



STATE OF HAWAII
DEPARTMENT OF TAXATION
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To: The Honorable Donovan M. Dela Cruz, Chair
and Members of the Senate Committee on Ways and Means

Date: Wednesday, February 13, 2019
Time: 10:00 A.M.
Place: Conference Room 211, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: S.B. 530, S.D.1, Relating to the General Excise Tax

The Department of Taxation (Department) offers the following comments on S.B. 530, S.D.1, for the Committee's consideration.

S.B. 530, S.D. 1, amends the general excise tax exemption for amounts received by hospitals, medical practitioners, etc., for the sale of prescription drugs and prosthetic devices to individuals under Hawaii Revised Statutes section 237-24.3(6). This measure expands the exemption by providing an exemption specifically for prescription drugs sold pursuant to a doctor's prescription, hearing aids, prosthetic devices, mobility enhancing equipment sold by prescription, and repair and replacement parts for any such devices or equipment. This measure clarifies the exemption by providing new or updated definitions for the terms "mobility enhancing equipment," "prescription," and "prosthetic device." This bill is effective upon its approval and applies to taxable years beginning after December 31, 2019.

The Department notes that it is able to administer the changes in this measure with its current effective date, but requests Section 4 of the bill be amended to read:

SECTION 4. This Act, upon its approval, shall take effect January 1, 2020.

Thank you for the opportunity to provide comments.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Exempt mobility enhancing and durable medical equipment

BILL NUMBER: SB 530, SD-1

INTRODUCED BY: Senate Committee on Commerce, Consumer Protection, and Health

EXECUTIVE SUMMARY: Expands the current exemption for prescription drugs and prosthetic devices to include more items specific to health care. The expanded list of items appears to be consistent with the policy justification for the original exemption. In addition, some of the changes in this bill would rectify an anomaly that exists under current law.

SYNOPSIS: Modifies the current exemption for prescription drugs and prosthetic devices in HRS §237-24.3(6), so as to exempt gross proceeds from the sales of the following for human use: (A) Prescription drugs sold pursuant to a doctor's prescription; (B) Hearing aids; (C) Prosthetic devices; (D) Mobility enhancing equipment sold by prescription; and (E) Repair and replacement parts for any of the foregoing exempt devices and equipment. The exemption does not apply to amounts received for services in selling any of the foregoing.

Defines "prescription" as an order, formula, or recipe issued in any form of oral, written, electronic, or other means of transmission by a duly licensed practitioner authorized by the laws of this State.

Defines "mobility enhancing equipment" as equipment, including repair and replacement parts, other than durable medical equipment, that: (A) Is primarily and customarily used to provide or increase the ability to move from one place to another and which is appropriate for use either at home or in a motor vehicle; (B) Is not generally used by persons with normal mobility; and (C) Does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer.

Redefines "prosthetic device" as a replacement, corrective, or supportive device including repair and replacement parts for same worn on or in the body in order to: (A) Artificially replace a missing portion of the body; (B) Prevent or correct a physical deformity or malfunction; or (C) Support a weak or deformed portion of the body; provided that "prosthetic device" shall not mean any ophthalmic, dental, or ocular device or appliance, instrument, apparatus, or contrivance. Examples of prosthetic devices are hearing aids and artificial limbs.

EFFECTIVE DATE: Taxable years beginning after December 31, 2019.

STAFF COMMENTS: Under the Hawaii GET law as it now exists, prescription drugs and prosthetic devices (including replacement parts) are exempt when received by a hospital, medical clinic, health care facility, pharmacy, or licensed health care practitioner for selling the drugs or devices to an individual. The Department of Taxation has carefully interpreted this exemption in Tax Information Release 86-4.

Under TIR 86-4, the following medical devices do not qualify for exemption: bandages, thermometers, hypodermic needles, diaphragm syringes, gauze, orthopedic support, inhalation extender devices, food products/supplements, dietary supplements, prophylactics, contact lens preparations, wheelchairs, crutches, canes, quad canes, and walkers. The expanded definitions in the bill would make a good portion of the above exempt, and appear to be consistent with the policy justification for the original exemption.

The bill proposes to expand the exemption without regard to who is selling the articles. This may help to correct an anomaly that now exists in the law. Compare the following situations:

Drug manufacturer M sells a drug to retail pharmacy R who sells it to patient P. The sale from R to P is exempt and the sale from M to R is a wholesale sale taxed at 0.5%. Total tax: 5%.

Drug manufacturer M sells a drug to GET-exempt hospital H who sells it to patient P. The sale from H to P is exempt because H is a tax-exempt organization. The sale from M to H does not qualify as a wholesale sale because an exempt organization is not a "licensed seller" and the exemption doesn't apply because the sale is not to a patient. The sale is a retail sale taxed at 4%. Total tax: 4%.

Under the bill, M's sale to R and M's sale to H are both sales for human use so the exemption applies. Total tax: 0%.

