

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 2386

March 29, 2010

RELATING TO THE UNIVERSITY OF HAWAII CAPITAL IMPROVEMENTS
PROGRAM PROJECT ASSESSMENT SPECIAL FUND

Senate Bill No. 2386 creates the University of Hawaii capital improvements program project assessment special fund to defray costs associated with the administration of the University's capital improvements program projects. The fund would generate revenues through assessments made by the President on capital improvement program projects of the University.

We have concerns on this bill. As a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 and 37-53.4 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is also uncertain if creating a special fund is necessary to carry out provisions of the bill.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
March 29, 2010 at 2:00 PM

by

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SB 2386 – RELATING TO THE UNIVERSITY OF HAWAII CAPITAL IMPROVEMENTS
PROGRAM PROJECT ASSESSMENT SPECIAL FUND

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

Thank you for the opportunity to testify in strong support of this measure. This bill establishes a University of Hawai'i capital improvements program (CIP) project assessment special fund for the purpose of defraying the cost of carrying out CIP projects managed by the University of Hawai'i, including the development of new facilities, repair and maintenance, and major renovation projects.

Currently, operating general funds are used to: (1) defray certain costs of CIP projects and (2) provide centralized management, oversight, and administration in the implementation of CIP projects. The costs related to these projects should be assessed and amortized against each individual project. The State Department of Accounting and General Services has a similar project assessment fund for the same purposes.

The specific costs relating to individual CIP projects will be paid using funding from appropriated CIP projects, including projects financed from the general obligation bond fund, revenue bonds, and special funds. The assessment to the projects will be fairly and proportionately assessed to defray the costs of providing centralized management, oversight, and administration of the implementation of CIP projects.

Thank you for the opportunity to testify on this measure.