

March 12, 2019

VIA EMAIL

The Honorable Ronald D. Kouchi
Senate President
415 South Beretania Street
Hawaii State Capitol, Room 409
Honolulu, Hawaii 96813

VIA EMAIL

The Honorable Scott K. Saiki
Speaker, House of Representatives
415 South Beretania Street
Hawaii State Capitol, Room 431
Honolulu, Hawaii 96813

Re: Analyses of Proposed Special and Revolving Funds 2019, Report No. 19-10

Dear President Kouchi and Speaker Saiki:

Pursuant to Section 23-11, Hawaii Revised Statutes, the Office of the Auditor reviewed 98 Senate and House bills from the 2019 legislative session proposing 80 new special and revolving funds. We previously transmitted our analysis of each proposed fund to the respective committees to which the bill establishing the fund was referred. For your information, we are attaching a copy of the report compiling our analyses of new special and revolving funds proposed by 2019 legislative bills. The report and summary have also been uploaded to the Legislature's web-based application.

The report and summary are also accessible through the Office of the Auditor's website at:

<http://files.hawaii.gov/auditor/Reports/2019/19-10.pdf>;

and

<http://files.hawaii.gov/auditor/Overviews/2019/19-10AuditorSummary.pdf>.

If you or other Legislators would like a printed version of the report, please let me know.

Very truly yours,

Leslie H. Kondo
State Auditor

LHK:emo

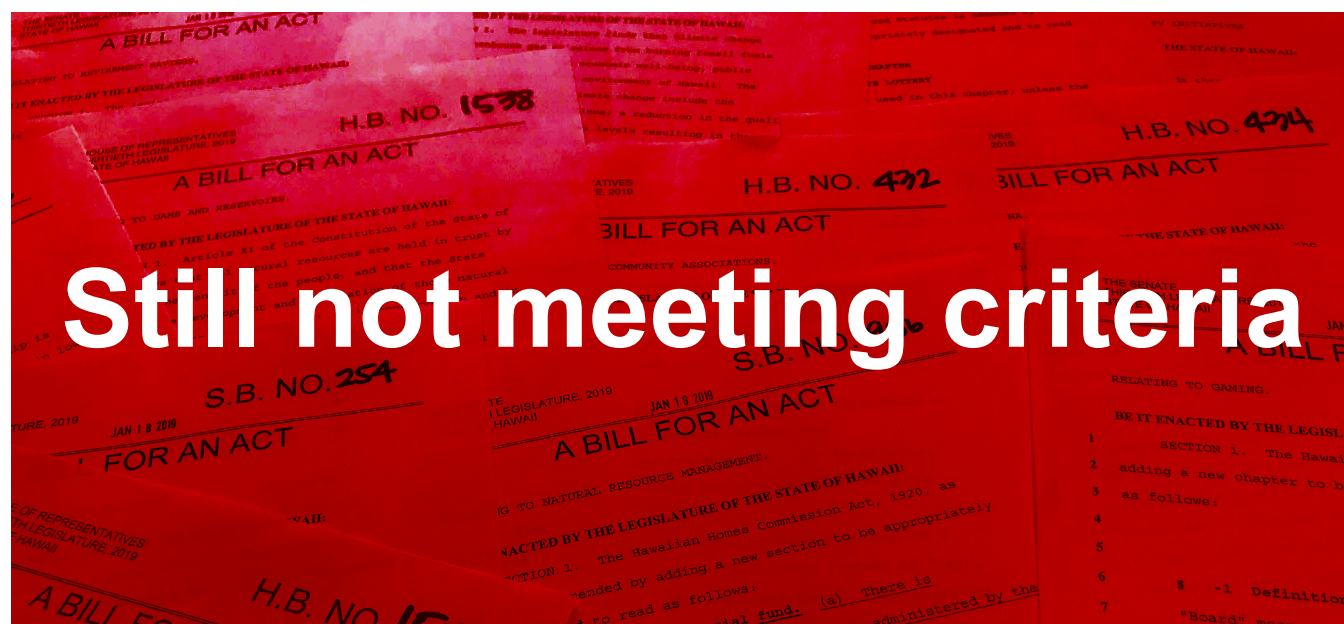
Attachments

ec/attach: Senators
Representatives
Carol Taniguchi, Senate Chief Clerk
Brian Takeshita, House Chief Clerk

Auditor's Summary

Overview of Proposed Special and Revolving Fund Analyses

Report No. 19-10

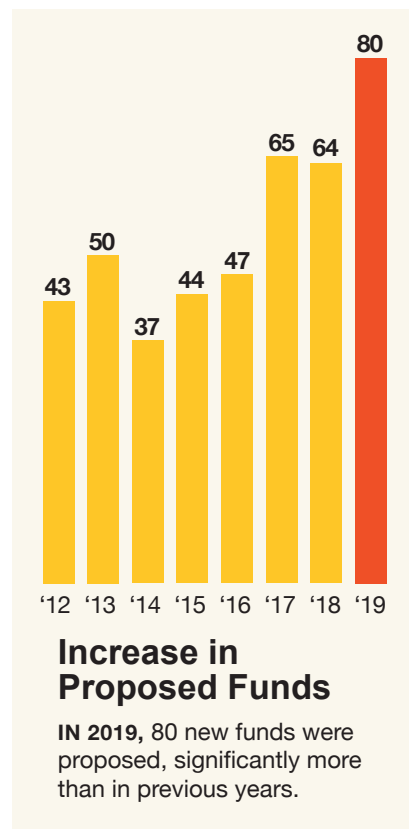


Eighty funds proposed in 2019 did not meet criteria

We reviewed 98 House and Senate bills proposing 80 special and revolving funds during the 2019 legislative session of which none met criteria.

ONLY ABOUT HALF OF THE MONEY the State spends each year comes from its main financial account, the general fund. The other half of expenditures are financed by special, revolving, federal, and trust funds. Over the past ten years, the number of these non-general funds and the amount of money contained in them have substantially increased. Much of this upward trend has been caused by an increase in special funds, which are funds set aside by law for a specified object or purpose.