Businesses providing similar, if not identical, goods or services should be treated equally as the tax is on the business and not on the customer. The law now discriminates against tax-exempt hospitals, infirmaries, and sanitarium (HRS §237-23(a)(6)) and the bill would correct that problem.

Digested 2/10/2019

SB-530-SD-1

Submitted on: 2/8/2019 2:26:00 PM

Testimony for WAM on 2/13/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
GARY SIMON	Testifying for Policy Advisory Board for Elder Affairs (PABEA)	Support	Yes

Comments:

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Honorable Members of the Senate Committee on Ways and Means:

I am Gary Simon, Chairperson of the Policy Advisory Board for Elder Affairs (PABEA), which is an appointed board tasked with advising the Executive Office on Aging (EOA).

I am offering testimony as an individual who has worked in healthcare for over thirty years, and I am offering testimony on behalf of PABEA.

My testimony does not represent the views of the EOA but of PABEA.

PABEA wholeheartedly supports SB 530 SD 1.

The general excise tax exemptions outlined in the bill will reduce the financial stress and suffering faced by our residents with disabilities and our kupuna on limited income.

We urge you to support SB 530 SD 1, and we urge you to recommend its passage.

Thank you for seriously considering the Bill.

Very sincerely,

Gary Simon, Chairperson, Policy Advisory Board for Elder Affairs (PABEA)



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/13/2019
Time: 10:00 AM
Location: 211
Committee: Senate Ways and Means

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: SB 0376 RELATING TO EDUCATION.

Purpose of Bill: Allows students to enroll in career and technical education programs in schools outside the Department of Education service area in which the student resides.

Department's Position:

The Department of Education (Department) recognizes the intent of SB 376 and respectfully offer comments.

Pursuant to Board of Education Policy 500-12, Geographic Exceptions to the Mandatory School Attendance Law, and Hawaii Administrative Rules (HAR), Chapter 13, Geographic Exception, priority consideration for a geographic exception is provided to applicants requesting an exception for a program of study of the receiving school that is not available at the student's current service area school or "home school". Therefore, if a career and technical education program is not offered at the student's home school, an application for a geographic exception may be submitted by the student's parents.

Given the Board policy and HAR in place, we respectfully submit that this measure is not needed at this time.

Thank you for this opportunity to provide testimony on SB 376.

The Hawaii State Department of Education seeks to advance the goals of the Strategic Plan which is focused on student success, staff success, and successful systems of support. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.

SB-376

Submitted on: 2/11/2019 9:08:44 PM

Testimony for WAM on 2/13/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Banner Fanene	Individual	Support	No

Comments:



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President

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TESTIMONY BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS



RE: SB 376 - RELATING TO EDUCATION

WEDNESDAY, FEBRUARY 13, 2019

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Dela Cruz, and Members of the Committee:

The Hawaii State Teachers Association **supports SB 376**, relating to education.

According to the Hawaii State Department of Education, “Career and Technical Education is an educational structure that allows students the opportunity to explore and learn through the practical application of academic and technical skills and knowledge. The support and involvement of business and industry in CTE is critical to the preparation of tomorrow's skilled workforce.”

Yet, there is concern among CTE stakeholders (teachers, industry experts, and employers) about the lack of CTE inclusion in federal education legislation. As a result of the federal emphasis on high stakes accountability over the past decade, secondary schools across the state have diverted CTE funding to core content areas, especially English Language Arts and mathematics, and have cut or reduced courses in CTE, or vocational classes that support developing highly skilled labor needed in current industries, that would prepare many of our students for careers that don't require a college degree, but instead require very specific skills and training in these various industries.

A majority of all current job openings, both locally and nationally, are for positions that do not require a college degree. While education reform rhetoric endlessly extols “college and career readiness,” job projections by the **Hawai'i Department of Labor show that, overall, more than 72 percent of the state's projected openings through 2022 require a high school diploma or less.** For comparison, about 15 percent of future openings require a bachelor's degree and only 4 percent require a master's, doctoral, or professional degree.



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Hawai'i's CTE offerings must be expanded, then, to allow young people to design their own futures, and provide them with a multitude of opportunities in a variety of future careers.

According to a national study, only 25 percent of polled job seekers reported receiving career pathing in high school, however, with 41 percent saying that they wished they had received more vocational guidance. Careers taught through the state's CTE program—from automotive technology to environmental management to digital media—are at the cutting edge of our local economy, requiring real-world skills that students and employers desire, and that the College Career Readiness paradigm too often fails to advance.

Vocational training should be a viable alternative to college, which is increasingly cost prohibitive for high school graduates and their families. One way of increasing participation in CTE programming is to require the department of education to collaborate allow students to attend a high school that offers a CTE program they desire, even if the student does not live in that school's designated geographical area, as this bill proposes, which would allow the 44 percent of Hawai'i high school graduates who do not seek post-secondary education to receive industry based skills and certifications required to join the 21st Century job market. **Not every school can or should offer culinary arts, auto mechanics, or agricultural tech programs, but when they do offer specific vocational programs, our students should be allowed to enroll in them when those programs match a student's interests and future goals.**

To prepare students to become members of the modern workforce, the Hawaii State Teachers Association asks your committee to **support** this bill.



