

COUNCIL ON REVENUES

Princess Ruth Keelikolani Building
DLIR Conference Rooms Third Floor
Room 310-313
Honolulu, HI 96813

March 11, 2014
2:00 p.m.

PRESENT:

Council Members:

Kurt Kawafuchi (Chair), Marilyn M. Niwao (Vice-Chair), Carl S. Bonham, Christopher Grandy, Jack P. Suyderhoud, Elizabeth P. Cambra and, Kristi L. Maynard

Staff Members:

Department of Taxation (DOTax): Donald Rousslang, Hamid Jahanmir, and Jacquelyn Guitguiten

Department of Budget and Finance (B&F): Terri Ohta, Gregg Hirohata-Goto and Donovan Chun

Others:

Titin Sakata, Department of Taxation
Laurel Johnston, UH Budget Office
Sharon Kotaka, Budget and Finance
Marc Takei, House Minority
Nandana Kalupahana, House Finance
Albert Vargas, House Finance
Derek Shigano, House Finance

CALL TO ORDER:

Chair Kawafuchi called the meeting to order at 2:02 p.m. with a quorum present.

COMMUNICATIONS TO THE COUNCIL:

Chair Kawafuchi asked if there was any communication to the Council. There were no communications to the Council.

STATUS REPORT ON SB 2284 AND HB 1924 AND DISCUSSION OF THE COUNCIL'S POSITION ON THE BILLS:

Chair Kawafuchi said he has disqualified himself from working on the Council related legislative bills and had asked Ms. Niwao to represent the Council and lead the discussion about the bills. Ms. Niwao told the Council that WAM (Senate Ways and Means) heard SB2284 and deferred it. The House version, HB 1924, was heard by the House Committee on Economic Development & Business (EDB) and was passed on to FIN (House Finance) with no dollar amounts set aside for

the task force. House Finance heard the bill and passed it out, whereupon the State House of Representatives passed the bill and sent it over to the Senate. The Senate referred the House bill to the Senate Ways and Means Committee.

Ms. Niwao explained that the bill allocates money to a special task force to do the studies that were previously done by the Tax Department and have not been done recently due to the lack of statisticians in the Department, and also perhaps to look at the model. She said she has no problem with the Legislature allocating more money for more studies to help the Council with their analysis. She asked if anyone had any comments.

Dr. Bonham said they have built multiple models in the past. He said they now have three or four models, and it is not clear if they have improved their forecasting. He said he did not have a problem with more information, but he did not see why they needed a task force to accomplish that. He said that instead of creating a task force to talk about why they do not have the data, they (the Legislature) should give the money to the Tax Department to produce the reports that they have not been producing because of staff shortage. Dr. Bonham added that he did not see how a task force would add value to the knowledge that the Council already had. He said developing better models would not necessarily produce better forecasts.

Ms. Niwao said some of the money could be used to capture and compile data that is currently reported by taxpayers but not available for use. For example, the general excise tax exemptions resulting from Act 105 could have been gathered electronically, but was not, and there is no way to easily retrieve the data for use in forecasting.

Dr. Bonham agreed but said that the Tax Department should revamp how they collect and store their data, and how they pull reports. He said he attended meetings that talked about collaboration between the Department of Labor, Department of Taxation, Department of Business, Economic Development & Tourism, Hawaii Tourism Authority, and UHERO (UH Economic Research Organization), to decide what data we needed and how to increase its availability. He said it was his understanding that the Tax Department is already working on those issues and it probably does not need a task force. He added that there was already a meeting going on of data users and data producers with no money involved.

Dr. Grandy said the resources should be given to DOTax to improve data collection. He was also not sure about the usefulness of the task force. He said he was also surprised that there was a concern about updating the model. His understanding was that the contract for the UCLA model that they currently use had been relatively recent (2009). He said he could see supporting resources for data collection and processing by DOTax, but he was not sure if it would be helpful to put money into developing new models.

Ms. Niwao said that she would like to see the federal funds flow incorporated into the model. She said there was a lot of cutbacks in federal funding and that the State depended a lot upon federal funds coming in through the military and other grants. She said as the amount of federal money flowing into Hawaii changes over the next few years, she would like to see what effect that will have.

She stated that after the 2009 economic downturn, there was a lot of federal stimulus money that came to the State (\$1.7 billion or so). She said without that money, which we do not have now, and the proposals to cut back on federal military spending, the loss of federal funds could impact the State's economic growth.

