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LATE

**JOINT SENATE COMMITTEE ON HUMAN SERVICES & HEALTH
TESTIMONY REGARDING SB 2088
RELATING TO FUNDING OF EARLY INTERVENTION SERVICES**

*****WRITTEN TESTIMONY ONLY*****

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)
DATE: FEBRUARY 1, 2010
TIME: 2:45PM
ROOM: 016

This measure, among other things, proposes to increase the liquor tax on all alcoholic beverage varieties. This measure also creates a new special fund for purposes of funding early intervention services.

The Department of Taxation (Department) opposes this measure as a tax increase.

The Department does not support the tax increase in this measure. Notwithstanding the merit of raising revenue for early intervention services, the Department does not support tax increases, especially during the current economy when taxpayers cannot afford tax increases.

Moreover, regardless of the merit of the special fund proposed in this legislation, the Department cannot support a tax increase of this kind to be deposited into a special fund. Any tax increase this session must be deposited to the benefit of the general fund. Early intervention services should be prioritized with other government services that are funded out of the general fund.

As a technical matter, the Department suggests deleting the tax rates from 1997-1998 to clean up the statute.

This measure will result in approximately \$1.9 million to the special fund.



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Monday, February 1, 2010

The Honorable David Y Ige and Suzanne Chun Oakland
State of Hawaii, Joint Hearings – Senate Committee on Health and Senate Committee on
Human Services
Twenty-Fifth Legislature
State Capitol
415 S. Beretania Street
Honolulu, Hawaii 96813

Subject: SB 2088 RELATING TO FUNDING OF EARLY INTERVENTION SERVICES

Hearing: Monday, February 1, 2010 (Joint Committee on Health and Human Services),
Conference Room 016

Dear Senators Ige, Chun Oakland & Members of the Joint Committees on Health and Human
Services:

I am submitting testimony in **STRONG SUPPORT** OF SB 2088. This bill increases the
alcohol tax for all classifications. It dedicates the increase as a supplemental funding source
for early intervention services.

***Budget cuts in Early Intervention Services have made an already difficult economic year
even more difficult for those most in need. And 2010 will be no different, unless other
funding sources are identified. As a reminder, early intervention is a federally mandated
program and the state receives matching funds for this program.***

If funding sources such as this are not approved, the state will be putting at risk the thousands
of families that are or were served each month in these very valuable programs. The long
term effects of a reduction in early intervention services will be far reaching as these children
grow into adults in our communities. There will also be a tremendous cost shift to the
Department of Education who will see many more children with more pronounced special
needs increasing the costs of services when the child is older.

Thank you for the opportunity to present testimony in **Strong Support of SB 2088**. I can be
reached at 536-1015, for any further questions.

Sincerely,

Norman T. Kawakami
Sr. VP of Operations
Easter Seals Hawaii



LATE

02/01/2010

Testimony to: Senate Committee on Health and Human Services

Subject: S.B. 2088 - Relating to funding of early intervention services.

I Mattson, C. Davis President & CEO of Kona Brewing Company oppose S.B. 2088. The proposition to increase the State of Hawaii's liquor tax will cause liquor sales to go down therefore having a negative effect on our economy.

Also, increasing the alcohol tax will only make the State of Hawaii more expensive to visit and will negatively affect our existing struggling tourism industry.

Please join me in support of opposition to S.B. 2088.

Mahalo,

A handwritten signature in black ink, appearing to read "Mattson C. Davis".

Mattson C. Davis
President / CEO