

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1342, H.D. 1

February 20, 2013

RELATING TO DEBT COLLECTION

House Bill No. 1342, H.D. 1, establishes the Civil Recoveries Fund into which is deposited an unspecified percent of any moneys collected by the Attorney General for any Executive department which has turned over delinquent accounts for collection and appropriations by the Legislature. The fund shall be used for expenditures relating to the collection of delinquent accounts of Executive departments.

While it is difficult to determine what type of fund is proposed to be established, 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 37-52.3 of the HRS. 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 House Bill No. 1342, H.D. 1, it is difficult to determine whether the fund will be self-sustaining. In addition, the bill does not make an appropriation to allow the Department of the Attorney General to expend the funds to support the Civil Recoveries Fund and it is unclear on the transfer for the remaining moneys collected.

We encourage the Legislature to scrutinize the fiscal and operational plan for this program to ensure that it does conform to the requirements of Section 37-52.3, HRS.