaii financial institutions and the "local voice" currently provided by the Division will be lost, to the obvious detriment of our State chartered and licensed financial institutions.

It should be noted that a significant reduction in staffing cannot be considered a "temporary" downsizing of the Division since trained and experienced examiners will not be easily replaced when and if the Division is able to hire again. The Division currently employs 26 staff, the majority of whom joined the Division within the past five years.

TESTIMONY ON HOUSE BILL NO. 1926

January 27, 2010, 2:30 p.m.

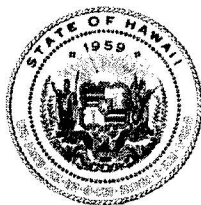
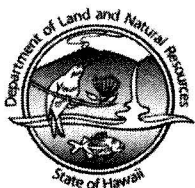
Page 4

The Division's financial institution examiners, who comprise the majority of the Division's staff, generally have an undergraduate degree in accounting, finance, or related fields when they join the Division. They are then required, particularly in the case of field examiners, to attend a variety of formal schools, administered by either the FRB or the FDIC, and to undergo on-the-job training under the guidance of either a senior Division examiner or FRB/FDIC examiners, before they are ready to take on independent financial services industry examinations on their own. This formal classroom training process takes from three to five years, with an additional two to three years of on-the-job training before a field examiner is fully qualified in their position. Should funding for the Division's operations be redirected to DBEDT, resulting in a significant reduction in the Division's ability to fulfill its mission, those examiners could doubtless find employment in the private sector or with the federal government; however, the State has invested a significant amount of time and money training its existing Division staff and that investment should be preserved, rather than lost.

For these reasons, the Division opposes Section 4 of House Bill No.1926, which would amend the provisions of section 241-7, HRS, and asks that this section be stricken from the bill.

Thank you for the opportunity to testify. I would be pleased to respond to any questions you may have.

LINDA LINGLE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Testimony of
LAURA H. THIELEN
Chairperson

Before the House Committees on
**ECONOMIC REVITALIZATION, BUSINESS, AND MILITARY AFFAIRS,
CONSUMER PROTECTION AND COMMERCE**

Wednesday, January 27, 2010
2:30 PM
State Capitol, Conference Room 325

In consideration of
HOUSE BILL 1926
**RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM**

House Bill 1926 would establish a new Department of Business, Economic Development, and Tourism (DBEDT) special fund, impose a surcharge on certain business- and commerce-related fees, and require surcharge revenues and \$2M of the financial institution tax to be deposited into this new special fund. **The Department of Land and Natural Resources (Department) opposes this bill as it relates to surcharges on aquatic resource-related and boating permits.**

The Department estimates that such a surcharge would result in annual revenues of only \$62,000 derived from aquatic resource-related permits and licenses. A similarly low revenue amount would be generated from its boating program. These amounts would have little impact to a Fiscal Year 11 DBEDT proposed budget, but would have a far more significant non-beneficial, negative impacts to commercial fishermen, seafood dealers, the aquaculture industry, boaters, and small business in general.

LAURA H. THIELEN
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

RUSSELL Y. TSUJI
FIRST DEPUTY

KEN C. KAWAHARA
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of Thomas J. Smyth, CEcD
Before the
House Committee on Economic Revitalization, Business, & Military Affairs
House Committee on Consumer Protection & Commerce
Wednesday, January 27, 2010 2:30 p.m. Conference Room 325
on
HB1926 Relating to the Department of Business,
Economic Development And Tourism

Chairs McKelvey and Herkes, Vice Chairs Choy and Wakai, Committee Members:

HB 1926 would add a \$20 surcharge to existing fees paid by businesses for a variety of licenses and permits. I understand the intent of the bill, but have some concerns with the amount of the proposed fee increase, if that approach is to be used.

I registered my LLC on-line with DCCA for about \$58, and recently re-registered for \$35. A \$20 fee is a very large percentage increase. Every two years I renew my Real Estate License for \$148, so \$20 does not seem so excessive. I suggest that a percentage of the basic fee, say 10%, be used as the surcharge basis to avoid the excesses of a small fee with a large surcharge if this method funding is to be pursued.

I doubt that business organizations or individual businesses will support this increase in cost. Further it should be noted that a 2008 Supreme Court decision in Hawaii Insurance Council v. Lingle related to the purposed transfer of fee-based funds from the DCCA Insurance Division to the general fund. The court said that since the fees were paid in anticipation of certain services to be provided by the division, none of that money could be transferred and spent as though it had been collected as a "tax." It is not clear if a fee surcharge as proposed in HB1926 would come under this legal principle and not be allowed to general fund DBEDT.

Thank you for the opportunity to provide comments.

