

STAND. COM. REP. NO.

434

Honolulu, Hawaii

FEB 18 2011

RE: S.B. No. 1426  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Public Safety, Government Operations, and Military Affairs, to which was referred S.B. No. 1426 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC FUNDS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the City and County of Honolulu to return to the State monies derived from the county surcharge on state tax;
- (2) Authorize the issuance of general obligation bonds to reimburse the City and County of Honolulu; and
- (3) Extend for an additional two years the sunset of Act 247, Session Laws of Hawaii 2005, relating to the county surcharge on general excise and use taxes and the ordinance levying that surcharge.

Your Committee received testimony in support of this measure from one State department. Your Committee received testimony in opposition to this measure from one county mayor, eleven entities, and one individual. Your Committee received comments on this measure from one entity.

Your Committee finds that to meet the current and future financial needs of the State, having the City and County of Honolulu return a portion of the monies transferred to it from



revenues derived from county surcharges on state general excise and use taxes is a reasonable means of achieving a balanced budget for state operations without adversely impacting the City's fiscal status or resorting to a drastic reduction in state services or personnel.

Your Committee further finds that the revenues already derived from the county surcharge on state general excise and use taxes and transferred to the City and County of Honolulu are largely unencumbered and will not be needed in the immediate future. These monies would be better utilized if applied to the immediate financial needs of the State, of which the City and County of Honolulu is a part.

Your Committee has amended this measure by:

- (1) Authorizing the state Director of Finance to make the required payments to the county Director of Finance from available sources other than the remaining balance after deducting costs of assessment and collection, including general obligation bond proceeds;
- (2) Requiring that all payments described in paragraph (1) from sources other than the state treasury special accounts shall cause an equivalent amount to be deducted from the state treasury special account and become a General Fund realization of the State;
- (3) Inserting an effective date of July 1, 2050, to allow for further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Public Safety, Government Operations, and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1426, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1426, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committee on Public Safety,  
Government Operations, and  
Military Affairs,



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WILL ESPERO, Chair



The Senate  
 Twenty-Sixth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Public Safety, Government Operations, and**  
**Military Affairs**  
**PGM**

Bill / Resolution No.:* <b>SB 1426</b>	Committee Referral: <b>PGM, WAM</b>	Date: <b>2-17-11</b>		
<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 type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
ESPERO, Will (C)	/	/		
KIDANI, Michelle N. (VC)		/		
BAKER, Rosalyn H.			/	
RYAN, Pohai		/		
SLOM, Sam	/			
<b>TOTAL</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>0</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:right; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes