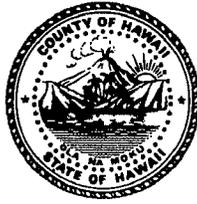


HB 1605

William P. Kenoi
Mayor



William T. Takaba
Managing Director

Walter K.M. Lau
Deputy Managing Director

County of Hawai'i

891 Ululani Street • Hilo, Hawai'i 96720-3982 • (808) 961-8211 • Fax (808) 961-6553
KONA: 75-5706 Kuakini Highway, Suite 103 • Kailua-Kona, Hawai'i 96740
(808) 329-5226 • Fax (808) 326-5663

April 6, 2009

The Honorable Senator Donna Mercado Kim, Chair
And Members of the Senate Committee on Ways and Means,
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Testimony on House Bill No. 1605 House Draft 1, Proposed Senate Draft 1

Honorable Chair Kim and Members of the Committee:

Hawai'i County appreciates the Senate's support for greater county home rule, particularly with regard to taxing authority. However, we would be deeply concerned and strongly opposed to this bill if it were part of an effort to grant the counties new taxing authority, while concurrently removing an important source of revenue for the counties, specifically our share of the transient accommodations tax.

We have been struggling with declines in revenues and increasing expenses, as has the state government, and we are very reluctant to accept any proposal or package of proposals that would, in effect, force us to overhaul the budget we have already submitted to our county council for review.

We have imposed aggressive cost-cutting measures, taking steps such as freezing hiring and leaving hundreds of positions vacant. We have required agencies to reduce spending across the board and to defer maintenance and equipment purchases. We are drawing on our emergency reserves, and still we are faced with escalating retiree and active employee health costs, potential collective bargaining costs, and other cost increases that are not part of our budget. Our balanced budget proposal always assumed the Legislature would continue to transfer to the counties our share of the transient accommodations tax, and we are counting on that revenue source to make our financial plan work.

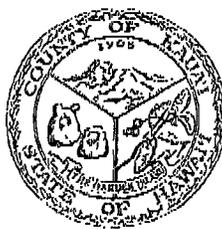
If the Legislature approves this new taxing authority for the counties and concomitantly diverts the revenues from the hotel room tax from the counties, the Legislature will have effectively forced the counties to raise taxes. While we fully recognize the financial predicament faced by our jurisdictions, state and county alike, this is not the time to grant the counties taxing authority.

Thank you for your consideration.

Sincerely,

William P. Kenoi
MAYOR

COUNTY COUNCIL
 BILL "KAIPŌ" ASING, CHAIR
 JAY LURFARO, VICE CHAIR
 TIM BYNUM
 DICKIE CHIANG
 DARYL W. KANESHIRO
 LANI Y. KAWAHARA
 DEREK S. K. KAWAKAMI



4396 RICE STREET, ROOM 206
 LIHUE, KAUAI, HAWAII 96766-1371
 E-mail: cok.council@kauai.gov

OFFICE OF THE COUNTY CLERK
 Council Services Division
 Elections Division
 Records Division
 PETER A. NAKAMURA, County Clerk
 Ernesto G. Pasion, Deputy County Clerk
 Voice: 808.241.6371
 Facsimile: 808.241.6349

RE-TRANSMITTAL
FACSIMILE TRANSMITTAL

April 2, 2009

TO: SENATOR DONNA MERCADO KIM FACSIMILE NO: 808-587-7205
 CHAIR, SENATE COMMITTEE ON WAYS & MEANS

FROM: PETER A. NAKAMURA, COUNTY CLERK

PAGES: THREE (3), including this cover sheet

SUBJECT: MARCH 24, 2009 TESTIMONY ON HB 1605, HD1, SD1 PROPOSED (COUNTY
 RETAIL SALES TAX)

MESSAGE:

Sender:

Per the request of Kauai County Councilmember Derek Kawakami, transmitted please find previous testimony submitted to the Senate Committee on Ways & Means hearing of March 24, 2009 on HB 1605, HD1, SD1 Proposed (authorizes each county to establish a retail sales tax on sales of tangible personal property) from Ron Kouchi and Councilmember Kawakami.

Please feel free to contact our offices at 808.241.6371 if you have any questions.

Mahalo,

Peter A. Nakamura
 Kauai County Clerk

This facsimile transmittal is intended only for the use of the party to which it is addressed, and may contain certain confidential and proprietary information. If you are not the intended recipient of this transmittal, dissemination of this information is strictly prohibited. If you have received this facsimile transmittal in error, please notify our office immediately by telephone at (808) 241-6371, and please destroy this facsimile transmittal. Mahalo for your cooperation.

TESTIMONY OF RONALD KOUCHI
March 23, 2009

Committee on Ways and Means
Hearing on H.B. No. 1605, HD1
Conference Room 211
State Capitol
9:30 a.m.

Dear Senator Kim and Members of the Ways and Means Committee:

RE: Testimony on HB 1605, HD1, SD1 (proposed)

Thank you for this opportunity to submit testimony as a Kaua'i resident and former Council member on HB 1605, HD1, SD1, relating to taxation.

In the past as a former Councilmember from Kaua'i, I testified that the counties needed a fair and equitable source of revenue which would be consistent for the long term. In 1989, the Legislature repealed Act 155 (State Grant-in-Aid) and approved TAT distribution to the Counties in 1990, and the County of Kaua'i had a consistent and reliable source of revenue.

HB 1605, HD1, SD1 (proposed), proposes to provide the Counties with the authority to impose a retail sales tax on tangible personal property. That proposal does not provide a ceiling percentage on the retail tax that may be imposed.

Given the above considerations, while in concept I would generally support measures intended to give the counties a consistent and reliable funding source, I believe more time is needed to study this specific issue further.

Thank you for this opportunity to provide written testimony.

COUNTY COUNCIL
Bill "Eapo" Asing, Chair
Jay Iwamoto, Vice Chair
Tim Byrnes
Duke Chong
Daryl W. Kanihiko
Lani F. Kawahara
Derek S. E. Kawahara



OFFICE OF THE COUNTY CLERK

Pete A. Nakamura, County Clerk
Ernesto G. Pasion, Deputy County Clerk

Telephone (808) 241-6371
Fax (808) 241-6349
Email cokcouncil@kauai.gov

Council Services Division
4396 Rice Street, Room 206
Lihue, Kauai, Hawaii 96766-1371

March 23, 2009

Committee on Ways and Means
Hearing on H.B. No. 1605, HD1
Conference Room 211
State Capitol
9:30 a.m.

Dear Senator Kim and Members of the Ways and Means Committee:

Re: Testimony on HB 1605, HD1, SD1 (proposed)

Thank you for this opportunity to provide testimony as an individual member of the Kauai County Council and as the Vice-President of the Hawaii State Association of Counties (HSAC).

HB 1605, HD1, SD1 (proposed) relating to taxation, and the authority for each County to establish a retail sales tax on tangible personal property is a very important issue, and will be addressed at the HSAC meeting scheduled for April 2, 2009. The HSAC meeting will provide an opportunity for discussion to occur with the Counties that will be directly affected.

Thank you for the opportunity to provide written testimony on this proposal.

Sincerely,

Derek S. K. Kawakami
Kauai County Councilmember
Vice-President, Hawaii State Association of Counties