

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 1829

February 18, 2009

RELATING TO ECONOMIC STIMULUS

House Bill No. 1829 requires the Director of Finance to release funds required to match federal funds from the federal economic stimulus plan within: a) fifteen days of receipt of federal funds for county projects; and b) thirty days of receipt of federal funds for state projects. The bill also requires the Governor and the respective mayors to submit annual reports to the Legislature on the date federal funds were received and matching funds were released, and the status of each state and county program that was funded by the federal economic stimulus plan. The bill is effective upon approval and sunsets on December 31, 2012.

The Department of Budget and Finance has serious reservations with this bill. It is not clear from the bill the source of matching funds that are being referred to. Is the Legislature going to provide additional appropriations for matching purposes, or are the departments expected to divert existing resources from their tight budgets for this purpose? For capital improvement projects, will the Legislature grant the Director of Finance with the Governor's approval wide authority to transfer appropriations from other authorized projects to meet federal matching requirements?

Further, the department has strong objections to using extremely scarce state resources to meet county matching requirements. The counties have their own dedicated sources of revenues and they should be responsible for funding their federal matches for county projects.