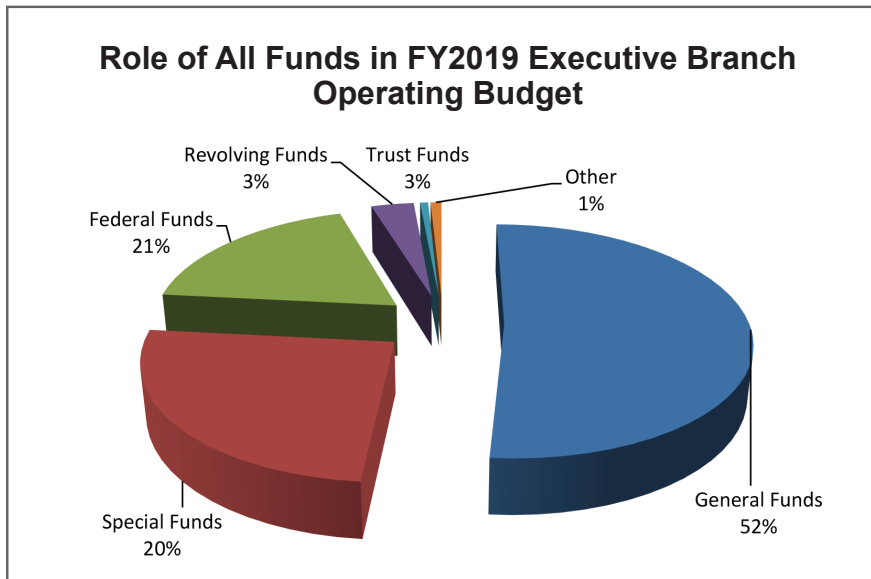
In 2013, the Legislature amended Section 23-11, Hawai'i Revised Statutes, (HRS), after the Auditor recommended changes to stem a trend in the proliferation of special and revolving funds over the past 30 years. Such funds erode the Legislature's ability to control the State budget through the general fund appropriation process. General funds, which made up about two-thirds of State operating budget outlays in the late 1980s, had dwindled to about half of outlays.



By 2011, special funds amounted to \$2.48 billion, or 24.3 percent, of the State’s \$10.2 billion operating budget. Also ballooning were revolving funds, which are used to pay for goods and services and are replenished through charges to users of the goods and services or transfers from other accounts or funds. By 2011, revolving funds made up \$384.2 million, or 3.8 percent, of the State’s operating budget.

Further hampering the Legislature’s control over the budget process was a 2008 court case. In *Hawai‘i Insurers Council v. Linda Lingle*, Governor of the State of Hawai‘i, the Hawai‘i Supreme Court determined that under only certain conditions could the Legislature “raid” special funds to balance the State budget. In 2013, in order to gain more control over the budget process, the Legislature built new safeguards into the criteria for establishing special funds.

Despite the new criteria, special and revolving funds persist: in FY2019, the general fund comprised 52 percent of the State operating budget, with special and revolving funds comprising 23 percent or \$3.29 billion.



The Issue

NON-GENERAL FUNDS, such as special, revolving, federal, and trust funds, exist outside the State’s main financial account, the general fund. Since FY2008, the number of non-general funds and the amount of money contained in them have substantially increased. In FY2019, non-general funds accounted for about half of the State’s \$14.3 billion operating budget, an increase of 22 percent from FY2008. This proliferation of non-general funds has hampered the Legislature’s ability to direct general fund spending.

The Criteria

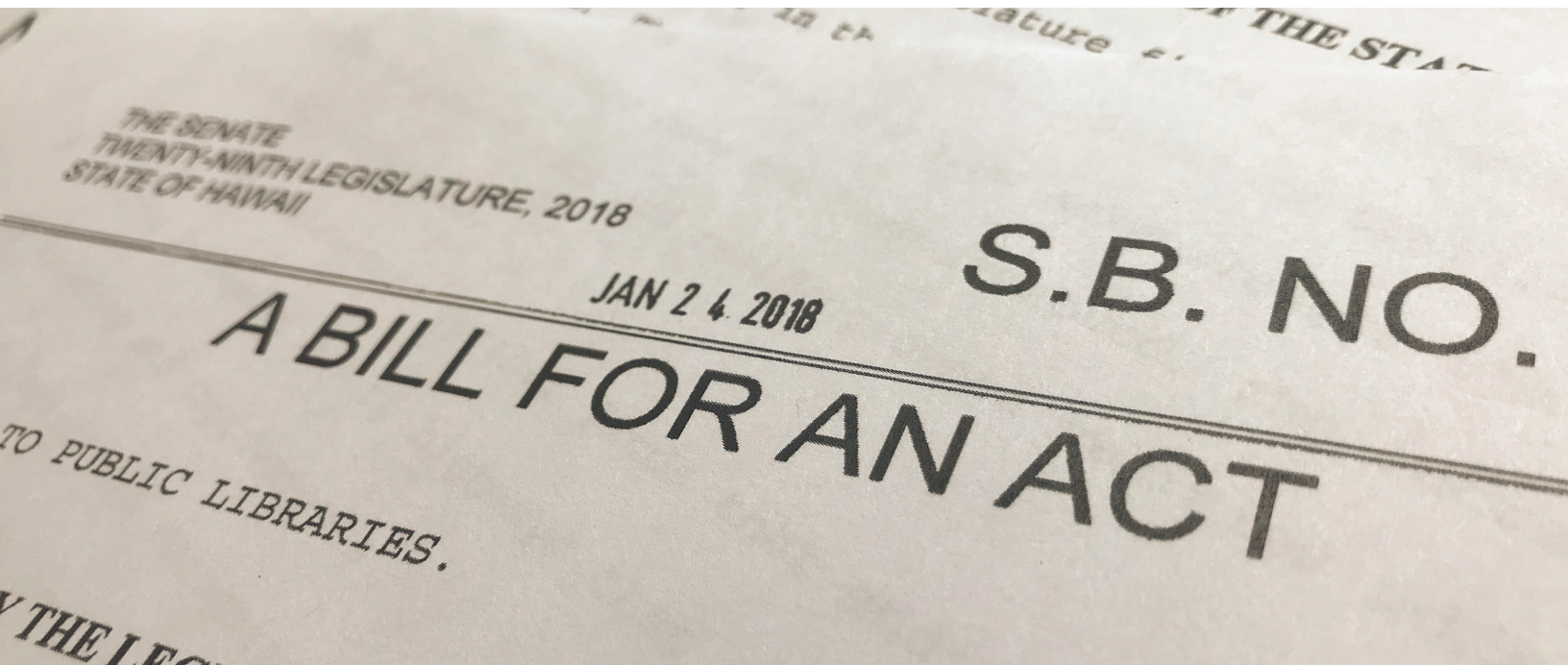
SECTION 23-11, HRS, requires the Auditor to analyze all bills proposing to establish new special or revolving funds according to the following criteria:

