

LATE TESTIMONY

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
INTERIM DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON TRANSPORTATION
ON
HOUSE BILL NO. 1239

January 31, 2011

RELATING TO FERRIES

House Bill No. 1239 establishes a Hawaii State Ferry System Authority and creates a Hawaii State Ferry System special fund to be administered by the Department of Transportation. The special fund will receive moneys from rates, fares, and charges received from the operation of a statewide ferry system to be used to fund the operations of the ferry system.

As a matter of general policy, the Department of Budget and Finance does not support the creation of any special fund or revolving fund that does not meet the requirements of Sections 37-52.3 and 37-52.4, Hawaii Revised Statutes. Special and 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 House Bill No. 1239, it is difficult to determine whether the Hawaii State Ferry System special fund would be financially self-sustaining.

This bill also includes an unspecified general fund appropriation in Fiscal Year 2012 for startup and operations of the Hawaii State Ferry System. Due to the current fiscal condition of the State, any diversion of general funds from core services should not be considered at this time.