

COUNCIL OF THE COUNTY OF MAUI
COMMITTEE OF THE WHOLE

November 20, 2009

**Committee
Report No.** _____

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Committee of the Whole, having met on November 5, 2009, makes reference to County Communication No. 09-17, from Michael J. Molina, Chair of your Committee, regarding matters relating to the Hawaii State Association of Counties (HSAC).

By correspondence dated October 29, 2009, Councilmember Joseph Pontanilla, HSAC Treasurer, requested consideration of the following proposals for inclusion in the 2010 HSAC Legislative Package.

1. A proposed State resolution entitled "RESOLUTION REQUESTING THAT THE STATE REFRAIN FROM UTILIZING THE WIRELESS ENHANCED 9-1-1 SPECIAL FUND FOR PURPOSES OTHER THAN AS DESIGNATED BY ACT 159 (2004) AND REMOVE THE SPENDING CAP ON THE FUND". The purpose of the proposed resolution is to request that the Legislature ensure the availability of adequate funds for wireless enhanced 9-1-1 services by refraining from utilizing the funds for other purposes and removing the spending cap.
2. A proposed State resolution entitled "RESOLUTION IN SUPPORT OF ALLOWING COUNTIES ACCESS TO THE STATE DEPARTMENT OF TAXATION'S INCOME TAX DATABASE". The purpose of the proposed resolution is to urge the Legislature to enact legislation allowing the counties to access the State's income tax database, enabling the counties to efficiently provide real property tax relief to eligible taxpayers.

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3. A proposed State resolution entitled "RESOLUTION REQUESTING THE STATE CONSIDER TRANSFERRING THE DUTIES, FUNCTIONS AND RESPONSIBILITIES OF THE STATE LAND USE COMMISSION TO EACH RESPECTIVE COUNTY PLANNING COMMISSION". The purpose of the proposed resolution is to reduce the redundancy of governmental functions by transferring the duties, functions, and responsibilities of the State Land Use Commission to the planning commissions of the counties.
4. A proposed State resolution entitled "RESOLUTION URGING THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND TO CONDUCT A FEASIBILITY STUDY TO ESTABLISH A CAPTIVE INSURANCE PROGRAM FOR HEALTH INSURANCE AND ESTABLISH SUCH A PROGRAM". The purpose of the proposed resolution is to urge the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) to conduct a feasibility study to establish a captive insurance program for health insurance, and establish such a program if the study recommends it.
5. A proposed State resolution entitled "URGING THE GOVERNOR, CHIEF ELECTION OFFICER, AND HAWAII STATE LEGISLATURE TO PROVIDE APPROPRIATE LEVELS OF SERVICES FOR THE 2010 ELECTIONS". The purpose of the proposed resolution is to urge the Governor and State Office of Elections to reimburse the counties for past due expenses and provide the appropriate levels of services for the 2010 elections.
6. A proposed State bill entitled "A BILL FOR AN ACT RELATING TO TAXATION", and a justification sheet for the bill. The purpose of the proposed bill is to provide the counties with access to the State's income tax databases, enabling the counties to efficiently provide real property tax relief to eligible taxpayers.
7. A proposed State bill entitled "A BILL FOR AN ACT RELATING TO LAND USE", and a justification sheet for the bill. The purpose of the proposed bill is to abolish the State Land Use Commission and land use districts.

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8. A proposed State bill entitled "A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND BOARD OF TRUSTEES", and a justification sheet for the bill. The purpose of the proposed bill is to add a trustee to the EUTF Board of Trustees to represent county public employers.
9. A proposed State bill entitled "A BILL FOR AN ACT MAKING AN APPROPRIATION RELATING TO ELECTIONS", and a justification sheet for the bill. The purpose of the proposed bill is to appropriate \$37,978 to the State Elections Office to reimburse the county clerks for expenses related to the 2008 elections.

Your Committee noted that all four councils must unanimously approve each proposed State bill or resolution in order for the bill or resolution to be included in the 2010 HSAC Legislative Package.

Your Committee decided that the proposed State resolutions are not in the proper format for inclusion in the 2010 HSAC Legislative Package. The resolutions are drafted on HSAC letterhead and contain the signatures of the HSAC Executive Committee officers, indicating adoption by the HSAC Executive Committee rather than the State Legislature.

Your Committee further noted that the proposed State bill entitled "A BILL FOR AN ACT MAKING AN APPROPRIATION RELATING TO ELECTIONS" is no longer necessary, as the four counties recently received reimbursement from the State Elections Office for expenditures made by the counties during the 2008 elections.

