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**STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE**

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BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**

TESTIMONY BY LAUREL A. JOHNSTON  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NO. 2839, S.D. 1

**February 21, 2018  
10:08 a.m.  
Room 211**

**LATE**

RELATING TO AGRICULTURAL ENTERPRISES

Senate Bill No. 2839, S.D. 1: establishes a new Agricultural Enterprise Program (AEP) within the Department of Agriculture (DOA) to plan, design, construct, operate, manage, maintain, repair, demolish and remove infrastructure on any lands under the jurisdiction of the DOA to support and promote agriculture; creates two new positions to implement the AEP; establishes the Agricultural Enterprise Special Fund (AESF); appropriates \$1,000,000 in general funds in FY 19 to be deposited into the AESF; and appropriates \$1,000,000 in special funds in FY 19 in the AESF to carry out the purposes of this Act.

While the Department of Budget and Finance takes no position on the AEP, as a matter of general policy, the department does not support the creation of any special fund which does 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) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to Senate Bill No. 2839, S.D. 1, it is difficult to determine whether the proposed special fund would be self-sustaining.

Thank you for your consideration of our comments.

**LATE**

**SB-2839-SD-1**

Submitted on: 2/20/2018 1:42:40 PM

Testimony for WAM on 2/21/2018 10:08:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dale Sandlin	Testifying for Hawaii Cattlemens Council	Support	Yes

Comments:

**SB-2839-SD-1**

Submitted on: 2/20/2018 9:44:08 PM

Testimony for WAM on 2/21/2018 10:08:00 AM

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Rachel L. Kailianu	Testifying for Ho`omana Pono, LLC	Support	Yes

Comments: