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LEGISLATIVE REFERENCE BUREAU
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Written Comments

SCR9/SR3

REQUESTING THE LEGISLATIVE REFERENCE BUREAU TO CONDUCT STUDY OF TWO POTENTIAL DEDICATED SOURCES OF FUNDING FOR PUBLIC EDUCATION

Charlotte A. Carter-Yamauchi, Director
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Presented to the Senate Committee on Education

Monday, March 28, 2022, 3:00 p.m.
Conference Room 229

Chair Kidani and Members of the Committee:

Good afternoon Chair Kidani and members of the Committee. My name is Charlotte Carter-Yamauchi, and I am the Director of the Legislative Reference Bureau. Thank you for providing the opportunity to submit written **comments** on S.C.R. No. 9, Requesting the Legislative Reference Bureau to Conduct Study of Two Potential Dedicated Sources of Funding for Public Education.

The purpose of this measure is to request that the Legislative Reference Bureau conduct a study and determine the potential yield of:

- (1) A state lottery as a dedicated source of funding for the State's public education system; and
- (2) A one per cent allocation of county real property tax revenues as a dedicated source of funding for the State's public education system.

The measure also requests that the Legislative Reference Bureau submit a report of its findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2023.

The Bureau takes no position on this measure but submits the following comments for your consideration.

The Bureau lacks any personnel that possess specific expertise or particular experience in matters generally relating to economic or revenue projections. Consequently, the Bureau would find it even more difficult to provide any accurate revenue assessment of a state lottery for Hawaii. Accordingly, it is unlikely that the Bureau would be able to respond with any authoritative assessment of such a revenue-enhancing program for the State.

Moreover, the Bureau notes that the term "state lottery" is somewhat vague, since it does not specify if the Bureau is to study a model that establishes a stand-alone state lottery, or envisions Hawaii joining the Multi-State Lottery Association, which employs a number of different games.

We also note that with regard to the second part of the study that requests the Bureau to determine the potential yield of a one per cent allocation of county real property tax revenues as a dedicated source of funding for the State's public education system, it would seem that this study component is unnecessary, since the information for such revenue is already available. The potential yield amount can be determined by simply visiting the City and County of Honolulu's Department of Budget and Fiscal Services Real Property Assessment Division's website at <https://www.realpropertyhonolulu.com/state-reports/>, which reports statewide real property tax revenues, and the multiplying that amount by one percent. For the year 2020, the estimated one percent amount would be \$22,839,540. Furthermore, any legislation that would need to be enacted to establish a one percent taking of county real property tax revenues must be preceded by a ratified constitutional amendment that would explicitly authorize the State to take such revenue from a tax base that is currently solely reserved to the counties.

Due to the Bureau's lack of inherent expertise on estimating revenue projections, we suggest that, if a study of this sort is to be undertaken, that an executive agency with expertise in such matters, such as the Department of Budget and Finance or Department of Business, Economic Development, and Tourism, be the agency requested to undertake the study.

Thank you again for the opportunity to submit written comments.