

**TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON WAY AND MEANS  
ON  
SENATE BILL NO. 2208, S.D. 1**

**February 29, 2012**

**RELATING TO ANIMALS**

Senate Bill No. (SB) 2208, Senate Draft (S. D.) 1, establishes a Spay and Neuter Special Fund to be administered by the Department of Budget and Finance and establishes an advisory committee to assist the department in determining the criteria and procedures for disbursements from the special fund. The bill also allows funds from an income tax check-off to be deposited into the special fund.

Although the Department of Budget and Finance recognizes the benefits of a spay and neuter program, we cannot support SB 2208, S.D. 1, because the department does not have sufficient resources to administer such a program. The Department is finding it difficult to provide adequate administrative support to its existing programs and agencies. There were a number of other committees/task forces that were historically created and assigned to the Department of Budget and Finance for which the Department struggled to provide adequate support. We recognize that it is not fair to committee or task force members – nor, does it do justice to the important function the committee or task force is working on - to have them supported by a Department that does not have adequate resource capabilities.

Further, as a matter of general policy, the department does not support the creation of special funds which do not meet the requirements of Section 37-52.3,

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 SB 2208, S.D. 1, it is difficult to determine whether the fund will be self-sustaining.

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Tax checkoff for the spay and neuter special fund

BILL NUMBER: SB 2208, SD-1

INTRODUCED BY: Senate Committee on Judiciary and Labor

**BRIEF SUMMARY:** Adds a new section to HRS chapter 235 to allow individual taxpayers whose state income tax refund for any taxable year is \$5 or more, to designate \$5 to be paid to the spay and neuter special fund. For joint taxpayers with an income tax refund of \$10 or more, each spouse may designate \$5 into the fund. Directs the director of taxation to revise the state income tax forms as necessary. Allows designations to be made by filing an amended income tax return if filed within 20 months and 10 days after the due date of the original return.

Adds a new section to HRS chapter 143 to establish a spay and neuter special fund to be administered by the department of budget and finance. The fund shall be used to cover costs to reduce the number of feral animals through spaying and neutering, educate the public regarding the importance of spaying and neutering pets, and prevent homeless animal overpopulation. Establishes an advisory committee to assist the department in establishing the eligibility criteria and procedures in making disbursements from the special fund.

This act shall take effect on July 1, 2050 and be repealed on July 1, 2055.

EFFECTIVE DATE: Tax years beginning after December 31, 2011

**STAFF COMMENTS:** This measure adds the spay and neuter special fund to the growing list of programs for which taxpayers due an income tax refund may designate all or a portion of that refund.

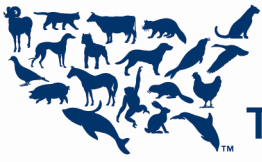
A survey by the Federation of Tax Administrators found that the states that utilize checkoff programs have been experiencing a decline in the amount of moneys designated through the checkoff mechanism. The survey also found that due to the administrative costs associated with the checkoff programs, states that currently have the checkoffs are looking to adopt expiration clauses and other means to remove the less productive checkoffs. Lawmakers seem to view such checkoffs as absolution of their responsibility to deal with such problems by turning the response directly over to the taxpayer. However, in the long run, the cost of administering the checkoff merely siphons resources that should otherwise be used for providing needed public services. If lawmakers believe that earmarking funds through a checkoff system is appropriate, then they might consider placing all programs on the state income tax form for designation and consider repealing the legislative body as there will be no reason for the legislature to exist because decisions will have been made by the income taxpayer.

If lawmakers believe certain programs are of great importance, then they can prioritize those programs through the appropriations process. With the Hawaii tax burden already so heavy, why should taxpayers turn any more of their hard earned dollars over to government? What lawmakers also do not recognize

is that by creating these checkoffs, they add to the cost of administering the law, a cost which steals funds from other programs like those enumerated for a checkoff designation.

Although the committee report attached to the draft indicates that the prior committee believes the money in the special fund should be used to administer the fund, the bill does not do so and leaves the issue up to the Ways & Means Committee. This provision should be added to all funds that are recipient of checkoff designations. While public officials may not recognize the cost of overhead, in the private sector, such costs must be amortized in the cost of the goods and services sold. In this case, the funds generated from the check off should be used to recoup these overhead costs of administering the fund. Without recovering the costs of administration from the check off proceeds means that all taxpayers - whether or not they believe in the programs funded by the check off - will end up footing the bill for administering the fund at the expense of all other core functions of government.