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/13/2019
Time: 10:00 AM
Location: 211
Committee: Senate Ways and Means

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: SB 0012 RELATING TO TEACHER HOUSING.

Purpose of Bill: Authorizes the Hawaii housing finance and development corporation to develop and implement a housing voucher program for full-time teachers employed by the department of education or at a public charter school.

Department's Position:

The Department of Education (Department) supports SB 12, with comments.

SB 0012 aligns with Goal 2 of the Department's Strategic Plan of focusing on increasing the pipeline of new teachers entering the education profession and increasing teacher retention rates.

Housing subsidy vouchers can be a tool to increase the Department's teacher retention, especially in hard-to-fill geographic areas. According to a 2016 report by the Learning Policy Institute, housing incentives was one factor for teachers who left the profession in their consideration in returning to the field of education. The financial assistance provided through the voucher program may help to ease some of the financial burden, magnified by high cost of living in Hawaii.

The Department also notes that it employs half-time teachers. Based on the proposed language, only those individuals working as full-time (1.0 FTE) teachers would be eligible for the housing voucher program. Further, should the committee proceed with this measure, the Department requests consideration for a blank appropriation at this time, to further discuss the funding and additional personnel resources that may be necessary to implement a housing voucher program. Currently, there is a lack of capacity and expertise to administer such a program.

Thank you for this opportunity to provide testimony.

The Hawaii State Department of Education seeks to advance the goals of the Strategic Plan

which is focused on student success, staff success, and successful systems of support. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.



STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

February 13, 2019 at 10:00 a.m.
State Capitol, Room 211

In consideration of
S.B. 12
RELATING TO TEACHER HOUSING.

The HHFDC *offers the following comments* on S.B. 12. HHFDC does not have the appropriate staff and expertise to administer a housing voucher program of this nature.

Following the subject matter committee hearing on this bill, HHFDC consulted with the Hawaii Public Housing Authority on its housing voucher program staffing and workload. The program ID responsible for administration of the Section 8 HMS 222, has 22.50 full time equivalent (FTE) federally-funded positions. According to their 2018 Annual Report, they served 1,722 families with Section 8 housing vouchers.

According to the Department of Education's 2017 Data Book, they had approximately 11,000 classroom teachers. According to the State Public Charter School Commission's 2016-2017 report to the Hawaii Teacher Standards Board, there are approximately 700 charter school teachers. Therefore, HHFDC would require a minimum of 22.50 FTE positions and the associated General Fund appropriations for personal services to staff this proposed teacher housing voucher program, on top of the appropriation of funds needed to fund the vouchers themselves.

Thank you for the opportunity to provide written comments on this bill.



STATE OF HAWAII
HAWAII TEACHER STANDARDS BOARD
650 IWILEI ROAD, SUITE 268
HONOLULU, HAWAII 96817

February 10, 2019

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

PERSON TESTIFYING: Lynn Hammonds, for the Hawaii Teacher Standards Board

DATE: February 13, 2019

TIME: 10:00 AM

LOCATION: Conference Room 211

TITLE OF BILL: SB 12 RELATING TO TEACHER HOUSING

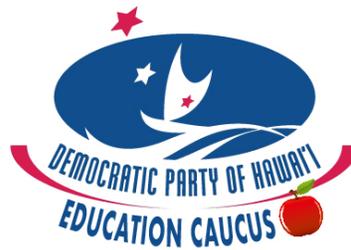
PURPOSE OF BILL: Authorizes the Hawaii housing finance and development corporation to develop and implement a housing voucher program for full-time teachers employed by the department of education or at a public charter school.

POSITION: Support with comments

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Senate Committee on Ways and Means:

The Hawaii Teacher Standards Board supports the intent of a \$500 housing voucher program for fulltime teachers in Hawaii public schools, to be used for their primary residence rent or mortgage payments. The HTSB greatly appreciates the intent of this bill, but hopes that the amount may be increased to cover more of a teacher's housing expense and encourage teachers to remain in Hawaii and remain in the teaching profession in Hawaii public schools.

Thank you for the opportunity to testify



SENATE BILL 12, RELATING TO TEACHER HOUSING

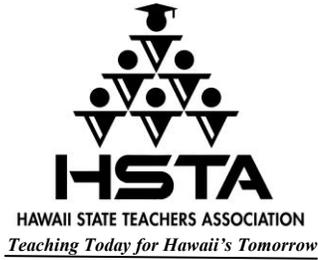
FEBRUARY 13, 2019 · SENATE WAYS AND MEANS
COMMITTEE · CHAIR SEN. DONOVAN M. DELA
CRUZ

POSITION: Support.

RATIONALE: The Democratic Party of Hawai'i Education Caucus supports SB 12, relating to teacher housing, which authorizes the Hawai'i Housing Finance and Development Corporation to develop and implement a housing voucher program for full-time teachers employed by the department of education or at a public charter school.

