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February 11, 2019

Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Committee on Ways and Means

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members:

RE: **SB 1433 Relating to Taxation**

Thank you for this opportunity to testify in favor of SB 1433, with a request for an amendment. But first, I would like to thank you for your support for the Hawai'i County disaster recovery bills, SB 1302 and HB 1180. You know how important those bills will be for our entire community, and we are grateful and want to publicly acknowledge all those who pulled together to get us this far.

With respect to SB 1433, we fully support Maui's request for more time to adopt a surcharge on the GET. The County of Hawai'i has benefited from extensions in prior Sessions, and we trust you will extend a similar opportunity to our sister County.

At the same time, a top priority for me this Session has been to get some flexibility in how GET surcharge funds can be spent. Therefore, we would ask that you consider amending SB 1433 by adding a new provision.

The amendment we seek would be straightforward, would not be open ended, and could read as follows:

HRS 46-16.8 (f) Each county with a population equal to or less than five hundred thousand that adopts a county surcharge on state tax ordinance pursuant to this section shall use the surcharges received from the State for:

- (1) Operating or capital costs of public transportation within each county for public transportation systems, including public roadways or highways, public buses, trains, ferries, pedestrian paths or sidewalks, or bicycle paths; [~~and~~]
- (2) Expenses in complying with the Americans with Disabilities Act of 1990 with respect to paragraph (1) [~~-~~];
- (3) Infrastructure;
- (4) Public safety; and
- (5) Any combination of the uses enumerated in this subsection."

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Such an amendment would be very important for Hawai'i County, would benefit the other neighbor islands as well, and is perfectly compatible with Maui's extension request.

This Committee was willing to give us flexibility last year, but the language that was used created concerns. This time, we worked to make sure the language would be acceptable, and President Kouchi introduced a bill for us that proposed this language.

Please be assured that it is not our intent to downgrade transportation, but simply to recognize the need for the County to have a balanced budget, without further increasing property taxes or furloughing workers and reducing services.

Please amend SB 1433, and give it your favorable vote so that it can be further considered this Session.

Respectfully Submitted,

A handwritten signature in black ink that reads "Harry Kim". The signature is written in a cursive, flowing style.

Harry Kim
MAYOR