Dr. Bonham said the money allocated for new model development or a task force to collect data would probably be better spent by having a dedicated staff member at DOTax whose only job was collecting data and working on the models. He said when they do forecasting, their models are always being updated. He said one of the innovative areas of research in forecasting right now is how to deal with structural breaks that are happening, and one way to do that is to re-estimate the model. He said allocating resources to DOTax made more sense than having a task force and paying a contractor to develop models. He said on the issue of the federal data, they did not know how much the federal government was going to spend in Hawaii this year or in the future. He said during sequestration they worked hard to try to collect the data, but never had a complete picture. He said he was not sure if there was a resolution to that problem.

Dr. Suyderhoud asked if anybody was satisfied with the UCLA model that DOTax spent over a hundred thousand dollars to obtain. Mr. Jahanmir said the model only cost \$25,000. Dr. Bonham said there was more money budgeted for it than was spent on the model.

Dr. Suyderhoud said he was not sure if that money was well spent since the Council is still dissatisfied with the way the models are forecasting, and questioned whether the next iteration will increase the accuracy of the Council's forecast. He said they could not be 100% accurate.

Dr. Bonham said the numbers that were generated by the current models are not bad. Ms. Cambra agreed.

Ms. Niwao said the money might not necessarily be for another model but to collect more data. Dr. Suyderhoud said that is what Dr. Bonham was suggesting. He asked if Ms. Niwao wanted a statement from the Council. Ms. Niwao said yes, and whether the Council supports having some funds. Dr. Bonham said they might end up with something that will not benefit the Council or their ability to forecast. Ms. Niwao said the Council could testify with amendments. Dr. Bonham said it does not mean that the Legislature would listen to them.

Ms. Niwao said she would personally support the bill because when she looked for data online, many studies of personal income growth were not completed or were outdated.

Dr. Suyderhoud said he did not disagree, but was not sure if the bill addresses that. He thought the bill could result in another UCLA model. Dr. Bonham agreed.

Ms. Niwao asked if the Tax Department had enough money to do those studies. Dr. Rousslang said they have positions if they could fill them. Chair Kawafuchi asked if the positions were funded. Dr. Rousslang said yes. The Chair asked why they cannot fill them. Dr. Rousslang said they are trying. The Chair asked how long they have been vacant. Dr. Rousslang said since 2009. The Chair asked how long they have been funded. Dr. Rousslang asked Ms. Guitguiten how many months ago they started the recruitment. Ms. Guitguiten asked for which position. Dr. Rousslang

said for the last research statistician. Ms. Guitguiten said last year in September a position was filled.

Dr. Rousslang said when the first statistician was hired they did the 2011 tax credits study. The Chair asked how many positions they still had to fill. Dr. Rousslang said they have two vacant positions. Ms. Niwao asked if they could hire an economist to do statistics. Dr. Rousslang said an economist or a research statistician. Ms. Niwao asked if the pay was too low. Dr. Rousslang said it is very hard to find qualified people. Ms. Maynard said the banks have been hiring many.

Ms. Niwao asked if they could amend the bill to say what the Council wanted. Dr. Bonham said it is easier to say that the Council did not support it. Dr. Suyderhoud said while they appreciate the intent of the legislation, the sense of the Council was that resources and money could be better spent by increasing the data collection and staff of TRP. Ms. Cambra said that with more timely data they could track the return on investment.

Ms. Niwao said there has not been any improvement on the situation for the last three years, if they do not support the bill, the Legislature would assume that everything was all right. Dr. Bonham said no, the Director of the Tax Department was lobbying for the positions and that is why they got funding for them. He said most of the State government positions were cut severely in 2009. Ms. Niwao asked if they could contract or out-source the work. Dr. Rousslang said they have to be employees to get access to the tax data.

Dr. Bonham moved that they adopt a statement like the one Dr. Suyderhoud had just made. Ms. Cambra asked Ms. Niwao if she had a goal for forecast accuracy. Ms. Niwao said the goal is to get better data. She said compared to the past, many of the statistics are no longer available or compiled annually. She said that if the Council had another opportunity to testify, she would like to communicate this problem to the Legislature. She said the Council needs some mechanism to suggest the need to catch up with these statistics.

