

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 2534, S.D. 1

February 29, 2012

RELATING TO PUBLIC SCHOOL FACILITIES

Senate Bill No. 2534, S.D. 1, establishes the school facilities special fund and requires income generated by the public land development corporation from public school lands to be deposited into the school facilities special fund for the purpose of new construction, upgrades, and repairs and maintenance of public facilities.

The Department of Budget and Finance takes no position on the impact of the expanded use of funds from the Hawaii Public Land Development Revolving Fund; however, as a matter of general policy, the department 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. 2534, S.D. 1, it is difficult to determine if the new fund meets the requirements of a special fund.