

**TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON HEALTH  
ON  
SENATE BILL NO. 2208, S.D. 2**

**March 20, 2012**

**RELATING TO ANIMALS**

Senate Bill No. (SB) 2208, Senate Draft (S. D.) 2, 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. 2, 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. 2, 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-2

**INTRODUCED BY:** Senate Committee on Ways and Means

**BRIEF SUMMARY:** Amends HRS section 235-102.5 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 3/19/12



## Hawaiian Humane Society

People for animals. Animals for people.

2700 Waiialae Avenue Honolulu, Hawaii 96826  
808.946.2187 • [hawaiianhumane.org](http://hawaiianhumane.org)

**To:** Honorable Chair Yamane  
Vice-Chair Morikawa and Committee Members

House Committee on Health  
March 20, 2012, 9:00 am, Room 329

**Submitted by:** Natalie Lukashovsky, Community Outreach Coordinator  
Hawaiian Humane Society, [nlukashovsky@hawaiianhumane.org](mailto:nlukashovsky@hawaiianhumane.org)

**Date:** March 19, 2012

**RE:** **Support SB 2208, SD2;**  
**Relating to Animals: Spay-Neuter Special Fund, Income Check-Off**

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Dear Honorable Chair Yamane, Vice-Chair Morikawa and Members,

The Hawaiian Humane Society supports the passage of this important measure and supports the continued work of spay and neuter initiatives in Hawaii. To this end, we recognize the need for continued and consistent funding of these efforts and believe that designating voluntary funds through individual tax returns is an excellent solution to this issue.

Our commitment to spaying and neutering animals as a direct solution to animal overpopulation is indicative through our numbers. In our most recent Annual Report to the Community from July 2010 – June 2011 we sterilized a total of 7,247 animals; 4,819 were animals made available for adoption, 2,011 feral cats through Trap, Neuter, Return and Manage initiatives, and 417 of owned pets. Our veterinarians perform approximately 20 surgeries a day and we also utilize the service of private veterinarians for mass sterilization clinics for feral cats, spaying and neutering well over 100 cats in one day. We subsidized over 120 feral cat sterilizations at our most recent "Feline Fix" event.

Pet overpopulation is driven by too many litters and lack of affordable and accessible spay and neuter options. While our partnership with the City and County of Honolulu for the Neuter Now program has proven successful in providing reduced-rate spay and neuter services for owned animals, the program often sells out within the first 6 months of its availability. This past fiscal year we sold 3,249 "Neuter Now" sterilization certificates on behalf of this program. Additional funding is needed and necessary if we, as a community, are to reduce pet overpopulation and decrease euthanasia.

Thank you for the opportunity to present to the committee and we respectfully ask for your support of this measure.



**THE HUMANE SOCIETY**  
OF THE UNITED STATES

TO: Honorable Chair Yamane, Vice-Chair Morikawa and Committee Members

House Health Committee, 3-20-12, 900am, Room 329

**RE: Testimony in SUPPORT of SB2208 SD1; Spay-Neuter Special Fund, Income Check-Off, with Amendments for Consideration**

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 over-population.

Unfortunately, the Department of Taxation recently noted technological issues associated with adding a new “check-box” to state tax forms thus we recommend the following amendments to address their concerns:

- *Add an extended effective date to apply to tax year 2013, rather than 2012 (effective July 1, 2013 for tax year 2013). It is our hope that by next year, DOTAX will have filled its open positions and worked out technological issues with its computer system.*

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 SD1 and the above- amendment.

## **morikawa2 - Grant**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, March 18, 2012 12:14 PM  
**To:** HLTtestimony  
**Cc:** ferolkat@yahoo.com  
**Subject:** Testimony for SB2208 on 3/20/2012 9:00:00 AM

Testimony for HLT 3/20/2012 9:00:00 AM SB2208

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Ferol Kolons  
Organization: West Hawaii Humane Society  
E-mail: [ferolkat@yahoo.com](mailto:ferolkat@yahoo.com)  
Submitted on: 3/18/2012

**Comments:**

We need to make spay/neuter more accesible to everyone who owns animals. With over 10,000 euthanizations a year on the big island we need to find the easiest way to contribute our tax dollars to the cause. Sterilize not Euthanize

## **morikawa2 - Grant**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, March 17, 2012 2:21 PM  
**To:** HLTtestimony  
**Cc:** octopus@maui.net  
**Subject:** Testimony for SB2208 on 3/20/2012 9:00:00 AM

Testimony for HLT 3/20/2012 9:00:00 AM SB2208

Conference room: 329  
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: 3/17/2012

**Comments:**

This is a great solution to Hawaii's pet and stray animal overpopulation that ultimately saves money and reduces suffering. Please give it your full consideration.



## **morikawa2 - Grant**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, March 17, 2012 10:27 PM  
**To:** HLTtestimony  
**Cc:** cnc3@hawaii.edu  
**Subject:** Testimony for SB2208 on 3/20/2012 9:00:00 AM

Testimony for HLT 3/20/2012 9:00:00 AM SB2208

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Christin Matsushige  
Organization: Hawaii Cat Foundation  
E-mail: [cnc3@hawaii.edu](mailto:cnc3@hawaii.edu)  
Submitted on: 3/17/2012

Comments:  
Thank you for supporting this important bill.

Providing community means for spaying/neutering companion animals will result in lower animal control costs for taxpayers and save the lives of animals.

## **morikawa2 - Grant**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, March 19, 2012 9:35 AM  
**To:** HLTtestimony  
**Cc:** jenniferc@oha.org  
**Subject:** Testimony for SB2208 on 3/20/2012 9:00:00 AM

Testimony for HLT 3/20/2012 9:00:00 AM SB2208

Conference room: 329  
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: 3/19/2012

Comments:

**morikawa2 - Grant**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, March 19, 2012 11:58 AM  
**To:** HLTtestimony  
**Cc:** cegbert209@gmail.com  
**Subject:** Testimony for SB2208 on 3/20/2012 9:00:00 AM

Testimony for HLT 3/20/2012 9:00:00 AM SB2208

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Colleen Egbert  
Organization: Individual  
E-mail: [cegbert209@gmail.com](mailto:cegbert209@gmail.com)  
Submitted on: 3/19/2012

Comments:

## **morikawa2 - Grant**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, March 18, 2012 8:54 AM  
**To:** HLTtestimony  
**Cc:** pottishl001@hawaii.rr.com  
**Subject:** Testimony for SB2208 on 3/20/2012 9:00:00 AM

Testimony for HLT 3/20/2012 9:00:00 AM SB2208

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Laurie Pottish  
Organization: Individual  
E-mail: [pottishl001@hawaii.rr.com](mailto:pottishl001@hawaii.rr.com)  
Submitted on: 3/18/2012

**Comments:**

Spay neuter is crucial in Hawaii. We kill far too many animals due to overpopulation and the killing doesn't work to address the problem, only sapy neuter does.

Do the right thing and support this.

Thank you.

## **morikawa2 - Grant**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, March 18, 2012 3:10 PM  
**To:** HLTtestimony  
**Cc:** catswede@yahoo.com  
**Subject:** Testimony for SB2208 on 3/20/2012 9:00:00 AM

Testimony for HLT 3/20/2012 9:00:00 AM SB2208

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Cathy Swedelius  
Organization: Individual  
E-mail: [catswede@yahoo.com](mailto:catswede@yahoo.com)  
Submitted on: 3/18/2012

Comments:

## **morikawa2 - Grant**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, March 18, 2012 6:23 PM  
**To:** HLTtestimony  
**Cc:** inhissilence@gmail.com  
**Subject:** Testimony for SB2208 on 3/20/2012 9:00:00 AM

Testimony for HLT 3/20/2012 9:00:00 AM SB2208

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: marni montanez  
Organization: Individual  
E-mail: [inhissilence@gmail.com](mailto:inhissilence@gmail.com)  
Submitted on: 3/18/2012

**Comments:**

spaying and neutering is our responsibility as human beings. We are the decision makers and to stand back and not do anything to stop the overpopulation of dogs and cats by spaying and neutering is inhumane and irresponsible on our part. Spaying and neutering will save innocent lives.

## **morikawa2 - Grant**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, March 17, 2012 1:42 PM  
**To:** HLTtestimony  
**Cc:** ALOHARUNNER@HOTMAIL.COM  
**Subject:** Testimony for SB2208 on 3/20/2012 9:00:00 AM

Testimony for HLT 3/20/2012 9:00:00 AM SB2208

Conference room: 329  
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: 3/17/2012

Comments:

## **morikawa2 - Grant**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, March 17, 2012 2:37 PM  
**To:** HLTtestimony  
**Cc:** feathers03@me.com  
**Subject:** Testimony for SB2208 on 3/20/2012 9:00:00 AM

Testimony for HLT 3/20/2012 9:00:00 AM SB2208

Conference room: 329  
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: 3/17/2012

Comments:



## **morikawa2 - Grant**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, March 17, 2012 6:30 PM  
**To:** HLTtestimony  
**Cc:** mmmmahalo2000@aol.com  
**Subject:** Testimony for SB2208 on 3/20/2012 9:00:00 AM

Testimony for HLT 3/20/2012 9:00:00 AM SB2208

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Mike moran  
Organization: Individual  
E-mail: [mmmmahalo2000@aol.com](mailto:mmmmahalo2000@aol.com)  
Submitted on: 3/17/2012

**Comments:**

It has become obvoious the extreem need for spay/neuter clinics to control animal population, and a way to encourage the poorer segment of our population is to make it afffordable. Let's pass this & offer one more tool in this ongoing effort.

**morikawa2 - Grant**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, March 17, 2012 6:37 PM  
**To:** HLTtestimony  
**Cc:** rosemarykarlsson@gmail.com  
**Subject:** Testimony for SB2208 on 3/20/2012 9:00:00 AM

Testimony for HLT 3/20/2012 9:00:00 AM SB2208

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Rosemary Karlsson  
Organization: Individual  
E-mail: [rosemarykarlsson@gmail.com](mailto:rosemarykarlsson@gmail.com)  
Submitted on: 3/17/2012

Comments:  
Any way to get funding for spay/neuter will save the taxpayers in the long run.