Dr. Bonham suggested they move on. Ms. Niwao asked if they could request new technology, hire new research statisticians, get timelier and more accurate data collected, or update the studies, without any new models. Dr. Bonham said he would vote for completely different language. Ms. Niwao said they could support new technology in gathering data or hiring of research statisticians to get more timely and accurate data. Ms. Cambra suggested just filling the open positions.

Dr. Bonham said we should just ask the Director of Taxation to do the lobbying. Ms. Niwao said she asked the Director of Taxation two years ago. Dr. Bonham said they are making progress. He moved that they make a statement that they appreciate the intent of the bill but they cannot support it in its current form. Ms. Cambra seconded the motion.

Ms. Niwao asked how the Council would support it. She said the Council could add an amendment saying that they fully support acquiring new technology, hiring research statisticians, and having more timely and accurate data collection. Dr. Suyderhoud said a motion had been made and seconded. Dr. Bonham said yes. Chair Kawafuchi said it was up to Ms. Niwao, since she was heading the meeting. Ms. Niwao said she supports the bill as amended.

Dr. Suyderhoud said a motion was already on the floor, and asked if they should vote on it.

Ms. Niwao asked for all in favor of the motion and for all that opposed.

It was moved by Dr. Bonham and seconded by Ms. Cambra on one statement, 'that while the Council on Revenues appreciates the intent of House Bill 1924, the Council does not support it in its current form.' The Vice-Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	Abstain
Marilyn Niwao	No
Jack P. Suyderhoud	Yes
Carl S. Bonham	Yes
Christopher Grandy	Yes
Elizabeth P. Cambra	Yes
Kristi L. Maynard	No

Ms. Niwao asked what comments the Council wanted to include. She said she had five things that the Council could mention.

Dr. Grandy said he preferred not to specify in detail what the Tax Department should do to support the Council. He said he could support a general statement that the Council supports the resources that the Department of Taxation needs to support the Council on Revenues.

Ms. Niwao asked about the statistics that they could gather now. Dr. Grandy asked if she was talking about the patterns of individual income spending. Ms. Niwao said yes. Dr. Bonham and Dr. Grandy said there is at least a two-year delay in producing those reports and that is not going to help the Council. Ms. Niwao said one of the things she would like to see was demographic changes over time and how that affects their income forecast. Dr. Bonham said that is not the Tax Department's responsibility. He said DBEDT (Department of Business, Economic Development & Tourism) publishes a large number of demographic data from the Census; also, there are data from the Community Survey.

Dr. Bonham suggested that they move on. Chair Kawafuchi said it sounds like many members are uncomfortable about taking a position. Ms. Niwao said we would leave it that way. Dr. Grandy asked if she was making a motion. Ms. Niwao said she was the Chair and asked Ms. Maynard if she could make a motion. Ms. Maynard made the motion and Dr. Grandy seconded it. Dr. Bonham asked for the repeat of the language.

It was moved by Ms. Maynard and seconded by Dr. Grandy that the Council's statement be amended to say, 'the Council appreciates the intent of the bill. Although, it cannot support the bill in its current form, the Council does support the position that adequate resources be given to the Tax Department to support the COR'. The Vice-Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	Abstain
Marilyn Niwao	Yes
Jack P. Suyderhoud	Yes
Carl S. Bonham	Yes

Christopher Grandy	Yes
Elizabeth P. Cambra	Yes
Kristi L. Maynard	Yes

MINUTES OF THE MEETING OF JANUARY 7, 2014:

Chair Kawafuchi asked the members for comments on the minutes of the January 7 meeting. There were no comments. The Chair asked for a motion to accept the minutes.

It was moved by Dr. Grandy and seconded by Ms. Niwao that the minutes of the January 7, 2014 meeting be accepted. The Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	Yes
Marilyn Niwao	Yes
Jack P. Suyderhoud	Yes
Carl S. Bonham	Yes
Christopher Grandy	Yes
Elizabeth P. Cambra	Yes
Kristi L. Maynard	Yes

GENERAL FUND REVENUE FORECAST:

Next, the Council discussed the general fund tax revenue forecast. Chair Kawafuchi asked Dr. Rousslang about the February statement that was distributed to the members. Dr. Rousslang explained where they were in collections at the end of February. He said the general excise tax collection was down a little less than it was last month. He said it has been negative but trending toward smaller negative numbers as the year went on.

Dr. Suyderhoud asked how much the additional county surcharge allocation was in July. Dr. Rousslang said an estimated \$18 million, which was moved from fiscal year 2013 to 2014. He said the effect on the growth rate was doubled because the money was moved from one year to the other so the effect on growth is \$36 million. He said it happened in July of this fiscal year.

Ms. Niwao said for June of this year there would be a higher base in 2013. Dr. Rousslang agreed. He said there were two adjustments going on: 1) moving income from 2014 back to the last months of 2013 and, 2) the anomalous month at the very beginning of fiscal 2013 where there was only \$1 million allocated to the county surcharge.

Dr. Bonham said there was a news story recently about the Tax Department not depositing checks in a timely fashion. Dr. Rousslang said looking at the processing data this year compared to last year, we are processing and cashing checks at about the same rate.

Dr. Suyderhoud said refunds year-to-date are more than twice the amount of last year. He asked if it was because of the solar credit refunds, timing, or tax law changes. Dr. Rousslang said in the last 10 years of refund data, last year was one of the highest years in total. He said the total through

February was very low last year and that this year is not that much different from prior years. He said last year was running very low in February because of modernizing the E-File program.

Ms. Niwao said according to the IRS there are more refunds, which means people were having less income in 2013 than they did in 2012. Dr. Bonham disagreed and said maybe they paid in too much tax. He said that you could not tell from looking at the refunds whether income has gone up or down or tax payments have gone up or down. Ms. Niwao said there was a lot of acceleration of taxable income into 2012 that resulted in more tax money due in 2013. She said she does not see the same thing happening in 2013 because taxpayers recognized income in 2012 to avoid the increase in taxes in 2013.

Dr. Suyderhoud asked what happened for the rest of that fiscal year. Dr. Rousslang said it was one of the highest years. Dr. Bonham said that means for the rest of the year, the comparison will be advantageous in terms of collections.

Dr. Bonham said they had spent a lot of time talking about shifting of resources, money and tax law changes, but the question he had was why the general excise and use tax collections were down. He said part of it is the drop in visitor spending, which started in the second half of last year. He thought that the larger part was probably changes in the payroll tax holiday. He said households took a hit on their payroll taxes of a few billion dollars, \$600 to \$700 million a quarter, which is the money they were not spending and which would reduce excise taxes. The Chair thought Dr. Bonham had a good point.

Dr. Bonham said assuming the yen stays about where it is right now, the year-over-year growth effect of the loss of Japanese visitor spending starts to diminish in May, so that will not help this fiscal year, but maybe next fiscal year. He said that we should begin to see some improvement in the excise tax collections going forward, because the year-over-year growth effect is gone.

The Chair said we are eight months into the year and the general excise tax growth is still negative. Dr. Bonham said there is a one-month lag in collection.

The Chair said he had asked Dr. Rousslang to prepare some scenarios about the collections that were needed for the balance of the fiscal year to achieve the current revenue estimate and what is needed to get a 2%, 1% and -1% growth rate this year. He said to hit the current estimate of 3.3% for the year we would have to have 11.5% growth for the last 4 months, and to hit 2% we need 7.8% growth.

The Chair asked if the \$18 million was factored in. Dr. Rousslang said the things that would affect these numbers are if, for some reason, collections in the last 4 months of this year differ from collections in the same 4 months of last year. He said there are two factors; one is refunds and the other is the allocations of the TAT (Transient Accommodations Tax), which are working in opposite directions.

Dr. Rousslang said if refunds were the same as last year at this exact time, then we would be up 1.8% in February. Dr. Bonham said the 1.8% was his forecast. Dr. Rousslang said that does not take into account the TAT. Dr. Suyderhoud said given the underlying economic situation, he did not see negative growth for this fiscal year. Dr. Bonham said they are bogged down in data and

revenues being moved around. Ms. Niwao said it is the timing differences and the \$55 million allocation to the Hurricane Fund. Dr. Suyderhoud asked if they were suggesting a number like 1.8% for the growth rate.

Dr. Bonham said that was the forecast that came out of his model. Dr. Suyderhoud said his forecast came out at 2.2%, which was high compared to other members. The Chair said last time some members said the economy was strong so the Council went with the 3.3% forecast and yet we are still negative 1.1%. Dr. Bonham said we are moving in the right direction. The Chair said we are three more months into the year and hope that it will turn around but we want to be realistic too.

