

**SB 2145**

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR  
ON  
SENATE BILL NO. 2145

January 31, 2008

RELATING TO APPROPRIATIONS

Senate Bill No. 2145 requires the Governor to release all appropriations enacted into law by legislative override of a gubernatorial veto within 90 days after the veto is overridden by both houses of the Legislature.

The Department of Budget and Finance strongly opposes this bill because it restricts executive flexibility in managing State programs and finances and contravenes the principle of separation of powers between Legislative and Executive Branches of government.

As established by constitutional and State law, the Legislature and the Executive Branch have distinct roles in the budget process. The Legislature has the power to appropriate funds for the working of State government, including the power to override a veto by the Governor. However, according to Attorney General Opinion No. 03-02, "once the appropriations bill has been enacted and the fiscal year begins, the legislative work is complete and it is the executive branch's responsibility to implement the budget."

The Executive Branch's responsibility in expending public funds is clearly governed by the following legal requirements:

Under Section 5, Article VII of the Hawaii Constitution, "general fund expenditures for any fiscal year shall not exceed the State's current general fund revenues and unencumbered cash balances . . ."

Under Section 37-31, HRS, relating to the allotment system, "it is declared to be the policy and intent of the legislature that the total appropriations made by it . . . shall be deemed to be the maximum amount authorized to meet the requirements of the department or establishment for the period of the appropriation, . . . and that the governor and the director of finance should be given the powers . . . in order that savings may be effected by careful supervision throughout each appropriation period with due regard to changing conditions; and by promoting more economic and efficient management of state departments and establishments."

In budget implementation, restrictions may be imposed on Executive departments and agencies for a variety of reasons. When revenues are deemed insufficient or uncertain, fiscal prudence must be exercised to avoid deficits in the budget and planning period. Where program requirements need further examination and justification, management review is the prerequisite for expending public funds. Actions to control expenditures are exercised as needed throughout the year by the Executive Branch in its capacity as administrator of State programs and finances.

The proposed requirement would seriously undermine and impair the ability of the Governor to manage State programs and resources for efficiency, productivity and economy.

We strongly recommend that this bill be held.

# LATE TESTIMONY

Testimony from Alfred C. Lardizabal  
Government and Community Relations Director  
Labors' Union Local 368

In Support of SB2145 RELATING TO APPROPRIATIONS

To the

Senate Committee on Judiciary and Labor  
State Capitol, Rm. 016, 9:00 a.m.  
January 31, 2008

Honorable Senator Brian Taniguchi, Chair, Senator Clayton Hee, Vice Chair and Members of the Senate Committee on Judiciary and Labor: SB2145 requires that funds for bills that are passed into law through a veto override, must be released within 90 days of passage.

The Hawaii State Constitution, Article III, *The Legislature* (and) *Legislative Power*, Section 17, *Procedures Upon Veto*, provides in part that, "If after such reconsideration such bill, or such item or items, shall be approved by two-thirds vote of all members to which each house is entitled, the same shall become law." Thus, a bill becomes law by an override vote by the Legislature and the Executive is therefore, obligated to comply.

We suggest however, that the intent of the Legislature be supported further by adding proviso language in each appropriation bill to the effect that the appropriated funds must be released within 90 days of passage of a bill through a veto override.

Enactment of SB2145 would provide agencies receiving appropriated funds some measure of confidence that funding would be available and therefore, better able to plan projects, in particular, construction projects.

Thank you for the opportunity to submit supporting testimony on this important measure.