Currently, Hawai'i teachers experience the lowest salaries for their profession in the nation, when those salaries are adjusted for the cost of living. At the same time, island housing and rental prices are continuing to skyrocket. According to the Honolulu Board of Realtors, the median single-family home price in Honolulu hit a record \$812,500 in September of 2018, for example, while an analysis of rental values performed by ATTOM Data Solutions released earlier this year found that Honolulu's rentals are the second-least affordable in the country relative to wages.

The average Hawai'i public school teacher earns approximately \$58,000, which, on O'ahu qualifies as "low income", per the U.S. Department of Housing and Urban Development. Until teacher pay is significantly increased—as it should be—we believe housing assistance may help curb Hawai'i's teacher shortage crisis, which now stands at 1,029 positions statewide.



LATE

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TESTIMONY BEFORE THE SENATE COMMITTEES ON
WAYS AND MEANS

RE: SB 12 - RELATING TO TEACHER HOUSING

WEDNESDAY, FEBRUARY 13, 2019

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Dela Cruz, and Members of the Committees:

The Hawaii State Teachers Association **supports SB 12**, relating to teacher housing with suggested amendments to ensure the stipend is monthly.

We suggested amending the bill to only go toward those 1,302 teachers who teach in hard-to-fill schools, including public charter schools, as identified by the Hawaii Department of Education, and the vouchers to not exceed \$500 per month.

Thus our amendment would change the language on page 1, lines 5 – 9.

(a) The corporation may develop and implement a housing voucher program for full-time teachers employed by the department of education or at a public charter school in a hard to fill area. Each housing voucher shall not exceed \$500 per month and may be used toward rent or mortgage payments for the teacher's primary residence.

Hawai'i continues to suffer from a shortage of qualified teachers, especially in our hard-to-fill schools. According to the DOE's STRIVE HI accountability reports, for the 2017-2018 school year, the state saw 1,011 SATEP vacancies, up from 920 SATEP vacancies in 2016-2017, including a slight increase in SPED SATEP vacancies, from 290 in 2016-2017 to 311 in 2017-2018, and now 352 SPED SATEP vacancies for 2018-2019 as report to the BOE by the HIDEOE. Last year in 2018-2019 we saw yet another increase in SATEP vacancies of 1,029 teachers. As we have noted to the Board of Education at previous hearings, SPED teacher attrition has led to a situation in which 1 out of every 6 SPED teachers have not completed a

state-sanctioned teacher training program. Our teacher shortage problem is further clarified in the DOE's 2016-2017 Employment Report, which shows that teacher resignations increased from 781 in 2015-2016 to 850 in 2016-2017 and 1,114 in 2018-2019, with only 294 due to retirement. Similarly in-state SATEP hires decreased from 404 to 387 from 2016-2018, while out-of-state SATEP hires increased from 508 to 572. Teacher attrition is worse in high-poverty areas. In the Nanakuli-Waianae Complex Area, for example, an astounding 18 out of 19 SPED teachers hired for the 2017-2018 school year did not have a special education license.

Financial incentives are a key strategy for the recruitment and retention of teachers, particularly given that Hawaii's teacher salaries continue to trail the nation when adjusted for cost of living. IF we concentrate on retaining our teachers, the HIDOE would not have to focus so much on the recruitment of teachers. To recruit and retain effective educators, policymakers must find ways to lessen the financial burden of being a public school teacher. Establishing a housing voucher program is a good first step.

In the islands, where new housing rarely becomes available, the percentage of renters who face cost burdens—financial handicaps incurred by people spending over 30 percent of their income on housing—is roughly 57 percent, according to the National Low Income Housing Coalition. Many of those cash-strapped renters are state educators, who are chronically underpaid. To make ends meet, many teachers are forced to pick up second and third jobs, live in cramped studio apartments, and cut back on necessities like medical and dental care. Thus they cannot devote their full attending to their students and the preparation of lessons and grading that they usually complete after school once their students have left for the day. Instead, they are rushing off to their second or even third jobs when they would much rather concentrate on their teaching duties and their students.

Thus, a housing voucher program with monthly stipends would assist teachers in hard-to-fill schools in attaining sustainable and stable residency, while staving off crushing debt burdens. It would also make the teaching profession more attractive by increasing educators' purchasing power through the subsidization of rent and mortgages in the state with the nation's highest housing costs.

To take care of the needs of Hawaii's hardworking teachers, the Hawaii State Teachers Association asks your committee to **support** this bill.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Repeal School Impact Fee Exemptions for Transient Accommodations

BILL NUMBER: SB 586

INTRODUCED BY: KEITH-AGARAN, J. KEOHOKALOLE, Baker, S. Chang, Dela Cruz, English, Kanuha

EXECUTIVE SUMMARY: Repeals the school impact fee exemptions for nonresidential development and housing subject to the transient accommodations tax. The exemptions sought to be repealed are consistent with the philosophy of the tax. If a policy decision is made to change the philosophy of the tax, more extensive changes to the tax are required.