Your Committee did not support the proposed State bill entitled "A BILL FOR AN ACT RELATING TO LAND USE", citing concerns about increasing the authority of the County's planning commissions, and the need for input on the matter from the Department of Planning.

Your Committee found that that the proposed State bills respectively entitled "A BILL FOR AN ACT RELATING TO TAXATION" and "A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND BOARD OF TRUSTEES" have laudable purposes. The proposed bill relating to taxation would give the counties access to State income tax data of applicants, to help administer county property tax credits based on income. The proposed bill relating to

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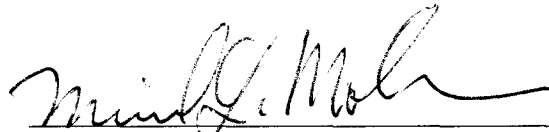
health benefits would ensure the counties' interests are protected by adding county public employer representation to the EUTF board.

Your Committee voted 7-0 to recommend that the proposed State bill entitled "A BILL FOR AN ACT RELATING TO TAXATION", and the proposed State bill entitled "A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND BOARD OF TRUSTEES", along with their corresponding justification sheets, be approved for inclusion in the 2010 HSAC Legislative Package. Committee Chair Molina, Vice-Chair Mateo, and members Baisa, Kaho'ohalahala, Medeiros, Nishiki, and Pontanilla voted "aye". Committee members Johnson and Victorino were excused.

Your Committee of the Whole RECOMMENDS the following:

1. That the following proposals with their corresponding justification sheets, attached hereto, be APPROVED for inclusion in the 2010 HSAC Legislative Package:
 - a. A proposed State bill entitled "A BILL FOR AN ACT RELATING TO TAXATION"; and
 - b. A proposed State bill entitled "A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND BOARD OF TRUSTEES"; and
2. That a copy of this committee report be TRANSMITTED to the HSAC Executive Committee.

This report is submitted in accordance with Rule 7 of the Rules of the Council.



MICHAEL J. MOLINA, Chair

___B. NO. ___

A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to provide the
2 counties with access to the state income tax databases in order
3 to enable the counties to efficiently provide real property tax
4 relief to eligible taxpayers.

5 SECTION 2. Section 231-18, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "231-18 Federal or other tax officials permitted to
8 inspect returns; counties' access to income tax databases;
9 reciprocal provisions.

10 Notwithstanding the provisions of any law making it unlawful for
11 any person, officer, or employee of the State to make known
12 information imparted by any tax return or permit any tax return
13 to be seen or examined by any person, it shall be lawful to
14 permit a duly accredited tax official of the United States, any
15 state or territory, any county of this State, or the Multistate
16 Tax Commission to inspect any tax return of any taxpayer, or to

1 furnish to an official, commission, or the authorized
2 representative thereof an abstract of the return or supply the
3 official, commission, or the authorized representative thereof
4 with information concerning any item contained in the return or
5 disclosed by the report of any investigation of the return or of
6 the subject matter of the return for tax purposes only. The
7 Multistate Tax Commission may make the information available to
8 a duly accredited tax official of the United States, any state
9 or territory, or the authorized representative thereof, for tax
10 purposes only. The department shall permit any county of this
11 State or the authorized representatives thereof to access the
12 income tax data of applicants for real property tax credits."

13 SECTION 3. Section 235-17, Hawaii Revised Statutes, is
14 amended to read as follows:

15 **"235-117 Reciprocal supplying of tax information;**
16 **counties; access to income tax databases.**

17 Notwithstanding section 235-116, the department may permit the
18 Secretary of the Treasury of the United States, the Commissioner
19 of Internal Revenue, the Multistate Tax Commission, or the
20 proper officer of any state or territory imposing an income tax
21 upon incomes of persons taxable under this chapter, or any
22 county of this State, or the authorized representatives thereof
23 to inspect the income tax returns and estimates of any such
24 person for tax purposes only. The department may also furnish

1 to these authorized persons an abstract of an income tax return
2 or estimate or supply these persons with information concerning
3 any item of income contained in a return or disclosed by the
4 report of an investigation of the income or return of a
5 taxpayer. The Multistate Tax Commission may make the
6 information available to a duly accredited tax official of the
7 United States, any state or territory, or the authorized
8 representative thereof, for tax purposes only. The department
9 shall permit any county of this State, or the authorized
10 representatives thereof to access the income tax data of
11 applicants for real property tax credits."