1. The need for the fund, as demonstrated by:
 - The purpose of the program to be supported by the fund;
 - The scope of the program, including financial information on fees to be charged, sources of projected revenue, and costs; and
 - An explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and charges made upon the program users or beneficiaries or a clear link between the program and the sources of revenue, as opposed to serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

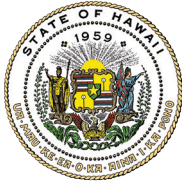
Analyses of Proposed Special and Revolving Funds 2019

Section 23-11, Hawai'i Revised Statutes, requires the Auditor to submit no later than 30 days prior to the end of the legislative session an analysis of each new special or revolving fund proposed by legislative bills.

Report No. 19-10
March 2019



OFFICE OF THE AUDITOR
STATE OF HAWAII



OFFICE OF THE AUDITOR STATE OF HAWAII

Constitutional Mandate

Pursuant to Article VII, Section 10 of the Hawai'i State Constitution, the Office of the Auditor shall conduct post-audits of the transactions, accounts, programs and performance of all departments, offices and agencies of the State and its political subdivisions.

The Auditor's position was established to help eliminate waste and inefficiency in government, provide the Legislature with a check against the powers of the executive branch, and ensure that public funds are expended according to legislative intent.

Hawai'i Revised Statutes, Chapter 23, gives the Auditor broad powers to examine all books, records, files, papers and documents, and financial affairs of every agency. The Auditor also has the authority to summon people to produce records and answer questions under oath.

Our Mission

To improve government through independent and objective analyses.

We provide independent, objective, and meaningful answers to questions about government performance. Our aim is to hold agencies accountable for their policy implementation, program management and expenditure of public funds.

Our Work

We conduct performance audits (also called management or operations audits), which examine the efficiency and effectiveness of government programs or agencies, as well as financial audits, which attest to the fairness of financial statements of the State and its agencies.

Additionally, we perform procurement audits, sunrise analyses and sunset evaluations of proposed regulatory programs, analyses of proposals to mandate health insurance benefits, analyses of proposed special and revolving funds, analyses of existing special, revolving and trust funds, and special studies requested by the Legislature.

We report our findings and make recommendations to the Governor and the Legislature to help them make informed decisions.

For more information on the Office of the Auditor, visit our website:
<http://auditor.hawaii.gov>

Foreword

This report compiles our analyses of new special and revolving funds proposed by 2019 legislative bills. The analyses were prepared in accordance with Section 23-11, Hawai‘i Revised Statutes, which requires the Auditor to analyze all legislative bills introduced each session that propose to establish new special or revolving funds. We previously transmitted our analysis of specific proposed funds to the committee or committees to which the bill establishing the fund was referred. Our work was performed from January to February 2019.

Leslie H. Kondo
State Auditor



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Affordable Housing Infrastructure Revolving Fund

S.B. No. 515

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Affordable Housing Infrastructure Revolving Fund, to be administered by the Hawai'i Housing Finance and Development Corporation (Corporation), to support the Hawai'i State Infrastructure Bank. Proposed revenues for the fund are from federal, state, or private grants; all interest or other returns on the investment of moneys in the revolving fund; and all payments of principal and interest credited as repayment of loans and other financial assistance provided from the fund. Moneys in the fund will be used to provide assistance to public and private entities for the acquisition, improvement, or construction of affordable housing in the State, and to pay for the costs incurred by the State and the Corporation in the performance of its duties. A similar fund was proposed in S.B. No. 2560 during the 2018 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenues sources and expenses for the fund are identified, detailed financial information was not provided.

Nexus or linkage

Nexus or linkage exists between activities and payments of principal and interest as repayments of loans and other financial assistance. However, it is unclear whether nexus or linkage exists between activities and federal, state, or private grants.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

There is no feasible alternative funding.

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Affordable Housing Revolving Fund

S.B. No. 363

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Affordable Housing Revolving Fund to be administered by the Hawai'i Housing and Finance Development Corporation of the Department of Business, Economic Development and Tourism. Proposed revenues for the fund are from general appropriations made by the legislature; private contributions; repayment or payment of loans, interest, fees, premiums, and charges from community development financial institutions; other returns; and money from other sources. This bill also proposes that \$25,000,000 of general funds be appropriated into the fund for fiscal year 2019-2020 and the same sum for fiscal year 2020-2021. Moneys in the fund will be used to provide community development financial institutions with capital at a low-interest rate for the purposes of relending to developers of affordable housing projects serving households with an income at or below one hundred percent of the median area income. A similar fund was proposed in S.B. No. 2560 during the 2018 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenues and expenses for the fund are identified, detailed financial information was not provided.

Nexus or linkage

Nexus or linkage exists between the activities and repayment or payment of loans, interest, fees, premiums, charges from community development financial institutions; other returns; and legislative appropriations used as seed moneys. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

There is no feasible alternative funding.

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Agricultural Emergency Trust Fund

H.B. No. 450

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Agricultural Emergency Trust Fund to be administered by the Board of Agriculture (Board). If the Board determines that an adverse effect on Hawai‘i’s agricultural industry resulting from world conflict, terrorist threat, natural disaster, or outbreak of disease may result in substantial interruption of commerce and crop production to the State and adversely affect the welfare of the people of Hawai‘i, the Board shall submit a request to the Governor to declare an agricultural emergency. Upon declaration by the Governor that an agricultural emergency exists, the department shall develop and implement measures to respond to the agricultural emergency. Moneys in the fund will be used exclusively to provide for the implementation of emergency measures. Revenues for the fund are from legislative appropriations, gifts, grants, or other contributions, and all interest earned or accrued on monies in the fund. This bill also proposes an unspecified amount of general funds be appropriated into the fund for fiscal years 2019 to 2021.

Criteria

Although the Agricultural Emergency Trust Fund is identified as a trust fund, we have reviewed this fund because it is very similar to a special fund. We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenues and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the activities and gifts, grants, contributions, and interest earned on fund balance. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Agricultural Enterprise Special Fund

S.B. No. 1167 and H.B. No. 940

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the Agricultural Enterprise Special Fund and the agricultural enterprise program to be administered by the Department of Agriculture. The purpose of the program is to promote and support diversified agriculture and increase agricultural self-sufficiency. Proposed revenues for the fund are from legislative appropriations and all lease, rent, penalties, and other revenue or funds collected from agricultural enterprise lands and agricultural enterprises. Moneys in the fund will be used for planning, designing, constructing, operating, maintaining, managing, repairing, demolishing, and removing agricultural enterprise lands and agricultural enterprises. A similar fund was proposed in S.B. No. 2839 during the 2018 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenues and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between program and revenue collected from agricultural enterprise lands and agricultural enterprises. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Alcohol and Drug Abuse Division Special Fund

H.B. No. 434

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Alcohol and Drug Abuse Division Special Fund to be administered by the Department of Health. Proposed revenues for the fund are fines from non-criminal marijuana violations. Moneys in the fund will be used to support public education and awareness programs aimed at reducing the use of harmful drugs.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenues and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between activities and fines from non-criminal marijuana violations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for the program could be provided through direct general fund appropriations.

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ALOHA Homes Revolving Fund

S.B. 1 and H.B. No. 1141

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the ALOHA Homes Revolving Fund and the ALOHA Homes Program to be administered by the Hawai'i Housing Finance and Development Corporation. The purpose of the program is to facilitate the creation of low-cost leasehold homes for sale to Hawai'i residents on state-owned land near public transit stations. Revenues for the fund are from the sales of leasehold interest of ALOHA homes and other revenue sources, including but not limited to the leasing of commercial projects. These bills also propose that \$100,000 of general funds, or so much thereof as may be necessary, be appropriated into the fund for fiscal year 2020. Moneys in the fund will be used to support the program without appropriation or allotment of the legislature.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the ALOHA Homes Program. Although revenues for the fund are identified, detailed financial information regarding costs for the program was not provided. In addition, an explanation of why the ALOHA Homes Program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and the revenue received from the sales of leasehold interest of ALOHA homes and other revenue sources, including but not limited to the leasing of commercial projects.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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ALOHA Homes Revolving Fund

S.B. 400 and H.B. No. 479

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the ALOHA Homes Revolving Fund and the ALOHA Homes Authority, a body corporate and a public instrumentality of the State placed within the Department of Business, Economic Development and Tourism for administrative purposes. The mission of the authority shall be to provide low-cost, high density leasehold homes for sale to Hawai'i residents on state-owned lands within a one-half mile radius of a public transit station. Proposed revenues for the fund are from the sales of leasehold interest of ALOHA homes and other revenue sources, including but not limited to the leasing of commercial projects. These bills also propose that an unspecified amount of general funds be appropriated into the fund for fiscal years 2020 to 2021. Moneys in the fund will be used to support the authority.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenues and some expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and revenue received from the sales of leasehold interest of ALOHA homes and other revenue sources, including but not limited to the leasing of commercial projects.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for the program could be provided through direct general fund appropriations.

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Building Energy Efficiency Revolving Loan Fund

H.B. No. 1586

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Building Energy Efficiency Revolving Loan Fund to be administered by the proposed Department of Environment. The purpose of the fund is to provide low or no interest loans or other authorized financial assistance to eligible public, private and nonprofit borrowers to make energy efficiency improvements in buildings. Revenues for the fund are from federal, state, county, private, or other funding sources; moneys received as repayment of loans and interest payments; and any fees collected by the department under this section. Moneys from the fund will be used to provide low or no interest loans or other authorized financial assistance to eligible public, private, and nonprofit borrowers to make energy efficient improvements in buildings; cover administrative and legal costs of fund management; and management associated with individual loans.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenues and expenses for the fund are identified, detailed financial information was not provided.

Nexus or linkage

Nexus or linkage exists between the program and revenues from federal, state, county, private, or other funding sources; moneys received as repayment of loans and interest payments; and any fees collected by the department for this fund.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

There is no feasible alternative funding.

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Cannabis Regulation Special Fund

H.B. No. 1581

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Cannabis Regulation Special Fund to be administered by the Department of Health. Revenues for the fund are from the fees and fines collected from the cannabis establishments and a twelve percent (12%) excise tax on the sale or transfer of cannabis within the State of Hawaii. This bill also proposes that an unspecified amount of general funds be appropriated into the fund for fiscal year 2020. Moneys in the fund will be used to establish and regulate a system of cannabis establishments in the State, fund positions and operating costs authorized by the legislature, any other necessary expenditure consistent with the purposes this bill, infrastructure projects within each county, and grants to help develop small local farms.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although the purpose of the program to be supported by the fund and an explanation of why the program cannot be implemented successfully under the general fund appropriation process was provided and revenue and expenses for the fund are identified, detailed financial information was not provided.

Nexus or linkage

Nexus or linkage exists between the revenues collected and the distribution of those funds directly to the agency that regulates the funding source. However, it is unclear whether nexus or linkage exists between the distribution of the revenues for county infrastructure projects and for grants for small, local farms.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

No alternative funding sources have been identified.

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Carbon Offset Revolving Fund

H.B. No. 1407

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Carbon Offset Revolving Fund to be administered by the Office of Planning to support the Carbon Offset Program. The purpose of the program is to incentivize state agencies, private entities, and individuals to adopt practices that are more environmentally friendly and that result in reduced carbon emissions into the environment. Proposed revenues for the fund are from moneys received from state agencies to offset the emissions caused by air travel undertaken by state employees in performance of the employee's official duties; investment earning or other income received by carbon offsetting and public carbon offset projects within the State; any rebates, grants, or incentives associated with carbon offsetting and other sustainability measures; and appropriations from the legislature. This bill also proposes \$500,000 of general funds be appropriated into the fund for fiscal year 2019-2020, and the same amount in fiscal year 2020-2021. Moneys in the fund will be used to support the State's efforts to timely reach the zero emissions clean economy target, the Carbon Offset Program, sustainability initiatives projects and services, and related administrative costs.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenues and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between program and monies received from state agencies to offset the emissions caused by air travel undertaken by State employees in performance of the employee's official duties, investment earning or other income received by carbon offsetting and public carbon offset projects within the State, and any rebates, grants, or incentives associated with carbon offsetting and other sustainability measures. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Cesspool Compliance Grant Program Special Fund

