

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON ECONOMIC DEVELOPMENT AND
TECHNOLOGY AND
TOURISM AND INTERNATIONAL AFFAIRS
ON
SENATE BILL NO. 1288

February 6, 2015

RELATING TO BUSINESS

Senate Bill No. 1288 establishes the Hawaii Pacific Small Business Consortium within the Department of Business, Economic Development and Tourism (DBEDT), creates the Hawaii Pacific Small Business Consortium special fund, and appropriates \$10,000,000 in general funds for FY 16 and \$3,000,000 in general funds for FY 17 for the Hawaii Pacific Small Business Consortium.

The Department of Budget and Finance (B&F) defers to DBEDT regarding the merits of the bill; however, as a matter of general policy, B&F 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 Senate Bill No. 1288, it is difficult to determine whether the fund will be self-sustaining.

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