

STAND. COM. REP. NO.

1757

Honolulu, Hawaii

April 7, 2017

RE: S.B. No. 686  
S.D. 2  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 686, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO EDUCATION FUNDING,"

begs leave to report as follows:

The purpose of this measure is to increase funding for public education by establishing education surcharges on residential investment property and visitor accommodations to supplement the Department of Education's budget and provide a quality education to all of Hawaii's children. This measure also establishes the Education Special Fund to receive the surcharge proceeds.

The Hawai'i Teacher Standards Board, Hawaii Public Charter Schools Network, Hawaii State Teachers Association, Parents for Public Schools of Hawai'i, Democratic Party of Hawaii, Hawaii Alliance for Progressive Action, IMUAlliance, Hui for Excellence in Education, and numerous concerned individuals supported this measure. The Hawaii Housing Finance and Development Corporation, Department of Finance of the County of Hawaii, Real Property Assessment Division of the County of Maui, Mayor of the County of Maui, Mayor of the County of Hawaii, County of Maui Council Chair, member of the Maui County Council, City and County of Honolulu, Chamber of Commerce Hawaii, Trump International Hotel Waikiki, Westin Princeville Ocean Resort Villas, Hawaii Lodging and Tourism

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Association, New Otani Kaimana Beach Hotel, Aqua-Aston Hospitality LLC, Hilton Hawaii, Waikiki Resort Hotel, Outrigger Hotels Hawaii, Outrigger Enterprises Group, American Resort Development Association Hawaii, Hawaii Association of REALTORS, Kohala Coast Resort Association, Rental By Owner Awareness Association, Coalition for Equal Taxation, Wyndham Vacation Ownership, Marriot Vacations Worldwide Corporation, Soleil Management Hawaii LLC, Maui Hotel and Lodging Association, and two concerned individuals opposed this measure. The Department of Budget and Finance, Department of Education, Tax Foundation of Hawaii, Autism Society of Hawaii, Special Education Advisory Council, and Hawaii Children's Action Network provided comments.

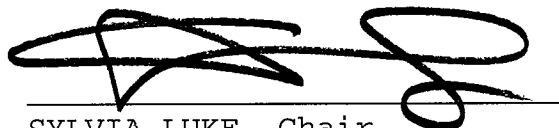
Your Committee has amended this measure by:

- (1) Removing the preamble;
- (2) Clarifying the purpose of the education surcharge;
- (3) Deleting language regarding Department of Education budget amounts other than those derived from the education surcharges;
- (4) Placing the administration of the education surcharges with an unspecified state department rather than with the Department of Education;
- (5) Changing the minimum property value for residential investment property subject to the education surcharge to an unspecified amount;
- (6) Changing the education surcharge per day amounts for visitor accommodations to unspecified amounts;
- (7) Removing all exemptions to the education surcharge;
- (8) Removing the requirement that the Department of Education submit annual reports to the Legislature; and
- (9) 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. 686, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 686, S.D. 2, H.D. 1.

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

A handwritten signature in black ink, appearing to be 'Sylvia Luke', written over a horizontal line.

SYLVIA LUKE, Chair