S.B. No. 1370

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Cesspool Compliance Grant Program Special Fund and the Cesspool Compliance Grant Program, to be administered by the Department of Hawaiian Home Lands. The purpose of the program is to assist lessees in meeting the costs of upgrading or converting a cesspool located on Hawaiian home lands to a septic system or aerobic treatment unit system, or connecting a cesspool located on Hawaiian home lands to a sewerage system. Proposed revenues for the fund are from legislative appropriations. This bill also proposes that an unspecified amount of general funds be appropriated into the fund for fiscal year 2020. Moneys in the fund will be used to provide grants to lessees of Hawaiian home lands in an amount no greater than \$10,000 per property for the purposes of the program. A similar fund was proposed in S.B. No. 2717 and H.B. No. 1722 during the 2018 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenues and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Community Crosswalks Special Fund

H.B. No. 305

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Community Crosswalks Special Fund and the Community Crosswalks Pilot Program to be administered by the Department of Transportation. The purpose of the pilot program is to design and implement a specially painted crosswalk that represents a neighborhood's unique culture and promotes pedestrian safety. Proposed revenues for the fund are appropriations by the legislature, moneys withdrawn from the Safe Routes to School Program Special Fund, gifts, and other private funds. This bill also proposes that unspecified amount of general funds be appropriated into the fund for fiscal year 2020. Moneys in the fund will be used to design and implement a specially painted crosswalk within the Waipahu school complex area that represents the neighborhood's unique culture and promotes pedestrian safety. The fund shall be abolished on June 30, 2021, and all unencumbered balances shall lapse to the credit of the general fund.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenues and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between program and moneys withdrawn from the Safe Routes to School Program Special Fund. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through Safe Routes to School Program Special fund or direct general fund appropriations.

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Community Renewable Energy Special Fund

H.B. No. 1579

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Community Renewable Energy Special Fund to be administered by the Hawai'i State Energy Office of the Department of Business, Economic Development and Tourism. Proposed revenues for the fund are from a portion of the revenues from a proposed carbon tax; legislative appropriations; and gifts, donations, and grants from public agencies and private sources. This bill also proposes that an unspecified amount of general funds be appropriated into the fund for fiscal years 2019 to 2021. Moneys in the fund will be used to develop and implement community-owned and community controlled renewable energy that implements justice-based transitions to assist current electrical utility employees to retain employment in the renewable energy sector.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenues and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between program activities and the proposed carbon tax. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Compliance Resolution Fund

H.B. No. 432

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Compliance Resolution Fund to be administered by the Department of Commerce and Consumer Affairs. Proposed revenues for the fund are from fees to be determined by the director which are to be assessed to every person licensed under any chapter within the jurisdiction of the Department. Moneys in the fund will be used to train personnel as the director deems necessary and for any other activity related to compliance resolution.

Criteria

Although the Compliance Resolution Fund is identified in the bill as a fund, we have reviewed this fund because it is very similar to a special fund. We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenues and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between activities and fees assessed to every person licensed under any chapter within the jurisdiction of the Department of Commerce and Consumer Affairs.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Convention Center Emergency Special Fund

H.B. No. 911

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Convention Center Emergency Special Fund to be administered by the board of directors of the Hawai'i Tourism Authority. Revenues for the fund are from the transient accommodation tax in the amount of \$5,000,000 for fiscal years 2019-2020, 2020-2021, 2021-2022, and 2022-2023. Moneys in the fund will be used to facilitate the use of the convention center as a resource for the tourism industry in case of a natural disaster or other emergency. A similar fund was proposed in S.B. No. 2901 and H.B. No. 2010 during the 2018 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate that the fund is needed to support convention center emergencies. Although revenue sources for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the emergency response cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between Convention Center program and the transient accommodation tax revenue.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Convention Center Repair and Maintenance Special Fund

H.B. No. 911

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Convention Center Repair and Maintenance Special Fund to be administered by the board of directors of the Hawai'i Tourism Authority. Revenues for the fund are from a portion of the transient accommodation tax; appropriations by the legislature; investment earnings from moneys in the proposed convention center emergency special fund; gifts, grants and other funds accepted by the authority. The bill proposes that \$2,000,000 from the transient accommodation tax be allocated to the fund for fiscal years 2019-2020, 2020-2021, 2021-2022 and 2022-2023. Moneys in the fund will be used for repair and maintenance of the Hawai'i Convention Center. A similar fund was proposed in S.B. No. 2901 and H.B. No. 2010 during the 2018 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the repairs and maintenance of the Hawai'i Convention Center. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, support for the repair, maintenance, and improvements of the Hawai'i Convention Center is already provided by the Convention Center Enterprise Special Fund. There is no explanation of why the activities cannot continue to be supported by the Convention Center Enterprise Special Fund or with general fund appropriations.

Nexus or linkage

Nexus or linkage exists between the Hawai'i Convention Center and the transient accommodation tax.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for the repair, maintenance, and improvements of the Hawai'i Convention Center is already provided by the Convention Center Enterprise Special Fund or could be provided through direct general fund appropriations.

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Creative Media and Film Infrastructure Special Fund

H.B. No. 773

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to amend the Hawai‘i Television and Film Special Fund and create the Creative Media and Film Infrastructure Special Fund to be administered by the Department of Business, Economic Development and Tourism. The purpose of the fund is to expand funding sources of the fund to support the proposed Office of Creative Media Industries Hawaii. Revenues for the fund are from legislative appropriations, donations, contributions, grants and fees and charges from the rental and operation of the film studio, film processing and the film production income tax credit. This bill also proposes that a total of \$1,195,000 of general funds be appropriated for fiscal year 2019-2020 and the same amount for fiscal year 2020-2021. Moneys in the fund will be used for operations, repair and maintenance of the Hawai‘i film studio; support for the operations of the department’s film industry branch; programs and initiatives for creative media industry development; and programs that expand the skills of Hawai‘i’s resident workforce in the creative media and film industries. A similar fund was proposed in S.B. No. 905 and H.B. No. 1039 during the 2017 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between program and revenues from donations, contributions, grants and revenue, fees, and charges from the rental and operation of the film studio, processing of film permits, and processing of motion picture, digital media, and film production income tax credit. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Dam Rehabilitation Loan Revolving Fund

