

LATE

WRITTEN ONLY

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. 699, S.D. 1

February 25, 2011

RELATING TO THE OFFICE OF ENVIRONMENTAL QUALITY CONTROL

Senate Bill No. 699, S.D. 1, establishes the Environmental Review Special Fund to help fund the activities of the Office of Environmental Quality Control. The special fund would receive revenues from filing fees and other administrative fees collected by the office, interest accrued from the special fund, and moneys appropriated to the special fund by the Legislature.

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 37-53, 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 Senate Bill No. 699, S.D. 1, it is difficult to determine whether the Environmental Review Special Fund would be financially self-sustaining.



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February 25, 2011

Senator David Ige, Chair and Senator Michelle Kidani, Vice Chair
Committee on Ways and Means

Opposition and Comments to SB 699, SD1 Relating to the Office of Environmental Control (Creates a special fund for OEQC and establishes filing fees.)

Thursday, February 25, 2011 at 9:00 a.m. in CR 211

My name is David Arakawa, and I am the Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable and rational land use planning, legislation and regulation.

We appreciate the opportunity to provide our testimony regarding **SB 699, SD1** which proposes to create an Environmental Review Special Fund (ERSF) for the Office of Environmental Quality Control (OEQC) and also proposes to establish filing fees, exemptions from filing fees and uses relating to the ERSF. LURF's position is as follows:

- **LURF believes that this bill is well-intended and supports the concept and purposes of the ERSF,**
- **However, LURF opposes SB 699, SD1 based on what appears to be the arbitrary fee schedule for review of environmental documents and the list for waiver of fees.**
- **We respectfully recommend that the issue of fees, waivers and the use of funding be addressed by a Resolution which establishes a Working Group of stakeholders in the environmental review process to make recommendations regarding the ERSF.**
- **LURF is willing to cooperate with the introducers of SB 699, SD1 to work toward a reasonable fee schedule, exemption or reduced fee list, priorities for use of ERSP funds that will assist OEQC in its mission.**

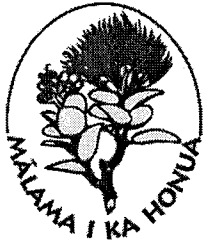
SB 699, SD1. This bill is proposing to create a special fund to assist the activities of OEQC, with part of the revenue from the implementation of filing fees. The fund will be called the environment review special fund which shall be deposited: all filing fees and other administrative fees collected by the office; (2) Moneys collected pursuant to section 341-B; (3) All accrued interest from the special fund; and (4) Moneys appropriated to the special fund by the legislature. The proposed interim fee schedule, for state and county agencies are as

follows: (1) \$1,500 for a draft environmental assessment; (2) \$1,000 for a final environmental assessment; (3) \$500 for an environmental impact statement publication notice; (4) \$4,000 for a draft environmental impact statement; (5) \$3,000 for a final environmental impact statement; (6) \$500 for any supplemental environmental assessment; and (7) \$1,000 for any supplemental environmental impact statement. The bill also provides for a waiver criteria.

IMPORTANT QUESTIONS. Individual and groups who always claim to be acting in the public interest, always demand public involvement in public decision-making. Thus, the following are some questions which we believe should be answered before the ERSF is established.

- Who determined the fees, exemptions and uses of the funds?
- What specific facts and empirical data were considered in determining the setting of the fees, exemptions and uses for the funds
- What were the assumptions and analysis that went into the setting of the fees, exemptions and use of funds?
- Was there public consultation with stakeholders in the environmental review process, such as landowners, developers and others who will be required to pay the fees; professional firms and trade organizations which prepare environmental review documents?
- Can be ERSF be “raided” by the State Administration to balance its budget? If the funds are raided, does that mean that the proposed “uses” of the ERSF will not be fulfilled?

CONCLUSION. Based on the foregoing reasons, LURF is in **opposition of SB 699, SD1** and we respectfully request that this **Committee hold this bill until a Working Group can be formed to provide recommendations relating to the ERSF and fees.** We greatly appreciate the opportunity to present our testimony regarding this matter.



Sierra Club Hawai'i Chapter

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LATE

SENATE COMMITTEE ON WAYS AND MEANS

February 25, 2011, 9:00 A.M.
(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 699 SD1

Chair Ige and members of the Committee:

The Sierra Club, Hawaii Chapter, with 8000 dues paying members and supporters statewide, **supports** SB 699. This measure implements the recommendation to establish a special fund to support the Office of Environmental Quality Control from the Environmental Review Working Group.

Last year, this Committee assembled the Environmental Review Working Group, which brought together a wide range of stakeholders to evaluate and recommend approaches to improve Hawai'i's environmental review process. Despite the diversity of viewpoints -- representing business, agencies, and environmental nonprofits -- there was unanimous agreement that the Office of Environmental Quality Control needed basic reforms and funding to adequately function. Ensuring the agency has access to appropriate resources benefits everyone, whether they be developer or conservationist.

The proposal presented before you is the work of several weeks of discussions and compromise. We believe it important to keep this recommendation largely intact, particularly the agreement that this fund would supplement OEQC's budget and not replace it.

We respectfully ask this Committee to move this bill forward. Mahalo for the opportunity to testify.