12 SECTION 4. New statutory material is underscored.

13 SECTION 5. This Act shall take effect upon its approval.

14 INTRODUCED BY: _____

JUSTIFICATION SHEET

PROPOSER: Hawaii State Association of Counties

TITLE: RELATING TO COUNTY TAXATION.

PURPOSE: To require the state tax department to grant counties access to the state's income tax database.

MEANS: Amend sections 231-18 and 235-117, Hawaii Revised Statutes.

JUSTIFICATION: All four counties in the State of Hawaii currently tax real properties according to the properties' highest and best use, using methods of mass appraisal. Access to the state department of taxation's income tax database would enable counties to more efficiently process applications for real property tax credits.

A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND BOARD OF TRUSTEES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to add a trustee to
2 the board of trustees of the EUTF to represent the interests of
3 the counties.

4 According to the state of Hawaii 2008 Data Book there were
5 74,300 state workers and 18,550 county workers. For FY 2007-
6 2008 the total amount contributed to the EUTF for health benefit
7 plans in fiscal year 2008 was \$551,754,581; of this amount
8 \$307,468,074 came from the state, \$128,636,434 came from the
9 counties and county water supply agencies, and \$115,650,073 was
10 contributed by employees. Of the total EUTF board membership,
11 there are five employer trustees on the board who are currently
12 state administration employees and current law does not include
13 a provision for county representation. As employers, the
14 counties pay a substantial amount into the EUTF and should have
15 some say on the board of trustees. Recently, decisions have
16 been made that affect the counties, including the decision to

1 change the prescription drug program, and have caught members by
2 surprise. By adding a trustee to the EUTF to represent the
3 counties, members may be better informed of changes to the
4 programs and decisions may be made that will take county
5 interests into consideration.

6 SECTION 2. Section 87A-5, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "§87A-5 Composition of board. The board of trustees of
9 the employer-union health benefits trust fund shall consist of
10 [~~ten~~] eleven trustees appointed by the governor in accordance
11 with the following procedure:

12 (1) Five trustees, one of whom shall represent retirees,
13 to represent employee-beneficiaries and to be selected
14 as follows:

15 (A) Three trustees shall be appointed from a list of
16 two nominees per trustee selected by each of the
17 three exclusive representative organizations that
18 have the largest number of employee-
19 beneficiaries;

20 (B) One trustee shall be appointed from a list of two
21 nominees selected by mutual agreement of the
22 remaining exclusive employee representative
23 organizations; and

1 (C) One trustee representing retirees shall be
2 appointed from a list of two nominees selected by
3 mutual agreement of all eligible exclusive
4 representatives; and

5 (2) Five trustees to represent public employers.

6 (3) One trustee to represent county public employers
7 appointed from a list of two nominees selected by the
8 Hawaii State Association of Counties, or if that
9 association shall cease to exist, by a successor
10 organization composed of the members of the councils
11 of all Hawaii counties excluding the county of
12 Kalawao.

13 Section 26-34 shall not apply to board member selection and
14 terms. Notwithstanding any other provision of this section, no
15 exclusive representative of a bargaining unit that sponsors or
16 participates in a voluntary employee beneficiary association
17 shall be eligible to select nominees or to be represented by a
18 trustee on the board.

19 As used in this section, the term "exclusive
20 representative" shall have the same meaning as in section 89-2."

21 SECTION 3. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.

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

2 INTRODUCED BY: _____

JUSTIFICATION SHEET

PROPOSER: Hawaii State Association of Counties

TITLE: RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND BOARD OF TRUSTEES.

PURPOSE: To add a trustee to the board of trustees of the EUTF to represent the interests of the counties.

MEANS: Amend section 87A-5, Hawaii Revised Statutes.

JUSTIFICATION: In 2008 there were 74,300 state workers and 18,550 county workers. For FY 2007-2008 the total amount contributed to the EUTF for health benefit plans was over \$550 million, with over \$128 million coming from the counties and county water supply agencies. Of the total EUTF board membership, there are five employer trustees on the board who are currently state administration representatives and current law does not include a provision for county representation. As employers, the counties pay a substantial amount into the EUTF and should have some say on the board of trustees.

Recently, decisions have been made by the EUTF that affect the counties, including the decision to change the prescription drug program, and have caught members by surprise. By adding a trustee to the EUTF to represent the counties, members may be better informed of changes to the programs and decisions may be made that will take county interests into consideration.