Digested 2/27/12



**THE HUMANE SOCIETY**  
OF THE UNITED STATES

TO: Honorable Chair Ige, Vice-Chair Kidani and Committee Members

Senate Ways and Means Committee, 2-29-12, 915am, Room 211

**RE: Testimony in SUPPORT of SB2208; Spay-Neuter Special Fund, Income Check-Off**

Submitted by: Inga Gibson, Hawaii State Director, The Humane Society of the United States,  
P.O. Box 89131, Honolulu, HI 96830, [igibson@hsus.org](mailto:igibson@hsus.org), 808-922-9910

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On behalf of our more than 50,000 members and supporters in Hawaii, we thank the Committee for considering this important measure. This bill would allow a voluntary state income tax check-off option to create a statewide spay-neuter fund, and establish a voluntary advisory committee to manage the fund and create eligibility criteria and procedures for disbursements from the special fund to 501 (c)(3) animal care organizations in Hawaii.

More than 50,000 animals enter local humane societies and animal care and rescue groups across Hawaii each year. Sadly, thousands of these animals must be euthanized due to a lack of appropriate homes. The only proven way to reduce pet overpopulation and subsequently, euthanasia rates, is through spaying and neutering.

34 states that have a publicly funded mechanism for subsidizing the cost of spaying and neutering—12 of which have a tax check-off option such as that being proposed under this measure. Hawaii currently has no statewide funding program or mechanism to reduce pet overpopulation.

In addition to helping to reduce pet over-population, animals that are spayed or neutered live longer, healthier lives, are less likely to bite and become aggressive and less likely to engage in negative behaviors such as roaming.

Each year hundreds of thousands of taxpayer dollars, with an almost equal amount being subsidized dependent on private donations, goes to the care of homeless animals. The passage of this measure would help to get at the source of pet over-population and the associated costs by providing critical funding for local animal care agencies to sterilize more animals.

In closing, this measure helps animals, people, animal care organizations and the community as a whole, by reducing pet homelessness, animal control costs and public health and safety threats that may be exacerbated by unsterilized animals.

We respectfully urge your support of SB2208.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [owlit1@gmail.com](mailto:owlit1@gmail.com)  
**Subject:** Testimony for SB2208 on 2/29/2012 9:15:00 AM  
**Date:** Monday, February 27, 2012 9:13:32 PM

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Testimony for WAM 2/29/2012 9:15:00 AM SB2208

Conference room: 211  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Frances Pueo  
Organization: Hui Pono Holoholona  
E-mail: [owlit1@gmail.com](mailto:owlit1@gmail.com)  
Submitted on: 2/27/2012

Comments:

I, Frances Pueo, support SB2208, Hui Pono Holoholona a 501 C3 non-profit animal organization, started in 2007 to fill a need in helping people with low cost spay/neuter for dogs/cats because of the animal overpopulation. Animal overpopulation leads to animal abuse, animal abandonment and contributes to the high ongoing euthanasia at the shelters in our community. Scientific data supports that if you make available low cost/ no cost animal sterilization, people will utilize the program, and it is the only long term solution in decrease animal overpopulation. It also has shown, that by doing so, it also educates the general public in accepting to be better animal stewards and pet responsible. Animal organizations like ours and even the Humane Society depends on fundraisers, donations and grants, yet it still is not enough to help all those requesting financial assistance. This Bill is important, please pass it.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [octopus@maui.net](mailto:octopus@maui.net)  
**Subject:** Testimony for SB2208 on 2/29/2012 9:15:00 AM  
**Date:** Tuesday, February 28, 2012 8:52:32 AM

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Testimony for WAM 2/29/2012 9:15:00 AM SB2208

Conference room: 211  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Rene Umberger  
Organization: For the Fishes  
E-mail: [octopus@maui.net](mailto:octopus@maui.net)  
Submitted on: 2/28/2012

Comments:

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [theresa\\_pickard@yahoo.com](mailto:theresa_pickard@yahoo.com)  
**Subject:** Testimony for SB2208 on 2/29/2012 9:15:00 AM  
**Date:** Monday, February 27, 2012 2:51:20 PM

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Testimony for WAM 2/29/2012 9:15:00 AM SB2208

Conference room: 211  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Theresa Donnelly  
Organization: Hawaii Military Pets  
E-mail: [theresa\\_pickard@yahoo.com](mailto:theresa_pickard@yahoo.com)  
Submitted on: 2/27/2012

Comments:

Please support this bill. Our community wants to donate to this important fund and this bill will give all of us an easy way to do so. It's a great idea to help curb pet overpopulation.



**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [jenniferc@oha.org](mailto:jenniferc@oha.org)  
**Subject:** Testimony for SB2208 on 2/29/2012 9:15:00 AM  
**Date:** Monday, February 27, 2012 11:39:09 AM

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Testimony for WAM 2/29/2012 9:15:00 AM SB2208

Conference room: 211  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Jennifer Chiwa  
Organization: Individual  
E-mail: [jenniferc@oha.org](mailto:jenniferc@oha.org)  
Submitted on: 2/27/2012

Comments:

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [lwparisfrance@hotmail.com](mailto:lwparisfrance@hotmail.com)  
**Subject:** Testimony for SB2208 on 2/29/2012 9:15:00 AM  
**Date:** Monday, February 27, 2012 9:36:58 AM

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Testimony for WAM 2/29/2012 9:15:00 AM SB2208