H.B. 1926

LINDA LINGLE
GOVERNOR OF HAWAII



CHIYOME LEINAALA FUKINO, M.D.
DIRECTOR OF HEALTH

STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

**Committee on Economic Revitalization, Business, & Military Affairs
Committee on Consumer Protection & Commerce**

**HB1926, RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC
DEVELOPMENT AND TOURISM**

**Testimony of Chiyome Leinaala Fukino, M.D.
Director of Health**

**January 27, 2010
2:30p.m.**

1 **Department's Position:** The Department opposes the bill.

2 **Fiscal Implications:** The DOH would require an increase in clerical staff of the Sanitation Branch and
3 fiscal staff of the Department's Administrative Services Office in order to process, account, and transfer
4 the proposed surcharge to the DBEDT. The Department processes about 9,000 food establishment
5 permits or renewals every two years.

6 **Purpose and Justification:** The bill in part proposes to add a \$20.00 surcharge to all food
7 establishment permits, tattoo artist licenses and tattoo shop permits.

8 The DOH opposes the bill because there is no nexus between the surcharge to the regulated
9 industries and the primary mission of the DOH, which is to prevent and mitigate communicable diseases
10 transmission and contamination of food products being sold in the State. The DOH, being one of the
11 larger departments within the executive branch, is already under severe financial constraints and should
12 not take on additional fee collection duties which do not benefit the fee payers or the residents and
13 visitors that the DOH is trying to protect. All fees collected by the DOH Sanitation Branch should

1 directly benefit those residents and visitors with increased food safety activities and increased public
2 information about inspections and other activities.

3 Existing DOH staff should be allowed to focus on current food protection activities.

4 Thank you for the opportunity to testify on this measure.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Surcharge fee on certain services

BILL NUMBER: HB 1926

INTRODUCED BY: Choy

BRIEF SUMMARY: Adds a new section to HRS chapter 92 to provide for the imposition of a temporary surcharge of \$20 in addition to any fee, if any, charged by the: (1) department of commerce and consumer affairs (DCCA) for: (a) the application, issuance, renewal of or re-issuance of a license, permit, or other authorization for a profession, business, or occupation; (b) examination or audit of a person engaged in a profession, business, or occupation; (c) filing, registration, or renewal of a corporate or other business document; (d) tax on insurance premiums; (2) public utilities commission (PUC) pertaining to the regulation of a public utility or filing of any document; (3) the department of health (DOH) pertaining to the regulation of a food establishment, tattoo shop, or tattoo artist; (4) the department of labor and industrial relations (DLIR) pertaining to the regulation of a hoisting machine operator, blaster or pyrotechnics operator, safety and health professional, boiler installer or installation, and elevator mechanic or installation; (5) the department of land and natural resources (DLNR) for the application, issuance, renewal, or re-issuance of a commercial fishing license, aquaculture facility license, special marine product license, commercial boating ramp permit, or commercial film permit; and (6) the department of taxation (DOTax) for the application, issuance, renewal, or re-issuance of a license, permit, certificate, or other authorization required under the following taxes: general excise; transient accommodations; rental motor vehicle and tour vehicle; liquor; cigarette and tobacco; liquid fuel; public service company; and banks and financial corporations.

The surcharge fee shall be imposed between July 1, 2010 through June 30, 2015 and shall be deposited into a newly created department of business, economic development, and tourism (DBEDT) operation special fund. Stipulates that no fee shall be imposed on: (1) any service for which no fee is charged; (2) any fine for a violation of a state law; (3) any fee for the dissemination or copying of a public record; or (4) any fee charged to a state, county, or federal agency.

Adds a new section to HRS chapter 201 to establish the department of business, economic development, and tourism operation special fund. Expenditures from the special fund shall be to pay for the operation of the department of business, economic development, and tourism, including the salary and fringe benefits costs of the department personnel.

Amends HRS section 241-7 to provide that taxes collected under this chapter shall be deposited into the general fund; provided that by January 1, or as soon thereafter as possible, of each fiscal year, the sum of \$2,000,000 shall be deposited into the department of business, economic development, and tourism operation special fund instead of the compliance resolution fund.

This act shall be repealed on June 30, 2015 and HRS section 241-7 shall be reenacted on July 1, 2015 in the form in which it read on the day before the effective date of this act.

