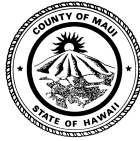


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COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

February 3, 2018

TO: The Honorable Michelle N. Kidani, Chair
Senate Committee on Education

FROM: Mike White
Council Chair

A handwritten signature in black ink, appearing to read "Mike White", is written over the name and title in the "FROM:" field.

SUBJECT: **HEARING OF FEBRUARY 5, 2018; TESTIMONY IN OPPOSITION TO SB 2922, RELATING TO PROPOSING AMENDMENTS TO ARTICLES VIII AND X OF THE CONSTITUTION OF THE STATE OF HAWAII TO AUTHORIZE THE LEGISLATURE TO ESTABLISH A SURCHARGE TO INCREASE FUNDING FOR PUBLIC EDUCATION**

Thank you for the opportunity to testify in **opposition** to this measure. The purpose of this bill is to amend the Constitution of the State of Hawaii by authorizing the legislature to establish a surcharge on residential investment property and visitor accommodations.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **oppose** this measure for the following reasons:

1. Although the Department of Education receives almost 20 percent of the entire budget of the State of Hawaii, administrators, teachers, students and advocates of this bill have legitimate reasons to demand more funding to provide quality education for our keiki. However, the proposed measure is flawed, which is why I implore the legislature to defer this bill.
2. Increasing costs of visitor-related programs like transportation, sewer and water, fire, police, and parks maintenance continue to be a challenge as the counties do not receive a fair share of the transient accommodations tax. To pay for these services, businesses and homeowners will continue to be burdened and face potential increases in real property taxes.
3. Real property taxes are counties' primary and largest source of revenue to fund county programs. The counties must account for the salary increases for all bargaining units this year, which we are obligated to fund. Raising property taxes is our only reasonable option to balance our budget.

4. In many mainland communities, local real estate taxes are used to support local schools. Communities identify local needs and tax residents accordingly. In Hawaii, a decision was made decades ago to establish a statewide school and healthcare system, which differs from most of the nation, and would be funded through state tax collections. If lawmakers and the governor believe schools are underfunded, you should accept responsibility and appropriately fund education without passing the buck and causing financial challenges for the counties.
5. The State has far more taxing authority than the counties and should be able to handle any increased need for funds. The premise that the counties should fund schools without having a greater say in the way monies are spent ignores the importance of a community's right to decision making.

For the foregoing reasons, I strongly **oppose** this measure.