SYNOPSIS: Amends HRS section 302A-1603 to delete the existing exemptions for housing that is or will be paying the transient accommodations tax, and for all nonresidential development.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: The Hawaii Revised Statutes contains twelve sections relating to “school impact fees,” starting with section 302A-1601. The law states, in part, “New residential developments within identified school impact districts create additional demand for public school facilities. As such, once school impact districts are identified, new residential developments shall be required to contribute toward the construction of new or expansion of existing public school facilities.”

Builders of large projects within school impact districts are required to provide land for school facilities depending on the numbers of students expected in their projects and the amount of available classroom space in existing area schools. Smaller developers and individual home owner-builders are required to pay a fee instead of land, when their project is too small to entertain a school site. All home builders or buyers must pay a construction cost fee.

Once an impact fee district is established, the DOE is authorized to collect 10% of estimated school construction costs and 100% of estimated land acquisition costs from each residential development planned within the district.

The Board of Education (BOE) used this authority to establish impact fee districts in Central Maui and West Maui in 2010, and in Leeward Oahu in 2012. It approved another district in West Hawaii in 2009, but apparently the Big Island county government didn’t want to cooperate and that district remains an open issue.

The theory behind this law is that high growth will mean more children, and more schools are required to educate them.

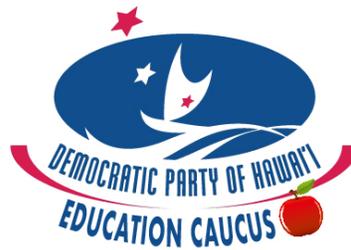
With that background, the exemptions in section 302A-1603 make more sense. If a particular development is not going to house children who are going to use our public schools, it doesn't make sense for that development to pay the school impact fee.

The bill proposes to eliminate these exemptions, which is not consistent with the theory of the impact fee, making the bill look like a pure money grab.

If the Committee desires to go forward with eliminating the exemptions, consideration then must be given to rewriting the legislative findings in section 302A-1601 and the formulas for determining the impact fee in land or in cash, in sections 302A-1606 and -1607. Under the present formula, for example, if a large shopping center is planned with no residential units, the school land area requirement in section 302A-1606(b) will be zero because the incremental number of single-family units and the incremental number of multi-family units will both be zero. Eliminating the exemption, therefore, might not accomplish much unless additional structural changes are made to the tax.

In addition, the accounting and expenditure requirements in section 302A-1608 restrict the expenditure of impact fees for construction of new or expanded schools. The fees are not to be used to replace existing schools, or to maintain or operate existing schools. If the intent is for the additional funds generated to be used to shore up existing facilities, wholesale changes to this section are required.

Digested 1/26/2019



SENATE BILL 586, RELATING TO SCHOOL IMPACT FEES

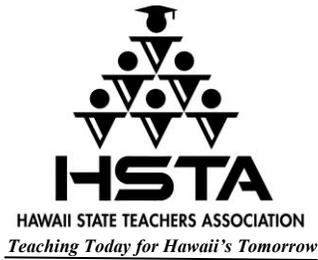
FEBRUARY 13, 2019 · SENATE WAYS AND MEANS
COMMITTEE · CHAIR SEN. DONOVAN M. DELA
CRUZ

POSITION: Support.

RATIONALE: The Democratic Party of Hawai'i Education Caucus supports SB 586, relating to school impact fees, which repeals school impact fee exemptions for nonresidential development and housing subject to the transient accommodations tax.

In 2018, the Hawai'i Board of Education established the Kalihi-Ala Moana School Impact Fee District. Developers of residential units in the urban core will now have to pay \$3,864 when applying for new building permits, helping to offset the cost of educating the children of families living in the estimated 39,000 new dwelling units needed for urban Honolulu in coming years.

Yet, the full potential of impact fees has yet to be realized in Hawai'i, even in places where population density is expected to rapidly escalate because of transit oriented development. While some in the development and building industries may argue that commercial properties do not directly impact school enrollment, the fact remains that business growth contributes to the pace and scale of development, creating jobs that entice families to relocate. Also, commercial and residential properties are often combined into the same development project, with new businesses used to incentivize the sale of neighboring residential units, from which they directly benefit.



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TESTIMONY BEFORE THE SENATE COMMITTEES ON
WAYS AND MEANS

RE: SB 586 - RELATING TO SCHOOL IMPACT FEES

WEDNESDAY, FEBRUARY 13, 2019

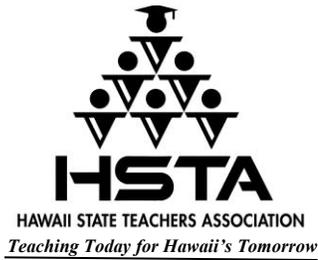
COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Dela Cruz, and Members of the Committees:

The Hawaii State Teachers Association **supports SB 586**, relating to school impact fees.

