



## Report No. 4

(week ending March 23, 2001)



**Senator J. Kalani English**  
**Senate District 5**  
**Wailuku-Upcountry-Kahului**

### DECISION MAKING

It's what I do, representing District 5 citizens, at all legislative hearings. Making good decisions requires that I listen well, with my eyes, ears, and being; that I make myself available to listen to many and not only to those with whom I agree; and that I ask good questions to increase understanding by all sides to an issue.

Then, I vote; a matter of public record. Interested in knowing how I, or other legislators, voted on bills? Visit [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov) and do a status check on the bill number. Scroll down to the hearing date and you'll find the record of votes, "Aye", "Aye with reservations", and "No".

If I support a bill, I vote "Aye", YES. If I am against a bill, I vote "No". If I have concerns about a bill and wish to continue to participate in any further consideration of the bill, I vote "Aye, with reservations".

If you would like to know how I voted or the reasons for my vote, I welcome your call. Then, we will learn from one another.

## TAXING ISSUES

### INCOME TAX REDUCTION

The 1998 Legislature cut state personal income tax rates in three stages. The first of the three scheduled reductions went into effect on 1/1/99. The second tax cut began 1/1/01. The third reduction is set for 1/1/02.

This tax relief stimulated consumer spending, and fiscal year ending June 30, 2000 showed a 4.1% increase in state general fund tax revenues.

I want to provide further tax relief to Hawaii's citizens, particularly those earning less than \$24,000 a year, so I introduced a bill to restore the food tax credit, Senate Bill (SB) 791.

SB 791 was amended at the March 1<sup>st</sup> Ways and Means (WAM) Committee meeting to SB 791 SD1 to add language which would take back the tax cuts set for January 1, 2000 and January 1, 2002, in the event the money was needed for raises for teachers and other public union contracts.

Supporting the food tax credit and opposing the repeal of the tax cuts, I voted "Aye, with reservations" on SB 791 SD1 at the WAM meeting. However, when the bill moved out of committee for vote by the full Senate on March 8 to determine which bills would move to the House of Representatives, I voted "No" with 10 other senators. The vote was 14 ayes and 11 noes.

SB 791 SD1 moved to the House, where it will likely die, because the House has not given this bill a hearing.

YES, we must fund pay raises. Let's find a way to do so without raising taxes.

### Transient Accommodations Tax (TAT)

This is the room tax, currently set at 7.25%, which is charged, in addition to the 4% GET, whenever one purchases a room night at a hotel, condo, bed and breakfast or time share unit in Hawaii.



Visitor industry leader, Outrigger's Dr. Richard Kelley shares his views on TAT bills and urges support for the Hawaii Tourism Authority.

In fiscal year 2000, the TAT collected was \$168,568 million\*. Efforts of the Hawaii Tourism Authority (HTA) were yielding results. Visitor count, spending and length of stay had all increased 4% since 1999 fiscal year end.

This legislative session, several bills have been introduced in both the Senate and the House to redistribute the TAT from the currently legislated percentage of 37.9% to the specific figure of \$60 million. Significant surviving bills are SB 1029 and HB 269, both as amended.

\*Maui County's 22.8% share is \$17,218,209

Directors Millie Kim and Gary Baldwin brief Senator on HTA's 1<sup>st</sup> two years and product development plans.



**Product Development Workshops Maui County:**

Thursday, April 5, 1-3 p.m., Hotel Molokai  
 Thurs., April 5, 6-8 p.m., Maui Arts & Cultural Ctr.  
 Friday, April 6, 9-11 a.m., Lanai, Sr. Citizen's Ctr.

**Taxes, In General**

General excise tax, recognized by most in Hawaii as the 4% on all purchases, is the State's largest source of revenue, \$1.5 billion in fiscal year 2000.

Income tax is another major source of revenue to the State; individual income tax revenue collected in fiscal year 2000 was just over \$1 billion.

More than 275 bills were introduced this 21<sup>st</sup> legislative session, most seeking tax relief.

**BUSINESS MATTERS**

**Minimum Wage Bills**

At least 10 bills were introduced to raise the minimum wage. SB 1144 SD2 HD1 remains alive. This bill was introduced on behalf of the administration to increase the minimum wage in increments and offset the impact to employers of tipped personnel by also increasing the tip credit.

The minimum wage was last raised in 1993 to the current \$5.25 an hour rate.

Proponents of the increase cite the need for individuals to earn a living wage. Dept. of Human Services Director Susan Chandler stated, "The current minimum wage of \$5.25 per hour nets a full-time worker approximately \$727 per month. This is only slightly higher than the Department's maximum financial assistance benefit of \$712 per month for a family of three."

"The cost of living in Hawaii is about 30 to 40% higher than the mainland," acknowledges Bette Tatum, state director for the Natn'l Federation of Independent Business. However, "wages are only one component of what businesses pay. Other mandated benefits in our state are substantial and because they are based on the wage rate, go up along with a minimum wage increase."



NFIB's Heller and Tatum work to improve Hawaii's business climate.

The latest version, SB 1144 SD2 HD1 calls for:

- \$5.50 per hour beginning 7/1/02
- \$6.00 per hour beginning 7/1/03
- a percentage-based tip credit

I foresee legislative approval to increase both the minimum wage and the tip credit.

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