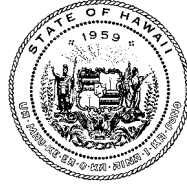


SB 2482

EDT-EDU

NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



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DEPUTY DIRECTOR

To: The Honorable Jill Tokuda, Chair,
and Members of the Senate Committee on Education

The Honorable Carol Fukunaga, Chair,
and Members of the Senate Committee on Economic Development & Technology

Date: Monday, February 13, 2012
Time: 1:15 P.M.
Place: Conference Room 016, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. 2482 Relating to Education

The Department of Taxation (Department) appreciates the intent of S.B. 2482, but is opposed to the bill due to the impact it will have on the Department's limited budget and staffing resources, if adopted.

S.B. 2482 proposes to allow taxpayers, with an income tax refund of \$5 or more, an option to designate \$5 (or \$10 in case of a joint return) to the Hawaii public schools science and technology trust fund, to be established pursuant to provisions under this bill.

While the Department understands and appreciates the intent of this bill, the Department cannot support any request which will require changes to its forms and computer system, unless the changes are essential for taxpayer compliance. As the Legislature is aware, the Department has an outdated computer system with significant functionality issues. Staffing resources necessary to develop and implement modifications to the system also are insufficient.

As a result, the Department's limited resources must be prioritized to address other significant projects that which are related to the enforcement and collection of revenue. Therefore, the Department respectfully requests that no new projects be adopted.

Thank you for the opportunity to provide comments.

Date: 02/13/2012

Committee: Senate Economic Development and
Technology

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 2482 Relating to Education

Purpose of Bill: Establishes the Hawaii public schools science and technology trust fund to support the teaching and learning of science and technology in Hawaii's public schools. Authorizes income tax return designations to the trust fund.

Department's Position:

The Department of Education (Department) is in support of SB 2482 as long as its implementation does not impact or replace the priorities set forth in the Executive Supplemental Budget for Fiscal Year 2012-2013. This bill will enhance the teaching and learning of science and technology in public schools primarily through the awarding of grants for equipment, tools, programs and activities that help to teach and learn science and technology. The Department will collaborate and work with the Public Schools of Hawaii Foundation which is the designated agency responsible for expenditure of moneys from the trust fund. This bill should also not replace nor adversely impact the Department's staffing priorities.

To Whom it May Concern,

I am writing on behalf of SB2482 that “Establishes the Hawaii public schools science and technology trust fund to support the teaching and learning of science and technology in Hawaii's public schools. Authorizes income tax return designations to the trust fund.”

As the Lead Coordinator and Teacher of the Waialua Robotics Program, established in July 1999, we are writing in support of such a trust fund to support STEM education in Hawaii’s public schools.

Today there are over 400+ organized Robotics programs from grades K-12 in Hawaii. The Waialua program is the 1st organized Robotics program in the State of Hawaii and as a teacher formerly involved in other STEM-related programs such as the Solar Car project, both national and local Electric Vehicle programs, and the Hawaii State Science & Engineering Fair, I have seen the growing positive impact it has made for students who have an interest in those fields. In addition, these programs not only affect students, but also have the potential to impact schools and an entire community. This is such the case with the Waialua Robotics Program that has successfully competed year after year in many local, national and international competitions and exhibitions.

The program has also been able to establish partnerships with many businesses, expert volunteers who mentor our students, and foundations that provide monetary donations in support of our initiatives. Most importantly, the program has been able to integrate it within the school curriculum and provide structure and sustainability, so that the program can meet both short and long term learning goals consistently and smoothly, so that it doesn’t have to operate on a year-to-year basis.

Through my personal experiences, I have experienced and seen the struggles of schools trying to establish and maintain their STEM programs. Instead of teachers and schools primarily focused on learning, they spend an enormous amount of time trying to fund their own programs as well.

We have learned through our recent history that it takes more than just schools and programs to help them achieve success. STEM learning opportunities take up an enormous amount of time, energy and resources to be successful. Initiatives such as SB2482 that will ultimately help support schools at the classroom and program level can have an enormous positive impact in reaching more students. As recent statistics show, only about 3% of our Hawaii students have opportunities to be a part of the Robotics education programs we have today.

Why not more?

TAXBILLSERVICE

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SUBJECT: INCOME, Tax checkoff for the Hawaii public schools science and technology trust fund

BILL NUMBER: SB 2482; HB 2305 (Identical)

INTRODUCED BY: SB by Kidani, Chun Oakland, Taniguchi and 6 Democrats; HB by Belatti, C. Lee, Nishimoto, Wooley

BRIEF SUMMARY: Amends HRS 235-102.5 to allow individual taxpayers whose state income tax refund for any taxable year is \$5 or more, to designate up to \$5 to be deposited into the Hawaii public schools science and technology trust fund. For joint taxpayers with an income tax refund of \$10 or more, each spouse may designate \$5 into the fund.

Directs the director of taxation to revise the state income tax forms as necessary. Allows designations to be made by filing an amended income tax return if filed within 20 months and 10 days after the due date of the original return.

Adds a new section to HRS chapter 302A to establish a Hawaii public schools science and technology trust fund as a separate fund of the Public Schools of Hawaii Foundation. The purpose of the fund is to enhance the teaching and learning of science and technology in public schools primarily through the award of grants for equipment, tools, programs, and activities.

EFFECTIVE DATE: Tax years beginning after December 31, 2011

STAFF COMMENTS: This measure adds the Hawaii public schools science and technology trust fund to the growing list of programs for which taxpayers due an income tax refund may designate all or a portion of that refund.

A survey by the Federation of Tax Administrators found that the states that utilize checkoff programs have been experiencing a decline in the amount of moneys designated through the checkoff mechanism. The survey also found that due to the administrative costs associated with the checkoff programs, states which currently have the checkoffs are looking to adopt expiration clauses and other means to remove the less productive checkoffs. Lawmakers seem to view such checkoffs as absolution of their responsibility to deal with such problems by turning the response directly over to the taxpayer. However, in the long run, the cost of administering the checkoff merely siphons resources that should otherwise be used for providing needed public services.

If lawmakers believe that earmarking funds through a checkoff system is appropriate, then they might consider placing all programs on the state income tax form for designation and consider repealing the legislative body as there will be no reason for the legislature to exist because decisions will have been made by the income taxpayer.

If lawmakers believe certain programs are of great importance, then they can prioritize those programs through the appropriations process. With the Hawaii tax burden already so heavy, why should taxpayers turn any more of their hard earned dollars over to government? What lawmakers also do not recognize is that by creating these checkoffs, they add to the cost of administering the law, a cost which steals funds from other programs like those enumerated for a checkoff designation.

Finally, it is a sad commentary on the legislature's lack of ability to do their job of setting priorities for the limited taxpayer dollars they are given that they have to resort to asking taxpayers for an additional contribution to the science and technology programs of the public schools. Conversely, one should ask why lawmakers - if they believe this curriculum is so important - do not adequately fund it. Do they believe that this particular course of study is not deserving of funding?

Digested 1/27/12