Ms. Maynard said she thought the 8% growth for the next 4 months was too optimistic. Dr. Bonham agreed. The Chair said even 5% is very optimistic, given what they had seen so far this year. Ms. Niwao said negative one looks good to her, because they have that adjustment for the \$18 million and the TAT allocation. Ms. Maynard said she was encouraged by the February over February numbers. She thought that would bring the forecast closer to zero. Dr. Suyderhoud said they should each write down a number and average it out and go from there.

The Chair asked what else was going on in the economy that the members thought might lead them to think that the forecast might be 1% or 2% for the year. Dr. Suyderhoud asked if he meant that they were too optimistic. The Chair said he was trying to flush out what things they knew about the economy that might lead them to believe that they have a 1% or 2% growth rate for the year, other than what they already knew.

Dr. Suyderhoud said the underlying US economy and its job creation that is still occurring in Hawaii, and the construction activities.

Dr. Bonham said there is nothing in the underlying economy that would suggest the general excise tax collections should be declining other than visitor spending. Dr. Grandy said but that is very large.

Ms. Maynard said she thought there would be zero growth. Ms. Niwao said perhaps negative 0.5%. She said she was worried about the negative GE (general excise tax) collections. Ms. Maynard said the February over February was positive. Dr. Bonham said it was also positive in December and in October on a year-over-year basis.

Dr. Suyderhoud said to write down a number and they would average it out and see what it was. Dr. Bonham said since they had so much discussion on the models, they should see what the models said. He said the models were indicating a half percent growth or something close to that. Dr. Suyderhoud said one and a half percent. He added that in the big slowdown the model would over-predict. He said he thought that based on prior experience on the Council, things happen towards the end of the fiscal year. Ms. Niwao said maybe, but it is going to be negative this year.

Dr. Bonham said the refunds have the ability to move the collections by very large amounts, which has happened in the past. Dr. Rousslang said this year they are about like other years. He said individual income tax payments, looking at just the February numbers, are up; declaration of estimated taxes is up; payments with returns, withholdings are all up, but the totals are down.

The Chair asked if returns processes are faster this year. Dr. Rousslang said last year was very slow. Ms. Niwao said by February the Tax Department said that they had caught up for last year. Dr. Rousslang said except for the processing of refunds, which was very slow in February of last year. Dr. Bonham asked when it was normalized, March or April? Dr. Rousslang said something like that.

Ms. Niwao said she would go with zero growth given that the cumulative growth rate of State general fund revenues was -1.1% for the eight months ended February 2014 and based upon other factors that had been discussed. Dr. Bonham asked if she was making a motion. Ms. Niwao said yes she would make the motion that they adopt the zero percent growth rate for this fiscal year. Ms. Maynard said she would second the motion. The Chair asked for all in favor.

Ms. Niwao made a motion that the general fund tax revenues growth rate be at 0.0% for FY 2014. Ms. Maynard seconded. The Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	Yes
Marilyn Niwao	Yes
Jack P. Suyderhoud	No
Carl S. Bonham	Yes
Christopher Grandy	Yes
Elizabeth P. Cambra	Yes
Kristi L. Maynard	Yes

The Chair asked about the out years. Dr. Bonham said the usual procedure is to suggest that we keep all the other end numbers the same, but the problem that we are having is distinguishing between moving money around and delays and accelerations in processes, than what is happening in the real economy. He said the one thing they knew that was happening in the real economy that was affecting the tax revenues, was the decline in visitor spending. The Chair asked what was happening that had lowered visitor spending. Dr. Bonham said that was a good question. Dr. Bonham said he still thought it was the tax law changes with the withholding tax increases. He said people have less money to spend, they are spending it on airfare and hotels and are not spending it on eating out or shopping. Ms. Maynard asked if there was optimism about next year. Ms. Cambra said they still had optimism in the visitor industry. She said the visitor inventory is relatively stable on the neighbor islands. She said they had not heard of any airlines adjusting their patterns. She said Japan was the big driver.

Dr. Bonham said the UHERO forecast for Japan is that they will have a short recession and there will be a decline in the number of Japanese visitors later this year.

Dr. Suyderhoud asked if there were any numbers for the out year forecast.

Dr. Bonham asked if their forecast for the out years were 7.4%, 7.7%, 5.7%, and 6.1%. Dr. Grandy said yes.

Dr. Suyderhoud said their model is showing robust growth. He said their average for 2015 was 7.6% based on their latest input.

Ms. Cambra asked if that was from expected construction activities. Dr. Bonham said they had 15% increase in construction completed forecast for fiscal year 2015.