H.B. No. 1538

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Dam Rehabilitation Loan Revolving Fund and the Dam Rehabilitation Loan Program to be administered by the Board of Land and Natural Resources (Land Board). Proposed revenues for the fund are from appropriations by the legislature, funds from federal sources and revenue bonds authorized by the legislature, moneys received as repayment of loans and interest payments, and funds obtained through partnerships with any private or public bonding or loaning agency or organization. Moneys in the fund will be used to grant loans to dam owners to defray the costs of repairing dams or removal of a dam that the Land Board determines to be dangerous but are not in an emergency condition, and to reimburse the Land Board for emergency actions taken by the Department of Land and Natural Resources. It is noted that the proposed fund is consistent with recommendations made by the Model Law for State Supervision of Safety of Dams and Reservoirs, approved by the Association of State Dam Safety Officials Board of Directors on June 17, 2014.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenues and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between loans to dam owners and moneys received as repayment of loans and interest payments, federal funds, and revenue bonds authorized by the legislature, and funds obtained through partnerships with any private or public bonding or loaning agency or organization. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

There is no feasible alternative funding.

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Economic Development Revolving Fund

S.B. No. 990

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Economic Development Revolving Fund and the Economic Development Program to be administered by the Hawai'i Technology Development Corporation. The purpose of the program is to encourage economic development and diversification in Hawai'i through innovative actions in cooperation with private enterprises. Proposed revenues for the fund are from loan repayments, investment earnings, moneys received pursuant to venture agreements, royalties, premiums or fees, legislative appropriations, or moneys otherwise received in relation to the program. Moneys in the fund will be used to provide incentives to private investment activity, by co-investing public funds in private financial organizations to increase the impact of public investment.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided.

Nexus or linkage

Nexus or linkage exists between the program and legislative appropriations used as seed moneys, loan repayments, investment earnings, moneys received pursuant to venture agreements, royalties, premiums or fees, and moneys otherwise received in relation to the program.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

There is no feasible alternative funding.

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Education Innovation Grant Special Fund

H.B. No. 413

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Education Innovation Grant Special Fund and the Education Innovation Grant Program to be administered by the Department of Education. The purpose of the program is to award grants to support school-level innovations reflecting visionary and aspirational educational practices. Proposed revenues for the fund are from legislative appropriations and investment interest. This bill proposes that \$5,000,000 of general funds be appropriated into the fund for fiscal year 2019-2020 and the same amount for fiscal year 2020-2021. Moneys in the fund will be used to award grants to department schools or programs that reflect the Board of Education's guiding principles and that have the potential for knowledge transfer within the public-school system. A similar fund was proposed in H.B. No. 2473 during the 2014 legislative session.

Criteria

We used following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Education Special Fund

H.B. No. 936

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Education Special Fund to be administered by the Department of Education. Revenues to the fund will come from 30 percent of unclaimed prize moneys related to a proposed state lottery prize revolving fund. Moneys in the fund will be used to support public education. A similar fund was proposed in H.B. No. 449 during the 2017 legislative session and S.B. No. 2261 in the 2018 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage does not exist between the activities and revenue from a proposed state lottery.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for the activities could be provided through direct general fund appropriations.

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Electric Vehicle Charging Station Special Fund

H.B. No. 1579

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Electric Vehicle Charging Station Special Fund to be administered by the Department of Business, Economic Development and Tourism. Proposed revenues for the fund are from a portion of the revenues from the carbon tax; legislative appropriations; and gifts, donations, and grants from public agencies and private persons. This bill also proposes that an unspecified amount of general funds be appropriated into the fund for fiscal years 2019 to 2021. Moneys in the fund will be used to install and maintain electric vehicle charging stations in the State.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the activities and the carbon tax. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Electric Vehicle Charging System Rebate Program Special Fund H.B. No. 1585 Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Electric Vehicle Charging System Rebate Program Special Fund and the Electric Vehicle Charging System Rebate Program to be administered by the Department of Business, Economic Development and Tourism. The purpose of the program is to incentivize the installation or upgrade of an electric vehicle charging system. Proposed revenues for the fund are from a portion of the environmental, energy, and food security tax; appropriations from the legislature; and all interest attributable to investment of money deposited in the fund. Moneys in the fund will be used to make rebate program payments and for administrative costs for operating the program and the special fund.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between program and the environmental, energy, and food security tax and interest attributable to investment of money deposited into the fund. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Energy Efficiency in State Facilities Special Fund

H.B. No. 1579

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Energy Efficiency in State Facilities Special Fund to be administered by the Department of Accounting and General Services. Proposed revenues for the fund are from a portion of the revenues from the carbon tax; legislative appropriations; and gifts, donations, and grants from public agencies and private sources. This bill also proposes an unspecified amount of general funds be appropriated into the fund for fiscal years 2020 to 2021. Moneys in the fund will be used for retro-commissioning of public buildings or investments in the energy efficiency of State facilities.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the activities and the proposed carbon tax. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Energy Security Special Fund

H.B. No. 1586

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Energy Security Special Fund to be administered by the proposed Department of the Environment. The purpose of the fund is to support the Hawai'i Clean Energy Initiative program that in 2014, set the nation's first-ever clean energy goals of 100 percent renewable portfolio standards by 2045. Proposed revenues for the fund are from a portion of the environmental response, energy, and food security tax; legislative appropriations; all interest attributable to investment of money in the fund; and money from other sources. Moneys in the fund will be used to support staff positions and projects of the Hawai'i Clean Energy Initiative program, establish the position of renewable energy facilitator within the Department of Environment, fund greenhouse emission and climate change task forces, and provide grants-in-aid to the counties.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program's activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program's activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between program's activities and environmental response, energy, and food security tax and investment interest. However, nexus or linkage does not exist between the program's activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program's activities could be provided through direct general fund appropriations.

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Executive Office on Aging Administrative Claiming Special Fund

S.B. No. 1238 and H.B. No. 1012

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the Executive Office on Aging Administrative Claiming Special Fund to be administered by the Department of Health. The purpose of the fund is to enhance the drawdown of anticipated federal funds and provide additional money to expand services for kūpuna and individuals with disabilities who need long-term services and support. Revenues for the fund are from a percentage of State expenditures that can be reimbursed by the federal government to pay for administrative and program costs that are allowable for operating the aging and disabilities resource centers; legislative appropriations; and grants and gifts. Moneys in the fund will be used to provide support services for kūpuna and individuals with disabilities who need long-term services and support.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and reimbursements from the federal government; and gifts and grants. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Green Technology Development Special Fund

H.B. No. 1579

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Green Technology Development Special Fund and the Green Technology Program to be administered by the Hawai'i Technology Development Corporation. The purpose of the program is to assist Hawai'i-based businesses that are in the renewable energy, carbon neutral energy use, or green technologies fields to optimize and export research and development performed in Hawai'i. This bill also proposes an unspecified amount of general funds be appropriated into the fund for fiscal years 2020 to 2021. Moneys in the fund will be used by the program to support product development, technology transfer, and commercialization; provide capital to support accelerated commercialization activities for qualified Hawai'i-based businesses; provide capital to sustain high-potential infrastructure development to assist qualified Hawai'i-based businesses towards commercial success; and provide grants to help enable a qualified Hawai'i-based business achieve significant product development.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although expenses for the fund are identified, sources of revenues are not. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage does not exist as a source of revenue is not identified. Moreover, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Hale Kokua Special Fund

H.B. No. 1567

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Hale Kokua Special Fund and the Hale Kokua Project to be administered by the Department of Human Services. The Hale Kokua Project is a 15-year homeless assistance project to provide incentives and assistance to private property owners in the City and County of Honolulu who set aside existing dwelling units or construct new or improve existing dwelling units for the purpose of renting the unit to any family or individual classified as homeless. Revenues for the fund are from a percentage of the conveyance tax collected and allocated to the Hale Kokua Special Fund and moneys from other private or public source. Moneys in the fund will be used to support the project, including paying for incentives and assistance to private homeowners participating in the project, and the necessary administrative expenses of the project.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the project. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the project cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the project and the percentage of conveyance tax allocated to the fund.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this project could be provided through direct general fund appropriations.

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Hawai'i Aerospace Development Corporation Special Fund

S.B. No. 999

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Hawai'i Aerospace Development Corporation Special Fund and the Hawai'i Aerospace Development Corporation (Corporation) which will be administratively attached to the Department of Business, Economic Development, and Tourism. The fund will be administered by the Corporation. The purpose of Corporation is to grow investments and job opportunities in the aerospace industry and help develop a skilled workforce for the aerospace industry. The Office of Aerospace Development and Pacific International Space Center for Exploration Systems will be repealed under this bill, with all rights, powers, functions, and duties transferred to the Corporation. Revenues for the fund are from appropriations or other funds required to be deposited by law; and moneys, fees, and equity from tenants, qualified persons, or other users of the development of the Corporation's industrial parks, projects, other leased facilities, and other services and publications, provided that the total amount of moneys in the fund shall not exceed \$3,000,000 at the end of any fiscal year. Moneys in the fund will be used for the operation, maintenance, and management of its industrial parks, projects, facilities, services and publications, and to pay the expenses in administering special revenue bonds of the Corporation or in carrying out its project agreements. A similar fund was proposed in S.B. No. 2702 during the 2018 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between program and appropriations or other funds required to be deposited by law; and moneys, fees, and equity from tenants, qualified persons, or other users of the Corporation's industrial parks, projects, other leased facilities, and other services and publications.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Hawai'i Beach Preservation Revolving Fund

H.B. No. 1564

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Hawai'i Beach Preservation Revolving Fund and the Contingent Mortgage Financing Pilot Program to be administered by the Department of Land and Natural Resources. The purpose of the program is to provide a low-interest mortgage loan to any owner of a qualifying private residential shoreline property in an expected sea level rise hazard zone or erosion hazard zone, provided the owner relinquishes the shoreline property to the State and uses the mortgage loan offered to acquire or build a residential property mauka of expected sea level rise and erosion hazard zones. Revenues for the fund are from legislative appropriations; moneys received as repayment of loan and interest payments; fees collected by the program; gifts, donations and grants from any public or private entities; all interest earned or accrued on moneys deposited into the fund; and moneys paid to or allotted to the fund from other sources, including conveyance taxes collected on the sale of oceanfront property. This bill also proposes that an unspecified amount of general funds be appropriated into the fund for fiscal years 2020 to 2021. Moneys in the fund will be expended by the department to provide low-interest mortgage loans to owners of a qualifying private residential shoreline property in an expected sea level rise hazard zone or erosion hazard zone.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and loan repayments, loan fees, conveyance taxes collected on the sale of oceanfront property, and legislative appropriations used as seed moneys. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

No alternative funding sources have been identified.

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Hawai'i Gun Violence Prevention Center Special Fund

H.B. No. 1541

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Hawai'i Gun Violence Prevention Center Special Fund and the Hawai'i Gun Violence Prevention Center to be administered by the Department of the Attorney General. The center shall conduct research and analysis of gun-related violence and its prevention, assist law enforcement, and make recommendations for prevention of gun-related violence. Revenues for the fund are from appropriations made by the legislature; donations and contributions made by private individuals or organizations; and grants provided by governmental agencies or any other source. This bill also proposes that an unspecified amount of general funds be appropriated into the fund for fiscal years 2020 to 2021. Moneys in the fund will be used for planning, designing, implementing, and reporting on gun violence prevention policies; providing grants to the counties and nongovernmental organizations for gun violence prevention in projects; and administrative costs.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage does not exist between the program and donations and contributions made by private individuals or organizations, grants provided by governmental agencies or any other source, and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Hawai'i Innovation and Technology Corporation Revolving Fund S.B. 1365 Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Hawai'i Innovation and Technology Corporation Revolving Fund and to combine the resources, duties, and responsibilities of the Hawai'i Technology Development Corporation and the Hawai'i Strategic Development Corporation to establish a new entity to be known as the Hawai'i Innovation and Technology Corporation (Corporation). The fund is to be administered by the Corporation. The purposes of the Corporation are to promote, develop, and expand Hawai'i's innovation and technology industry; promote a more diverse economy that offers high quality, knowledge-based jobs; and develop policy and resource allocations to enable and support start-up companies, sustain existing companies and attract companies to relocate or establish offices in Hawai'i. Revenues for the fund are from appropriations by the legislature, repayments on loans, earnings on investments, funds received pursuant to venture agreements, royalties, and premiums or fees charged by the Corporation. This bill also proposes that an unspecified amount of general funds be appropriated into the fund for fiscal year 2020 to convert staff positions in the Hawai'i Technology Development Corporation to the Corporation and to convert the means of financing from special funds to general funds. Moneys in the fund will be used to pay for the general expenses and to carry out the purposes of the Corporation.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources are identified, detailed financial information was not provided.