Conference room: 211  
Testifier position: Support  
Testifier will be present: No  
Submitted by: linda willaby  
Organization: Individual  
E-mail: [lwparisfrance@hotmail.com](mailto:lwparisfrance@hotmail.com)  
Submitted on: 2/27/2012

Comments:

Spay and neuter is the only humane way to control animal overpopulation on this island.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [Ahimsamary99999@gmail.com](mailto:Ahimsamary99999@gmail.com)  
**Subject:** Testimony for SB2208 on 2/29/2012 9:15:00 AM  
**Date:** Monday, February 27, 2012 5:59:55 PM

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Testimony for WAM 2/29/2012 9:15:00 AM SB2208

Conference room: 211  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Mary Markl  
Organization: Individual  
E-mail: [Ahimsamary99999@gmail.com](mailto:Ahimsamary99999@gmail.com)  
Submitted on: 2/27/2012

Comments:

Please pass this. We need all the sources and financial help we can to sterilize Hawaii's animals so that they can be humanely managed. I have helped sterilize some sweet feral cats. Before it was \$5. with microchip and then jumped up to \$25. per cat at humane society which is difficult to finance on one's own especially if we are doing this public service plus feeding them. Please pass this now. Thank you.  
Mary Markl

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [feathers03@me.com](mailto:feathers03@me.com)  
**Subject:** Testimony for SB2208 on 2/29/2012 9:15:00 AM  
**Date:** Sunday, February 26, 2012 8:22:30 PM

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Testimony for WAM 2/29/2012 9:15:00 AM SB2208

Conference room: 211  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Margaret Sueoka  
Organization: Individual  
E-mail: [feathers03@me.com](mailto:feathers03@me.com)  
Submitted on: 2/26/2012

Comments:

This bill is a great idea--anything to further the real need for education in the public about the necessity of spay/neuter for our pets.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [aloharunner@hotmail.com](mailto:aloharunner@hotmail.com)  
**Subject:** Testimony for SB2208 on 2/29/2012 9:15:00 AM  
**Date:** Monday, February 27, 2012 9:01:56 AM

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Testimony for WAM 2/29/2012 9:15:00 AM SB2208

Conference room: 211  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Stephanie McLaughlin  
Organization: Individual  
E-mail: [aloharunner@hotmail.com](mailto:aloharunner@hotmail.com)  
Submitted on: 2/27/2012

Comments:

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [pbj500@yahoo.com](mailto:pbj500@yahoo.com)  
**Subject:** Testimony for SB2208 on 2/29/2012 9:15:00 AM  
**Date:** Sunday, February 26, 2012 11:05:38 PM

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Testimony for WAM 2/29/2012 9:15:00 AM SB2208

Conference room: 211  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Patti Gallagher-Jones  
Organization: Individual  
E-mail: [pbj500@yahoo.com](mailto:pbj500@yahoo.com)  
Submitted on: 2/26/2012

Comments:

Please pass this measure to help fund the spay and neuter of animals to help control the unwanted numbers

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [starfire-retreat@hawaii.rr.com](mailto:starfire-retreat@hawaii.rr.com)  
**Subject:** Testimony for SB2208 on 2/29/2012 9:15:00 AM  
**Date:** Monday, February 27, 2012 1:22:06 PM

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Testimony for WAM 2/29/2012 9:15:00 AM SB2208

Conference room: 211  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Torun and David Almer  
Organization: Individual  
E-mail: [starfire-retreat@hawaii.rr.com](mailto:starfire-retreat@hawaii.rr.com)  
Submitted on: 2/27/2012

Comments:

This is a great opportunity to raise funds to spay and neuter cats and dogs to decrease the number of unwanted kittens and puppies euthanized for lack of a home.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [caroline@azelski.net](mailto:caroline@azelski.net)  
**Subject:** Testimony for SB2208 on 2/29/2012 9:15:00 AM  
**Date:** Monday, February 27, 2012 8:15:40 AM

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Testimony for WAM 2/29/2012 9:15:00 AM SB2208

Conference room: 211  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Caroline Azelski  
Organization: Individual  
E-mail: [caroline@azelski.net](mailto:caroline@azelski.net)  
Submitted on: 2/27/2012

Comments:



**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [inspirevision@aol.com](mailto:inspirevision@aol.com)  
**Subject:** Testimony for SB2208 on 2/29/2012 9:15:00 AM  
**Date:** Monday, February 27, 2012 1:48:58 PM

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Testimony for WAM 2/29/2012 9:15:00 AM SB2208

Conference room: 211  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Jane Shiraki  
Organization: Individual  
E-mail: [inspirevision@aol.com](mailto:inspirevision@aol.com)  
Submitted on: 2/27/2012

Comments:

Dear Legislature,  
Please pass SB2208. This will enable the community to participate in helping solve the sad, homeless animal problem.

Mahalo,  
Jane Shiraki  
Honolulu