EFFECTIVE DATE: July 1, 2010

STAFF COMMENTS: This measure proposes to impose a temporary surcharge of \$20 on certain fees or services charged by DCCA, PUC, DOH, DLIR, DLNR, and DOTax between July 1, 2010 and June 30, 2015. The revenues derived from the surcharge are to be deposited into a newly created DBEDT operation special fund which, in turn, will be used to pay for the operation of DBEDT, including salary and fringe benefit costs of the department. The measure also diverts \$2 million of the financial institutions tax from the compliance resolution fund to the DBEDT special fund. While the measure proposes to that revenues from the DBEDT special fund shall be used to pay for the operation of DBEDT, it is questionable whether the special fund would be the only source of funding for DBEDT as there is no provision to disconnect DBEDT from receiving funds from the state budgetary process. If the special fund is the sole source of funding for DBEDT, and if the revenues from the surcharge are insufficient, there is no doubt the surcharge amount will have to be increased to provide adequate funds to operate DBEDT resulting in an indirect "tax increase" to taxpayers.

It should also be noted that the proposed measure would add another special fund to the numerous other special funds. It should also be remembered that the State Auditor's report on special funds noted that, "Special funds give agencies full control of these unappropriated cash reserves, provide a way to skirt the general fund expenditure ceiling, and over time erode the general fund. Many experts say that special funds are likely to hamper budget administration. And from a legislative perspective, they are less desirable because they are not fully controlled by the appropriation process."

Given the findings of the Auditor and the current financial crisis, it is quite clear that the creation of numerous special funds has eroded the integrity of state finances. It should be remembered that moneys in special funds are neither subject to the general fund expenditure limitation nor to the close scrutiny that general funds are subject to in the budgeting process. The use of special funds which fly under the radar will inevitably lead to a call for tax increases even though money abounds in these special funds. One only has to review the measures introduced each year which set up numerous new special funds or add new fees or charges, the receipts of which are earmarked for special funds, to see the prolific establishment of special funds. Rather than create another special fund which will allow DBEDT to operate without financial scrutiny, lawmakers should repeal the numerous special funds and require these programs to compete for general funds like all other programs.

Digested 1/26/10

Presentation to the Committee on Economic Revitalization, Business & Military Affairs
and
the Committee on Consumer Protection & Commerce

Wednesday, January 27, 2010 at 2:00 p.m.

Testimony on Bill H.B. 1926 "Department of Business, Economic Development, and
Tourism Operation Special Fund"

TO: The Honorable Chairs Angus L. K. McKelvey and Robert N. Herkes
The Honorable Vice Chairs Isaac w. Choy and Glenn Wakai
Members of the respective Committees

My name is Gary Fujitani, Executive Director of the Hawaii Bankers Association (HBA),
testifying on behalf of the Association. HBA is the trade association representing all
FDIC insured depository financial institutions operating in Hawaii.

The purpose of H.B. 1926 is two fold. It provides for a surcharge on fees assessed by
various state departments and agencies, including DCCA. It further diverts \$2,000,000
generated by the franchise tax from the compliance resolution fund to fund a special fund
for DBEDT. In principle we oppose H.B. 1926 that proposes to transfer "\$2 million from
the financial institutions tax into a special fund. We generally do not favor special funds
although we acknowledge the compliance resolution fund does provide services to certain
Hawaii banks, but we see no reason to divert funds from the compliance resolution fund
to another special fund which does not benefit banks.

Our opposition stems from 1) how will the \$2 million will be replaced, 2) is this the
opening salvo on taking needed capital from the Hawaii banking industry and 3) a
surcharge especially on permits needed to open a business is counterproductive to our
goals of increasing jobs in Hawaii.

Any diversion of the franchise tax from the compliance resolution fund to DBEDT may
lead to higher fees on banks to replace the lost revenue. Any proposed increase in fees
&/or taxes would hamper Hawaii's banks ability to maintain needed capital and their
ability to add to loan loss reserves. We believe a healthy banking industry is necessary to
the revival of Hawaii's economy.

Lowering, rather than increasing the costs of starting a new business in Hawaii, would be more inductive to promote job creation than funding DBEDT.

Hawaii banks are being challenged to maintain profitability like many other Hawaii businesses. In these troubled times, our Federal Regulators are imposing stricter capital and loan loss reserve standards. Therefore, we need to ensure that banks are not overly burdened with additional fees/taxes that reduce capital levels or hamper their ability to add to reserves or make loans to qualified borrowers. We believe in efforts to strengthen Hawaii's economy because that will benefit Hawaii's banks.

We realize that these are extraordinary times and that we need to work together to help our State recover. In these times of economic challenges for Hawaii, we would hope our legislature will provide a comprehensive financial plan on resolving the State budget deficit. Having a clear picture of legislative proposals will aide in making informed business decisions to help revive Hawaii's economy.

While we are appreciative of the sunset date, it is hoped this date will not be extended.

Thank you for allow us to testify and for your consideration of our concerns.



