

STAND. COM. REP. NO.

1470

Honolulu, Hawaii

April 5, 2013

RE: S.B. No. 458
S.D. 1
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 458, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE STATE EDUCATIONAL FACILITIES IMPROVEMENT SPECIAL FUND,"

begs leave to report as follows:

The purpose of this measure as received by your Committee is to modify the funding resources for public school facilities by repealing the State Educational Facilities Improvement Special Fund (Special Fund) on July 1, 2023.

In addition, this measure facilitates the repeal of the Special Fund by:

- (1) Immediately repealing the required deposit of a portion of certain general excise tax revenues into the Special Fund;
- (2) Limiting expenditures from the Special Fund to projects authorized by the Legislature for fiscal years ending prior to July 1, 2014;
- (3) Providing that lease payments made from the Lease Payments for Schools Account within the Special Fund pursuant to financing agreements shall only be made for financing agreements entered into prior to July 1, 2013;

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- (4) Repealing statutory provisions exempting the Special Fund from the payment of central service and administrative expenses; and
- (5) Repealing the statutory provision authorizing the Department of Education to enter into financing agreements in accordance with the Special Fund.

For purposes of the public hearing on this bill, your Committee circulated a Proposed H.D. 1 (Proposed Draft) and notified the public that testimony would be accepted on the Proposed Draft. The Proposed Draft is substantially similar to S.B.458, H.D.1, as received by your Committee, but was further amended by adding a new Part III which:

- (1) Repeals the Department of Education's flexibility to transfer funds and positions except with respect to appropriations for financing agreements; and
- (2) Repeals the Department of Education's authority to create temporary positions.

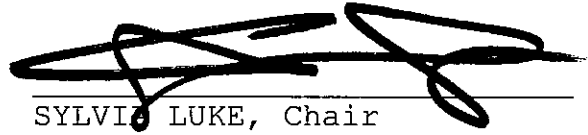
The Department of Budget and Finance testified in support of the Proposed Draft. The Department of Education opposed the Proposed Draft. The Tax Foundation of Hawaii offered comments.

Your Committee considered the merits of both S.B. No. 458, S.D. 1, as received by your Committee, and the Proposed Draft. Upon careful consideration, your Committee retained the language of S.B. No. 458, S.D. 1, as received by your Committee, and amended the measure by making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 458, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 458, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIE LUKE, Chair



