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GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

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**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the Senate Committee on
WAYS AND MEANS**

**Monday, April 1, 2016
1:30 PM
State Capitol, Conference Room 211**

**In consideration of
HOUSE BILL 545, HOUSE DRAFT 1, SENATE DRAFT 1, Proposed SENATE DRAFT 2
RELATING TO FUNDS**

House Bill 545, House Draft 1, Senate Draft 1, Proposed Senate Draft 2 proposes to transfer \$300,000 from the Bureau of Conveyances Special Fund to the Hawaii Historic Preservation Special Fund. **The Department of Land and Natural Resources (Department) strongly supports this bill and provides the following comments.**

- The Bureau of Conveyances Special Fund has at least \$300,000 in available funds.
- The State Historic Preservation Division remains designated a “High Risk” recipient of Federal Grant funds. It is still working to resolve the National Park Service’s Corrective Action Plan.
- The sole substantive requirement of the Corrective Action Plan that must be resolved is the creation of an Integrated Data Management System.
- The Department estimates that completion of the Integrated Data Management System will cost at least \$1,000,000.
- At current appropriation levels the Department estimates that it will take at least until Fiscal Year 2021-2022 to complete development and full implementation of the Integrated Data Management System.

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

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FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

- House Bill 545, House Draft 1, Senate Draft 1, Proposed Senate Draft 2 would transfer \$300,000 from the Bureau of Conveyances Special Fund to the Hawaii Historic Preservation Special Fund to fund work on the National Park Service mandated Integrated Data Management System.
- Transfer of these funds will significantly reduce the length of time it will take to complete the development and implementation of the Historic Preservation Integrated Data Management System.

Thank you for your consideration of this testimony.

TAX FOUNDATION OF HAWAII

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SUBJECT: MISCELLANEOUS, Raid on Bureau of Conveyances Special Fund

BILL NUMBER: HB 545, Proposed SD-2

INTRODUCED BY: Senate Committee on Ways and Means

EXECUTIVE SUMMARY: This measure raids one special fund to prop up another one. This calls in to question the validity of or circumstances surrounding both of the special funds involved.

BRIEF SUMMARY: Makes findings that there is in the Bureau of Conveyances Special Fund at least \$300,000 in excess of the requirements of the fund. Proposes to transfer \$300,000 from the Bureau of Conveyances Special Fund to the Hawaii Historic Preservation Special Fund, which will then be appropriated for the integrated information management system and document digitization of the State historic preservation division.

EFFECTIVE DATE: June 29, 2016.

STAFF COMMENTS: This measure raids one special fund to prop up another one.

The 1989 Tax Review Commission noted that use of special fund financing is a “departure from Hawaii’s sound fiscal policies and should be avoided.” It also noted that special funds are appropriate where the revenues to the funds maintain some direct connection between a public service and the beneficiary of that service. The Commission found that special funds which merely set aside general funds cannot be justified as such actions restrict budget flexibility, create inefficiencies, and lessen accountability. It recommended that such programs can be given priority under the normal budget process without having to resort to this type of financing.

As a result of the recent spotlight of monies in special funds, Act 130, SLH 2013, requires the State Auditor to review all existing special, revolving, and trust funds beginning in 2014 and every five years which assists in making government finances more transparent.

The action proposed to be taken by this bill – namely raiding the Bureau of Conveyances Special Fund and transferring the money to the Hawaii Historic Preservation Special Fund – indicates that the fees and charges that are deposited into the Bureau of Conveyances Special Fund may be too high.

In addition, the Hawaii Historic Preservation Special Fund should be examined to determine if it is consistent with special fund criteria (HRS section 37-52.3), one of which is the capacity to be financially self-sustaining.

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From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: tabraham08@gmail.com
Subject: *Submitted testimony for HB545 on Apr 1, 2016 13:30PM*
Date: Tuesday, March 29, 2016 5:29:36 PM

HB545

Submitted on: 3/29/2016

Testimony for WAM on Apr 1, 2016 13:30PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Abraham	Individual	Support	No

Comments:

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