The Chair asked Dr. Suyderhoud what other factors would affect the economy. Dr. Suyderhoud said the same things that they have been talking about. He said they are not sure what the federal military will be doing, but the fiscal drag has become less of a problem because the deficit was shrinking as growth was returning, and the sequestration issue was going to be smaller in the next couple of years in part because of the election cycles. He said he still thought that the US economy was not in great shape, but he did not think that anybody was forecasting a recession for 2014 to 2015.

Ms. Niwao said when the economy starts to go up, interest rates would start going up and will put a drag on the economy. Dr. Suyderhoud said that was the whole idea of a self-sustaining recovery that it would offset the increase in interest rates, and if it did not, there would be another QE (quantitative easing) by the Federal Reserve. Dr. Bonham said we could have another housing bubble, but actually mortgage rates had gone down again.

The Chair asked how Janet Yellen's policy would impact the economy. Dr. Bonham said the Fed's policy has not changed. Dr. Suyderhoud said she reiterated the prior policy.

Ms. Maynard said how about 5% growth rate for FY 2015. Ms. Niwao said maybe about 5%. Dr. Grandy agreed. Dr. Bonham said there was essentially the view that the visitor spending slowdown, or decline, is stronger than the other factors. He said maybe they should lower their forecast in the out years when the rail gets to town.

Ms. Maynard asked if the 5% growth rate seemed reasonable. The Chair asked Dr. Grandy what he thought. Dr. Grandy said what makes sense for 2015 and 2016 was something more like 5% and 5.2%, and then pick up the numbers for 2017 and 2018 from the average for all models. The Chair asked if he would keep the same growth rates from fiscal year 2017 forward. Dr. Bonham said his forecast went down as low as 3% in the out years because of the end of the construction cycle. The Chair asked Ms. Cambra what she thought. Ms. Cambra said she was leaning more toward the 5.5% range for 2015 and 2016. Ms. Maynard said how about 5% for 2015 and 5.5% for 2016. Ms. Cambra said she was thinking the opposite. Dr. Bonham said he did too. Ms. Cambra said it would be 5.5% for 2015 and 5% for 2016. Dr. Bonham asked if that was a motion.

Dr. Grandy said yes. Ms. Maynard said she would second the motion. The Chair said to make it clear, the motion is that the growth rate for FY2015 will be 5.5%, for FY2016 will be 5.0%; and for the remaining FYs 2017 through 2020 the Council will keep the same growth rate. Dr. Bonham and Ms. Niwao agreed. The Chair asked if all were in favor.

Dr. Grandy made a motion that the general fund tax revenues growth rates be: 5.50% (2015); 5.0% (2016) and the remaining fiscal years to remain the same: 5.8% (2017); 6.2% (2018); 5.4% (2019); 5.4% (2020). Ms. Maynard seconded. The Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	Yes
Marilyn Niwao	Yes
Jack P. Suyderhoud	Absent*
Carl S. Bonham	Yes
Christopher Grandy	Yes
Elizabeth P. Cambra	Yes
Kristi L. Maynard	Yes

* Dr. Suyderhoud left the meeting shortly before the voting.

Mr. Chun from Budget & Finance provided the Council with the following revenue updates.

REPORT BY THE DEPARTMENT OF BUDGET & FINANCE ON OTHER REVENUES:

Significant Changes from January 2014 Report

Special Fund Non-Tax Revenues

Non-Revenue Receipts - the decrease in FY 17-20 reflects the ending of transfers made to the Department of Education's State Educational Facilities Improvement Special Fund, pursuant to Act 157, SLH 2013.

Chair Kawafuchi asked that the Council move to accept the B&F report. The Council voted and they were all in favor of accepting the B&F report as submitted.

Ms. Maynard moved to accept the B&F report as submitted and, Ms. Niwao seconded. The Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	Yes
Marilyn Niwao	Yes
Jack P. Suyderhoud	Absent
Carl S. Bonham	Yes
Christopher Grandy	Yes
Elizabeth P. Cambra	Yes
Kristi L. Maynard	Yes

NEXT MEETING:

The Council's next meeting was tentatively scheduled for Thursday, May 29, 2014 at 2:00 pm, but the date and time will be confirmed by e-mail. The Council staff will attempt to secure the DLIR Conference Rooms 310/313 for the meeting.

ADJOURNMENT:

The meeting was adjourned at 4:13 p.m.