Our state's public school buildings are approximately 66-years-old on average. Facilities are damaged, restrooms and water foundations are in disrepair, classroom windows are broken, and campuses are plagued by rat and insect infestations. Our students, especially those with special needs, are subjected to dilapidated infrastructure. Our state's repair and maintenance backlog is huge and the total cost of lingering projects runs into the hundreds of millions of dollars. Maintenance and capacity problems are particularly painful for developing communities, like the 'Ewa Plain, which will welcome 28,000 more buildings by the year 2021, and Kaka'ako, in which 39,000 new multi-family units are projected to be built within an approximately half-mile radius of rail transit stations, per the Honolulu Community Development Authority. The state will need more funding, that much is clear.

It is important to note that the law has changed for impact fees in 2016 in the urban core and they are able to be used for repair and maintenance of our schools as well. Some may argue that nonresidential development should not have to contribute to our public schools, but quite the contrary is shown from research by the Development, Planning, and Financial Group, Inc., along with the Brookings Institute, that both indicate that new business growth actually contributes to the pace and scale of residential development. New businesses are used to incentivize the sale of neighboring residential units, from which they directly benefit creating



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Executive Director

jobs and thus contributing to the need for more public schools. Nonresidential development also takes a toll on the state's infrastructure in Hawai'i, and public schools are directly impacted. Other areas across the U.S., such as Newark, impose impact fees on nonresidential development along with residential development for the above reasons.

In 2018, the Hawai'i Board of Education established the Kalihi-Ala Moana School Impact Fee District. Developers of residential units in the urban core will now have to pay \$3,864 when applying for new building permits, helping to offset the cost of educating the children of families living in the estimated 39,000 new dwelling units needed for urban Honolulu in coming years. **Nonresidential developments should not be exempt and should also contribute.**

A quality education is priceless and an investment in a strong economy in Hawai'i, we cannot continue to underfund our schools and it is everyone's kuleana. To provide our children with quality school facilities, the Hawaii State Teachers Association asks your committee to **support** this bill.

DAVID Y. IGE
GOVERNOR



PANKAJ BHANOT
DIRECTOR

CATHY BETTS
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 11, 2019

TO: The Honorable Senator Donovan M. Dela Cruz, Chair
Senate Committee on Ways and Means

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 231 - RELATING TO THE YOUTH COMMISSION**

Hearing: February 13, 2019, 10:00 a.m.
Conference Room 211, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the SB 231 that establishes and funds the youth commission administrator in the Office of Youth Services and provides comments.

The Office of Youth Services is administratively attached to DHS. DHS prefers that its base budget and requested biennium budget increases be contained in one budget measure that will be known as the General Appropriations Act of 2019. This year the Governor's executive budget proposal is SB 126 or HB 964. We are concerned that splitting the base budget from the biennium budget requests into multiple vehicles increases the risk of funding errors or shortfalls, and will negatively impact long term planning and program improvement. Especially in human services that impact individuals and families, non-recurring appropriations tend to lead to cautious implementation. Creating operational systems, rules and processes, and implementing benefits or services for recipients takes time as well as time to evaluate effectiveness. Short term funding cycles impacts program development as well as program's ability to fill vacancies that are based upon temporary programs and budgets.

PURPOSE: The purpose of **SB 231** is to establish the youth commission administrator that shall administer the youth commission. Makes an appropriation to fund one full-time equivalent (1.0 FTE) permanent youth commission administrator position.

DHS supports this proposal. Act 106, Session Laws of Hawaii (SLH) 2018, established a youth commission to advise the governor and legislature on the effects of legislative policies, needs, assessments, priorities programs, and budgets concerning the youth of the state. Act 106, SLH 2018, appropriated funds to hire one staff position to administer the youth commission and other administrative costs; however, funds were only authorized for one state fiscal year and funding for the position will end on June 30, 2019.

Thank you for the opportunity to provide testimony on this measure.

Chair Dela Cruz
Vice Chair Keith-Agaran
Senate Committee on Ways & Means

Wednesday, February 13, 2019
10:00 AM

TESTIMONY IN SUPPORT OF SB231 RELATING TO THE YOUTH COMMISSION

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, Members of the Senate Committee on Ways & Means,

My name is Jun Shin. I am a freshman at the University of Hawai'i at Mānoa, currently serving as the Environmental Justice Action Committee Chair for the Young Progressives Demanding Action (YPDA). I am **testifying in support of SB231 relating to the youth commission.**

The Youth Commission bill was the very first bill I ever testified on when I first got involved in the legislative process as a high schooler. I also had the opportunity as a member of the YPDA Social Justice Action Committee to testify both in writing and orally last session when the youth commission bill, HB1716 passed and became Act 106. One of my passions is trying to help get more people, especially young people involved and active in civic life as it strengthens democracy while empowering individuals, and I continue to believe that this commission will serve as a great venue for this to happen.

