STAND. COM. REP. NO. 377-10

Honolulu, Hawaii FeS12, 2010

RE: H.B. No. 1926 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2010 State of Hawaii

Sir:

Your Committee on Economic Revitalization, Business, & Military Affairs, to which was referred H.B. No. 1926 entitled:

"A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM,"

begs leave to report as follows:

The purpose of this bill is to ensure that the Department of Business, Economic Development, and Tourism (DBEDT) has adequate funding to continue to provide services and programs promoting economic development by:

- (1) Establishing a special fund for the operation of DBEDT;
- (2) Imposing a surcharge on certain business- and commercerelated fees that will be paid by businesses benefiting from the activities of DBEDT which is to be paid into a special fund; and
- (3) Requiring \$2,000,000 of the taxes imposed on banks and other financial corporations to be deposited into the special fund each year.

The Division of Financial Institutions, Department of Land and Natural Resources (DLNR), Department of Health (DOH), Hawaii Bankers Association, Hawaii Association of REALTORS, GCA of Hawaii, Hawaii Financial services Association, National Association of Social Workers, and Hawaiian Telcom opposed this

HB1926 HD1 HSCR EBM 2010-1938

STAND. COM. REP. NO. **377**-10 Page 2

measure. The Department of Commerce and Consumer Affairs (DCCA), Department of Budget and Finance, The Chamber of Commerce of Hawaii, Tax Foundation of Hawaii, and a concerned individual commented on this bill.

Your Committee finds that the activities of DBEDT enhance economic development and performance in the state, and should be supported, at least in part, by the businesses that those activities benefit.

Your Committee has amended this bill by:

HB1926 HD1 HSCR EBM 2010-1938

- (1) Authorizing \$2,000,000 to be transferred out of the Compliance Resolution Fund of DCCA out of moneys that are not derived from regulatory fees, to address concerns about funding for the Division of Financial Institutions; and
- (2) Exempting the DOH, DLNR, and a telecommunications carrier that is the carrier of last resort from the surcharge requirement.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization, Business, & Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1926, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1926, H.D. 1, and be referred to the Committee on Finance.

> Respectfully submitted on behalf of the members of the Committee on Economic Revitalization, Business, & Military Affairs,



MCKELVEY, Chair

State of Hawaii House of Representatives The Twenty-fifth Legislature

HSCR 377-10

Record of Votes of the Committee on Economic Revitalization, Business, & Military Affairs

| Bill/Resolution No.: HB 1926 EBM, FIN Date: 2/11/10 | | | | |
|--|-----------------------|-----------|--------------------|--------------|
| □ The committee is reconsidering its previous decision on the measure. | | | | |
| The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit) | | | | |
| EBM Members | Ayes | Ayes (WR) | Nays | Excused |
| 1. McKELVEY, Angus L.K. (C) | \checkmark | | | |
| | | | | |
| 2. CHOY, Isaac W. (VC) | ~ | | | |
| 3. BERG, Lyla B. | • | | | |
| 4. EVANS, Cindy | V | | | |
| | | | | |
| 5. MANAHAN, Joey | | | | |
| 6. TAKAI, K. Mark | V | | | |
| | | | | |
| 7. TOKIOKA, James Kunane | | | | \checkmark |
| | | | | |
| 8. TSUJI, Clift | V | | | |
| 9. WAKAI, Glenn | ✓ | | 10 201 - 10 10 C 8 | |
| | | | | T. Carlos |
| 10. WOOLEY, Jessica | V | | | |
| | | | | |
| 11. WARD, Gene | \checkmark | | | |
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| | | | | |
| TOTAL (11) | 8 | | | Э |
| The recommendation is: Adopted In Not Adopted If joint referral, | | | | |
| Vice Chair's or designee's signature: | | | | |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO | | | | |