

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 749

March 5, 2015

RELATING TO THE ENVIRONMENT

House Bill No. 749 imposes an unspecified beach clean-up cigarette fee per cigarette sold, used or possessed on wholesalers and dealers and establishes the Beach Clean-Up Special Fund within the Department of Health (DOH).

While the Department of Budget and Finance does not take any position on the policy of environmental programs, as a matter of general policy, the department does not support the creation of special funds which do not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provides an appropriate means of financing for the program or activity; and 4) demonstrates the capacity to be financially self-sustaining. In regards to this bill, it is difficult to determine whether the special fund meets the criteria to establish a special fund. In addition, the bill does not make an appropriation to allow DOH to expend the funds within the Beach Clean-Up Special Fund.