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TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

HOUSE BILL NO. 1733, RELATING TO INTEREST.

COMMITTEE ON FINANCE

This measure provides for the transfer of interest earned on the short-term investment or deposit of moneys of certain special funds, revolving funds, and special accounts (including the special funds of the Department of Transportation), to the General Fund.

Although the Department of Transportation (DOT) has the following concerns about this measure, we **defer** to the Department of Budget and Finance (B&F) as to the Administration's position on this bill.

In FY 2008, interest earned on investments generated over \$49.0 million for the Airports, Harbors and Highways special funds. The interest earnings represent a significant revenue stream for us and help support our maintenance and operations and our capital improvement programs. At a time when the DOT is looking for new ways to generate revenues and maintain our current revenue levels, any decrease to our special funds would have a significant adverse impact to the Airports, Harbors and Highway's modernization plans.

Revenue bonds are issued by all three divisions. Therefore, interest income becomes an important financial component to ensure that sufficient revenues are generated to maintain compliance with rate covenants on the bonds. The loss of this revenue stream could result in the need to impose higher fees and charges to make up for the lost revenue as well as to meet the bond compliance tests.

Thank you for this opportunity to testify on this bill.