I appreciate that steps are continuing to be taken in establishing the youth commission and that this bill is working on a important part of the process by setting up a youth administrator to administer the youth commission. That being said, I am also very passionate about economic justice, and am helping to work on pushing for raising the minimum wage to a livable wage for working families in 2019. In the state with a very high cost of living, I hope in your deliberations on this legislation that you will be able to insure that the full time and permanent youth commission administrator has economic security, as all full time workers should be able to afford their basic needs, while assisting in the active engagement of our future leaders. **I support SB231 and request for it to be passed through your committee.**

Thank you for the opportunity to testify,

Jun Shin
Environmental Justice Action Committee Chair
Young Progressives Demanding Action (YPDA)
1561 Kanunu St.
Cell: 808-255-6663
Email: junshinbusiness729@gmail.com

COMMUNITY ALLIANCE ON PRISONS

P.O. Box 37158, Honolulu, HI 96837-0158

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COMMITTEE ON WAYS AND MEANS

Sen. Donovan Dela Cruz, Chair

Sen. Gilbert Keith-Agaran, Vice Chair

Wednesday, February 13, 2019

10 am

Room 211

STRONG SUPPORT - SB 231 - ADMINISTRATOR FOR YOUTH COMMISSION

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee!

My name is Kat Brady and I am the Coordinator of Community Alliance on Prisons, a community initiative promoting smart justice policies in Hawai'i for more than two decades. This testimony is respectfully offered on behalf of the families of **ASHLEY GREY, DAISY KASITATI, JOEY O'MALLEY, JESSICA FORTSON AND ALL THE PEOPLE WHO HAVE DIED UNDER THE "CARE AND CUSTODY" OF THE STATE** as well as the approximately 5,500 Hawai'i individuals living behind bars or under the "care and custody" of the Department of Public Safety on any given day. We are always mindful that more than 1,600 of Hawai'i's imprisoned people are serving their sentences abroad thousands of miles away from their loved ones, their homes and, for the disproportionate number of incarcerated Kanaka Maoli, far, far from their ancestral lands.

SB 231 establishes that the youth commission administrator and makes an appropriation to fund one full-time equivalent (1.0 FTE) permanent youth commission administrator position.

Community Alliance on Prisons is happy that this is the first bill on which we testify and it is in strong support.

This Commission is a great way to engage our children and youth in civic issues and to help them understand the broader reach of policymaking. We earnestly hope that the administrator will be a person who listens more than talks, guides more than directs, and loves our youth unconditionally!

We urge the committee to support SB 231. Mahalo for this opportunity to testify!

DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAY AND MEANS

ON

SENATE BILL NOS. 1191, 1192, 1193, 1194, 1195, 1196, 1197, 1198, 1199, 1200,
1201, 1202, AND 1203, S.D. 1

February 13, 2019

10:00 a.m.

Room 211

RELATING TO PUBLIC EMPLOYMENT COST ITEMS

These measures are vehicle bills to appropriate and authorize funds for collective bargaining cost items for salary adjustments and other cost adjustments for public employees and their excluded counterparts for Fiscal Biennium 2019-21.

The Department of Budget and Finance supports moving these Administration measures, or similar ones, as negotiations are currently in progress and vehicle bills will be necessary should an agreement be reached or arbitration award issued prior to the end of the legislative session. The bargaining units addressed in the bills and the bill number for the Administration measure for that bargaining unit are as follows: Senate Bill No. 1191, S.D. 1, Bargaining Unit 1; Senate Bill No. 1192, S.D. 1, Bargaining Unit 2; Senate Bill No. 1193, S.D. 1, Bargaining Unit 3; Senate Bill No. 1194, S.D. 1, Bargaining Unit 4; Senate Bill No. 1195, S.D. 1, Bargaining Unit 5; Senate Bill No. 1196, S.D. 1, Bargaining Unit 6; Senate Bill No. 1197, S.D. 1, Bargaining Unit 7; Senate Bill No. 1198, S.D. 1, Bargaining Unit 8; Senate Bill No. 1199, S.D. 1, Bargaining Unit 9; Senate Bill No. 1200, S.D. 1, Bargaining Unit 10; Senate Bill No. 1201, S.D. 1,

Bargaining Unit 11; Senate Bill No. 1202, S.D. 1, Bargaining Unit 13; and Senate Bill No. 1203, S.D. 1, Bargaining Unit 14.

Thank you for your consideration of our comments.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
February 13, 2019 at 10:00 a.m.

by
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SB 1191 SD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** SB 1191 SD1, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for the members of Unit (1) and their excluded counterparts for fiscal biennium 2019-2021.

Government employers in the State are in negotiations with bargaining unit (1). Once negotiations and the collective bargaining process have concluded, this bill may be necessary if additional funding is required.

Thank you for this opportunity to testify.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

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February 13, 2019 at 10:00 a.m.

by
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SB 1192 SD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** SB 1192 SD1, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for the members of Unit (2) and their excluded counterparts for fiscal biennium 2019-2021.

Government employers in the State are in negotiations with bargaining unit (2). Once negotiations and the collective bargaining process have concluded, this bill may be necessary if additional funding is required.

