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June 26, 2020

TO: The Honorable Sylvia Luke, Chair
House Committee on Finance

FROM: Alice L. Lee 
Council Chair

SUBJECT: **HEARING OF FEBRUARY 19, 2020; TESTIMONY IN SUPPORT OF PROPOSED HD1, SB75, SD2, RELATING TO TAXATION**

Thank you for the opportunity to testify in **support** of this important measure. The purposes of this measure are to

- Appropriate CARES Act funding under the Coronavirus Relief Fund to Maui County, other counties, and State agencies.
- Authorize the issuance of instruments of indebtedness for the purpose of municipal liquidity facility under Section 13(3) of the Federal Reserve Act.
- Extend the period in which a county may adopt a surcharge on the State General Excise Tax to June 30, 2021.

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 support this measure for the following reasons:

1. Because of the population threshold in the CARE Act, the City and County of Honolulu is the only Hawaii county that has been able to access Coronavirus Relief Fund money thus far. This measure will provide resources to allow Maui County, Hawaii County, and Kauai County to respond to the COVID-19 pandemic and maintain vital municipal services for residents.
2. The Council has been eagerly anticipating the opportunity to use the Federal Reserve Bank's Municipal Liability Facility. Access to funding under the MLF program could be of enormous assistance in stabilizing the County's fiscal condition and overall economy for the both the immediate future and over the long term. Law Professor Robert C. Hackett of Cornell Law School, a nationally recognized finance expert, appeared before the Council's Economic Development and Budget Committee this spring to explain the benefits of the

- MLF program. He described the program as “historic” and “a game changer.”
3. The Maui County Council’s legislative efforts to establish a GET surcharge are underway in anticipation of the legislature granting the necessary authority. My bill for an ordinance establishing the surcharge is pending before the Council’s Economic Development and Budget Committee.
 4. Cumulatively, the elements of the HD1 version of SD75, SD2, would help ensure the economic, social, and environmental well-being of the residents of Lanai, Maui, and Molokai. It is impossible to overstate the importance of enacting this measure.

For the foregoing reasons, I **support** this measure. Thank you for your consideration of my testimony.