

WRITTEN TESTIMONY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 1260, H.D. 1

March 2, 2009

RELATING TO GOVERNMENT.

House Bill No. 1260, H.D. 1, establishes a state securitization account within the Department of Budget and Finance to receive excess non-general funds which may then be used to temporarily finance capital improvement projects.

The Department supports the intent of this bill, however, the Director of Finance currently has the ability to provide temporary advances from non-general funds and the general fund to the general obligation bond fund for the purposes of meeting general obligation funded CIP expenditure requirements.

Generally, the Department schedules a sale of general obligation bonds to occur immediately prior to the full expenditure of the prior general obligation bond sale proceeds. This is to ensure that new funds borrowed through the issuance of general obligation bonds do not "sit" for an unnecessarily long period of time during which the State will be incurring interest costs while also having prior bond sale proceeds available. As the actual expenditure of general obligation bond

funds varies on a monthly basis, there have been instances in the past where the Department has temporarily advanced funds from other funds to the general obligation bond fund to meet the on-going capital expenditures. Upon the subsequent sale of general obligation bonds, the temporary advances were repaid.

As the Department currently has the ability to provide temporary advances to meet general obligation bond funded CIP expenditures, we believe that this bill is not necessary. The bill also requires the Department to notify the legislature of transfers made pursuant to the proposed bill. The Department will be able to provide the legislature with a report within a reasonable period after any such transfer without the enactment of this bill.

Thank you for the opportunity to provide testimony on this bill.