

LATE

**SB 281**

NEIL ABERCROMBIE  
Governor



RUSSELL S. KOKUBUN  
Chairperson, Board of Agriculture

JAMES J. NAKATANI  
Deputy to the Chairperson

State of Hawaii  
DEPARTMENT OF AGRICULTURE  
1428 South King Street  
Honolulu, Hawaii 96814-2512  
Phone: (808) 973-9600 Fax: (808) 973-9613

**LATE**

TESTIMONY OF RUSSELL S. KOKUBUN  
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON AGRICULTURE  
THURSDAY, JANUARY 27, 2011  
2:45 P.M.  
ROOM 229

SENATE BILL NO. 281  
RELATING TO ANIMAL INDUSTRY

Chair Nishihara and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 281 that amends Chapter 142, Hawaii Revised Statutes to: (1) Allow the animal quarantine property or facilities to be used for general commercial purposes; (2) Establish an animal industry special fund; (3) Designate the source of funds deposited into the special fund and the uses for such moneys; and (4) Remove a provision that allows moneys received from animal quarantine property or facilities to be deposited into the animal quarantine special fund.

The Hawaii Department of Agriculture supports the general commercial use of the animal quarantine property and the establishment of an animal industry special fund and usages of funds as provided, to supplement the programs general fund appropriation. Upon further review, the Department respectfully suggests that the language in Section 142-28.5 (2), Hawaii Revised Statutes be retained to allow more flexibility in terms of possible revenue sources.

The Department is examining ways to become more self-sufficient through establishing revenue sources other than general funds. A 5.5 acre I-2 zoned parcel, representing an under utilized portion of the animal quarantine station is envisioned as a

potential important revenue source to supplement animal industry program costs and restore essential positions lost during the 2009 reduction-in-force.

It is critical for the Department that funds derived from the lease of the parcel be used jointly by the animal industry and animal quarantine special funds. The deposit of lease funds into the animal quarantine special fund would be important to mitigate the need for user fee increases and provide flexibility to the Board of Agriculture to shift moneys between funds depending on circumstances.

Thank you for your consideration of Senate Bill No. 281 as the Department recognizes that we must continue to look for ways to generate funding from alternate sources.

**LATE**

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG  
INTERIM DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON AGRICULTURE  
ON  
SENATE BILL NO. 281

January 27, 2011

RELATING TO ANIMAL INDUSTRY

Senate Bill No. 281 establishes the Animal Industry special fund to be used for, but not limited to, the costs of salaries, fringe benefits, operating expenses, equipment, motor vehicles, and contracts. Senate Bill No. 281 also redirects moneys received for the use of animal quarantine property or facilities that are currently being deposited into the Animal Quarantine special fund to instead be deposited into the Animal Industry special fund.

As a matter of general policy, the Department of Budget and Finance does not support the creation of any special fund which does not meet the requirements of Section 37-52.3 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. In regards to Senate Bill No. 281, it is difficult to determine whether there is a clear nexus between the benefits sought and the charges made upon the users or beneficiaries of the program and whether the fund will be self-sustaining.