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January 25, 2010

The Honorable Angus McKelvey, Chair

House Committee on Economic Revitalization, Business, & Military Affairs

The Honorable Robert N. Herkes, Chair

House Committee on Consumer Protection & Commerce

State Capitol, Room 325

Honolulu, Hawaii 96813

RE: H.B. 1926 Relating to the Department of Business, Economic Development, and Tourism

HEARING: Wednesday, January 27, 2010 at 2:30 p.m.

Aloha Chair McKelvey, Chair Herkes, and Members of the Joint Committees:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,800 members in Hawai'i. HAR **opposes** H.B. 1926, which establishes the DEBDT special fund and imposes a surcharge of \$20 upon every fee charged by certain departments for certain business and commerce related services.

These following surcharges are of concern:

- The Department of Commerce and Consumer Affairs for the application, issuance, renewal, or reissuance of a license, permit, or other authorization for a profession, business, or occupation.
- The Department of Taxation for the application, issuance, renewal, or reissuance of a license, permit, certificate, or other authorization required under the following taxes: General Excise; Transient Accommodations; Rental Motor Vehicle and Tour Vehicle; Liquor; Cigarette and Tobacco; Liquid Fuel; Public Service Company; and Bank and Financial Corporation.

The above proposed fees are paid by businesses or individuals who do business here in Hawai'i. While HAR understands the State's need for new sources of revenue in these tough economic times, the fee increases will impact both the cost of doing business in Hawai'i and for licensees to engage in the practice of their business.

Mahalo for the opportunity to testify.



HB 1926
RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC
DEVELOPMENT, AND TOURISM

KEN HIRAKI
VICE PRESIDENT
GOVERNMENT & COMMUNITY AFFAIRS

HAWAIIAN TELCOM
January 27, 2010

Chair McKelvey, Chair Herkes, and members of the House Economic Revitalization, Business, & Military Affairs Committee and the House Consumer Protection and Commerce Committee:

I am Ken Hiraki, testifying on behalf of Hawaiian Telcom on HB 1926, Relating to the Department of Business, Economic Development, and Tourism. Hawaiian Telcom opposes the language found on page 3, lines 6-8 that increases the filing fee a regulated public utility must pay for any documents filed with the Public Utilities Commission (PUC).

The purpose of this bill is to establish a special fund for the Department of Business, Economic Development, and Tourism (DBEDT) whereby moneys in this special fund will be used for the operation of DBEDT. This special fund will be funded by a surcharge that will be placed on fees charged by certain state departments for certain business and commerce-related authorizations and services; one of which is any fee charged by the PUC pertaining to the regulation of a public utility or filing of any document with the PUC.

Currently, Hawaiian Telcom is already the most heavily regulated communications company in the state, therefore requiring a high number of filings. These filings are not required of some of our competitors such as VoIP providers; thus this measure will allow some of these competitors to offer the same services but not being burdened by these additional costs.

In addition to paying the various PUC filing fees, Hawaiian Telcom currently pays a PUC fee on its revenues, which is intended to fund the operations of the PUC and the State Consumer Advocate. A large percentage of these funds are already transferred to the State general fund. Passage of this measure will further place an unfair disadvantage on Hawaiian Telcom and its customers and may affect our successful emergence from Chapter 11.

Based on the aforementioned, Hawaiian Telcom respectfully requests that this measure be amended by deleting the language increasing the PUC filing fee. Thank you for the opportunity to testify.

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Website: www.gcahawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

January 27, 2010

TO: THE HONORABLE REPRESENTATIVE ANGUS L. K. MCKELVEY, CHAIR AND MEMBERS OF THE COMMITTEE ON ECONOMIC REVITALIZATION, BUSINESS, & MILITARY AFFAIRS

THE HONORABLE REPRESENTATIVE ROBERT HERKES, CHAIR AND MEMBERS OF THE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

SUBJECT: H.B.1926, RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM.

NOTICE OF HEARING

DATE: Wednesday, January 27, 2010

TIME: 2:30 PM

PLACE: Conference Room 325

Dear Chairs and Members of the Committees:

The General Contractors Association (GCA), an organization comprised of over five hundred and seventy (570) general contractors, subcontractors, and construction related firms, is **opposed** to the passage of H. B. 1926, Relating To the Department of Business, Economic Development and Tourism.

The GCA believes that this measure is unfair and merely places an additional tax burden on certain businesses and adds to the cost of doing business in Hawaii. The Department of Business, Economic Development and Tourism like any other state agency should be funded through the general revenues of the state.

The imposition of this surcharge will merely increase the cost for businesses and will not help in the economic recovery of state.

The GCA is **opposed** to the passage of H.B.1926 and request that the bill not be passed.

Thank you for the opportunity to provide our views on this issue.