Thank you for this opportunity to testify.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
February 13, 2019 at 10:00 a.m.

by
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SB 1193 SD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** SB 1193 SD1, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for the members of Unit (3) and their excluded counterparts for fiscal biennium 2019-2021.

Government employers in the State are in negotiations with bargaining unit (3). Once negotiations and the collective bargaining process have concluded, this bill may be necessary if additional funding is required.

Thank you for this opportunity to testify.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
February 13, 2019 at 10:00 a.m.

by
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SB 1194 SD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** SB 1194 SD1, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for the members of Unit (4) and their excluded counterparts for fiscal biennium 2019-2021.

Government employers in the State are in negotiations with bargaining unit (4). Once negotiations and the collective bargaining process have concluded, this bill may be necessary if additional funding is required.

Thank you for this opportunity to testify.



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Corey Rosenlee
President
Osa Tui Jr.
Vice President
Logan Okita
Secretary-Treasurer
Wilbert Holck
Executive Director

TESTIMONY BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS

RE: SB 1195, SD1 - RELATING TO PUBLIC EMPLOYMENT COST ITEMS

WEDNESDAY, FEBRUARY 13, 2019

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Dela Cruz, and Members of the Committee:

The Hawaii State Teachers Association **strongly supports SB 1195, SD1**, making appropriations for collective bargaining cost items.

The Hawaii State Teachers Association is the exclusive representative of the state's 13,700 public school teachers as the local affiliate of the 2.2 million member National Education Association. This measure provides a vehicle to provide appropriations for collective bargaining cost items for the members of Unit (5) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit exclusive representative for fiscal biennium 2019-2021.

The Hawaii State Teachers Association asks your committee to **support** this bill.



The Senate Committee on Ways and Means
Wednesday, February 13, 2019
10:00 am, Room 211

RE: SB 1197, SD1, RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Attention: Chair Donovan Dela Cruz, Vice Chair Gilbert Keith-Agaran and
Members of the Committee

The University of Hawaii Professional Assembly (UHPA) urges the Committee to **support passage of SB 1197, SD1** which is a measure to appropriate funds for fiscal biennium 2019-2021 for salary costs for public employees in collective bargaining unit (7) and for certain employees excluded from collective bargaining.

UHPA urges the committee to **support SB 1197, SD1**.

Respectfully Submitted,

Kristeen Hanselman
Executive Director

University of Hawaii
Professional Assembly



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
February 13, 2019 at 10:00 a.m.

by
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SB 1197 SD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** SB 1197 SD1, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for the members of Unit (7) and their excluded counterparts for fiscal biennium 2019-2021.

Government employers in the State are in negotiations with bargaining unit (7). Once negotiations and the collective bargaining process have concluded, this bill may be necessary if additional funding is required.

Thank you for this opportunity to testify.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
February 13, 2019 at 10:00 a.m.

by
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SB 1198 SD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** SB 1198 SD1, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for the members of Unit (8) and their excluded counterparts for fiscal biennium 2019-2021.

Government employers in the State are in negotiations with bargaining unit (8). Once negotiations and the collective bargaining process have concluded, this bill may be necessary if additional funding is required.

Thank you for this opportunity to testify.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
February 13, 2019 at 10:00 a.m.

by
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SB 1199 SD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** SB 1199 SD1, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for the members of Unit (9) and their excluded counterparts for fiscal biennium 2019-2021.

Government employers in the State are in negotiations with bargaining unit (9). Once negotiations and the collective bargaining process have concluded, this bill may be necessary if additional funding is required.

Thank you for this opportunity to testify.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
February 13, 2019 at 10:00 a.m.

by
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SB 1200 SD1– RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** SB 1200 SD1, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for the members of Unit (10) and their excluded counterparts for fiscal biennium 2019-2021.

Government employers in the State are in negotiations with bargaining unit (10). Once negotiations and the collective bargaining process have concluded, this bill may be necessary if additional funding is required.

Thank you for this opportunity to testify.



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/13/2019
Time: 10:00 AM
Location: 211
Committee: Senate Ways and Means

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: SB 0219 RELATING TO ENTERPRISE TECHNOLOGY SERVICES.

Purpose of Bill: Requires the chief information officer, in conjunction with the information technology steering committee, to review, refresh, and submit to the state information technology strategic plan every four years.

Department's Position:

The Department of Education (Department) supports SB 219 which recommends periodic refreshes of the state information technology strategic plan.

The Department has presented its own technology strategy to the Board of Education and is continuously adapting and updating it as we move forward with modernization and implementation efforts.

The Department looks forward to the opportunity to collaborate with the Office of Enterprise Technology Services and find places where technology needs align, as well as to provide input to ensure state technology strategies consider the initiatives, issues, and concerns unique to K-12 education.

Thank you for this opportunity to provide testimony on this measure.

The Hawaii State Department of Education seeks to advance the goals of the Strategic Plan which is focused on student success, staff success, and successful systems of support. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.