

STAND. COM. REP. NO.

387

Honolulu, Hawaii

FEB 14, 2007

RE: S.B. No. 25
S.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 25, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE LEGISLATURE,"

begs leave to report as follows:

The purpose of this bill is to appropriate funds to provide for the expenses of the Legislature and its service agencies.

More specifically, this measure provides for the expenses of the Legislature, Office of the Auditor (Auditor), Hawaii State Ethics Commission (Ethics Commission), Office of the Ombudsman (Ombudsman), Legislative Reference Bureau (LRB), and legislative broadcast program.

The Auditor, Ethics Commission, LRB, and Ombudsman testified in support of this bill.

Your Committee notes that Act 1, Session Laws of Hawaii 2004, provided the Auditor with the resources and tools necessary to increase transparency and accountability in state government. The Audit Revolving Fund (Revolving Fund) was created within the Office of the Auditor, and \$3,013,125 in general funds was transferred to it from the general fund budgets of certain state departments that had been auditing themselves. In 2004, the functions transferred to the Auditor included:

SB25 SD1 HSCR FIN HMS 2007-2216



- (1) The comprehensive annual financial report of the State;
and
- (2) The financial statement and single audits of:
 - (A) The Department of Human Services, excluding the Hawaii Public Housing Authority;
 - (B) The Department of Health;
 - (C) The Department of Education; and
 - (D) The Department of Transportation (DOT),
specifically:
 - (i) The administration of DOT;
 - (ii) The Oahu Metropolitan Planning Organization;
and
 - (iii) The Airports, Harbors, and Highways divisions
of DOT.

To continue providing transparency and accountability in state government, the resources necessary to conduct the financial statement and single audits of 11 additional state departments--\$2,456,035 in general funds--will be cut from the respective departments and transferred to the Revolving Fund. The Revolving Fund will be increased to \$5,600,438 to reflect this increase as well as allow for the reimbursement and expenditure of eligible federal funds.

Your Committee further notes that this budget:

- (1) Increases authorized expenditures for the House of Representatives and Senate by \$2,658,444 (14.2 percent);
and
- (2) Increases authorized expenditures for the legislative agencies, Auditor, Ethics Commission, LRB, and Ombudsman by \$2,790,045 (30.1 percent).

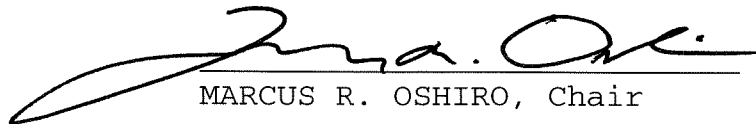
Altogether, the total budget for the legislative branch will increase by \$5,448,489 (19.5 percent).



A similar measure, S.B. No. 638, S.D. 1, had earlier passed the Legislature and was sent to the Governor. However, the bill was returned by the Governor, because the bill did not contain the constitutionally and statutorily mandated declaration that the general fund expenditure ceiling would be exceeded. This bill contains the required declaration.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 25, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



