

HB1654

Measure Title: RELATING TO NON-GENERAL FUNDS.
Report Title: Repeal of Non-General Funds; DLIR; Transfer of Balance
Description: Abolishes the office of community services special fund of the Department of Labor and Industrial Relations and transfers unencumbered balance to the general fund.
Companion:
Package: None
Current Referral: LBR, WAM
Introducer(s): LUKE, CULLEN

<u>Sort by</u> <u>Date</u>		Status Text
1/11/2018	H	Prefiled.
1/17/2018	H	Introduced and Pass First Reading
1/17/2018	H	Referred to LAB, FIN, referral sheet 3
1/25/2018	H	Bill scheduled to be heard by LAB on Tuesday, 01-30-18 9:30AM in House conference room 309.
1/30/2018	H	The committees on LAB recommend that the measure be PASSED, UNAMENDED. The votes were as follows: 7 Ayes: Representative(s) Johanson, Holt, Evans, Ichiyama, Keohokalole, Yamashita, Matsumoto; Ayes with reservations: none; Noes: none; and Excused: none.
2/6/2018	H	Reported from LAB (Stand. Com. Rep. No. 71-18), recommending passage on Second Reading and referral to FIN.
2/6/2018	H	Passed Second Reading and referred to the committee(s) on FIN with none voting aye with reservations; none voting no (0) and Representative(s) Har, Kong, Souki excused (3).
2/16/2018	H	Bill scheduled to be heard by FIN on Wednesday, 02-21-18 2:00PM in House conference room 308.
2/21/2018	H	The committees on FIN recommend that the measure be PASSED, UNAMENDED. The votes were as follows: 13 Ayes: Representative(s) Luke, Cullen, Cachola, DeCoite, Fukumoto, Gates, Holt, Kobayashi, Lowen, Nakamura, Todd, Yamashita, Ward; Ayes with reservations: none; Noes: none; and 2 Excused: Representative(s) Keohokalole, Tupola.
3/1/2018	H	Reported from FIN (Stand. Com. Rep. No. 827-18), recommending passage on Third Reading.
3/1/2018	H	Passed Third Reading with none voting aye with reservations; none voting no (0) and Representative(s) McKelvey, Yamane excused (2). Transmitted to Senate.
3/2/2018	S	Received from House (Hse. Com. No. 50).
3/2/2018	S	Passed First Reading.
3/6/2018	S	Referred to LBR, WAM.
3/9/2018	S	The committee(s) on LBR has scheduled a public hearing on 03-13-18 3:00PM in conference room 229.

S = Senate | **H** = House | **D** = Data Systems | **\$** = Appropriation measure | **ConAm** = Constitutional Amendment

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HB1654

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March 9, 2018

To: The Honorable Jill N. Tokuda, Chair,
The Honorable J. Kalani English, Vice Chair, and
Members of the Senate Committee on Labor

Date: Tuesday, March 13, 2018
Time: 3:00 p.m.
Place: Conference Room 229, State Capitol

From: Leonard Hoshijo, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 1654 RELATING TO NON-GENERAL FUNDS

This proposal abolishes the Office of Community Services Special Fund in DLIR and transfers the unencumbered balance to the general fund. The Department supports this measure as the Office of Community Services (OCS) no longer needs the account.

DLIR concurs with the State Auditor's recommendation that this special fund does not meet the criteria for continuance as a special fund and supports OCS's effort to eliminate the fund and transfer the remaining moneys to the General Fund. The Department's supplemental budget requests include an elimination of the fund and transfer of the funds to the general fund.

TAX FOUNDATION OF HAWAII

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SUBJECT: MISCELLANEOUS, Repeal non-general funds

BILL NUMBER: HB 1654

INTRODUCED BY: LUKE, CULLEN

SYNOPSIS: Repeals the office of community services special fund, in accordance with the State Auditor's recommendation in Report No. 17-12.

EFFECTIVE DATE: July 1, 2018.

STAFF COMMENTS: This measure implements the state auditor's recommendation in Report No. 17-12 that reviewed special funds, revolving funds, trust funds, and trust accounts of the state.

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.

Because of the spotlight of monies in special funds, Hawaii Revised Statutes section 23-12 requires the State Auditor to review all existing special, revolving, and trust funds beginning in 2014 and at five-year intervals. This review assists in making government finances more transparent.

Digested 1/26/2018