

# LATE TESTIMONY

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON ECONOMIC REVITALIZATION & BUSINESS  
ON  
SENATE BILL NO. 752, S.D. 2

March 22, 2011

## RELATING TO ECONOMIC DEVELOPMENT

Senate Bill No. 752, S.D. 2, expands the use of the Hawaii Community-Based Economic Development Revolving fund into which revenues from: 1) the repayment and the interest on loans to community-based economic development enterprises and 2) fees from workshops and conferences are deposited, to include the funding of: 1) the Community-Based Economic Development Advisory Council and 2) the operational expenses of the Community-Based Development Technical and Financial Assistance and Enterprise Zone program.

The department recognizes the benefit of user fees to offset operational expenses and costs. As a matter of general policy, the Department of Budget and Finance expects any revolving fund would meet the requirements of Section 37-52.4 of the Hawaii Revised Statutes: 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. 752, S.D. 2, it is difficult to determine whether there is a clear nexus between the benefits sought and the charges made upon the users or beneficiaries of the program and whether the fund will be self-sustaining.