Nexus or linkage

Nexus or linkage exists between the program and revenues from loan repayments, earnings on investments, funds received pursuant to a venture agreements, royalties, fees charged by the Corporation, and legislative appropriations used as seed moneys. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

There is no feasible alternative funding.

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Hawai'i Keiki: Healthy and Ready to Learn Special Fund

H.B. No. 250

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Hawai'i Keiki: Healthy and Ready to Learn Special Fund and the Hawai'i Keiki: Healthy and Ready to Learn Program to be administered by the Department of Education. The purpose of the program is to increase access and reimbursement for school-based wellness and health services. Revenues for the fund are from appropriations made by the legislature; federal or state grant funds; grant funds from private and nonprofit organizations; federal reimbursements for school-based health services; any interest that accrues upon the balance in the fund; and any other moneys designated for the fund. This bill also proposes that unspecified amount of general funds be appropriated into the fund for fiscal years 2020 to 2021. Moneys in the fund will be expended according to a memorandum of understanding between the department and the program to support program activities. A similar fund was proposed in S.B. No. 510 and H.B. No. 672 during the 2017 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and federal reimbursements for school-based health services and any interest that accrues upon the balance in the fund. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Hawai'i Retirement Savings Program Administrative Fund

S.B. Nos. 1028, 1049, 1374 and H.B. No. 470

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the Hawai'i Retirement Savings Program Administrative Fund and the Hawai'i retirement savings plan for private sector employees to be administered by either the proposed Hawai'i Retirement Savings Board or the Department of Budget and Finance. Proposed revenues for the fund are from interest collected by the plan; legislative appropriations; application, account, and administrative fees; and other moneys from the federal government, other state agencies, or local governments. S.B. No. 1374 will also provide that \$150,000 of general funds be appropriated into the fund for fiscal years 2020 and 2021. The other bills provide an unspecified amount of general funds be appropriated into the fund for fiscal years 2020 and 2021. Moneys in the fund will be used for administrative and operating expenses of the board and plan. A similar fund was proposed in S.B. No. 2333 during the 2018 legislative session.

Criteria

We have reviewed this fund because it is very similar to a special fund. We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the administration of the plan. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the administration of the plan cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the proposed board's activities and interest, fees and other moneys. However, nexus or linkage does not exist between the board's activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Hawai'i Three to Six Out-of-School Program Special Fund

S.B. No. 1515

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Hawai'i Three to Six Out-of-School Program Special Fund and the Hawai'i Three to Six Out-of-School Program to be administered by the Department of Education. The purpose of the program is to provide expanded access to after-school, weekend, and inter-session programs and allows the department to contract with private providers to furnish the program. Revenues for the fund are from legislative appropriations; fees collected from student participants in the program; and private funding sources. This bill also proposes that an unspecified amount of general funds be appropriated into the fund for fiscal years 2020 and 2021. Moneys in the fund will be used to support the program. A similar fund was proposed in S.B. No. 3099 and H.B. No. 2738 during the 2016 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between program and fees collected from student participants and private funding sources. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Hawai'i Zero-Emission Vehicle Infrastructure Special Fund

S.B. 996 and H.B. No. 1370

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the Hawai'i Zero-Emission Vehicle Infrastructure Special Fund and the Hawai'i Zero-Emission Vehicle Infrastructure Grant Program to be administered by the Department of Transportation. The purpose of the program is to promote the development of fueling infrastructure for zero-emission vehicles throughout the State and to facilitate and demonstrate financially sustainable business models for the infrastructure. Under H.B. 1370, revenues for the fund are from a proposed rental motor vehicle emissions surcharge tax. Under S.B. 996, revenues for the fund are from proposed fines for rental motor vehicle fleets that do not meet a proposed minimum requirement of zero-emission vehicles. Moneys in the fund will be used to develop, administer and market the program. A similar fund was proposed in S.B. No. 1187 and H.B. No. 1259 during the 2017 legislative session and H.B. Nos. 2213 and 2273 during the 2018 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between program and the proposed surcharge or fines.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

No alternate funding sources have been identified.

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Home Ownership Housing Revolving Fund

S.B. No. 468, S.B. No. 878, and H.B. No. 228

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the Home Ownership Housing Revolving Fund to be administered by the Hawai‘i Housing Finance and Development Corporation. The purpose of the fund is to provide loans or grants to be used for the development of affordable for-sale housing projects to facilitate greater home ownership opportunities for Hawai‘i residents. Revenues for the fund are from sums appropriated by the legislature, private contributions, repayment of loans, interest, other returns, and money from other sources. These bills also propose that an unspecified amount of general funds be appropriated into the fund for the fiscal year 2020. Moneys in the fund will be used to provide loans or grants for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of affordable for-sale housing units; and administrative expenses incurred in administering the fund. A similar fund was proposed in S.B. No. 2472 during the 2018 legislative session, S.B. No. 1202 during the 2015 legislative session, and in S.B. No. 2543 during the 2014 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between activities and repayment of loans, interest, and other returns. However, it is unclear whether nexus or linkage exists between the activities and private contributions and money from other sources. Although nexus or linkage exists with legislative appropriations used as seed moneys to establish the revolving fund, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

No alternative funding sources have been identified.

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Homeownership Housing Revolving Fund

S.B. No. 743 and H.B. No. 477

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the Homeownership Housing Revolving Fund for a self-help housing program to be administered by the Hawai'i Housing Finance and Development Corporation. The purpose of the program is to provide for the development of affordable for-sale housing projects by nonprofit housing development organizations under a self-help housing program to facilitate greater homeownership opportunities for Hawai'i residents. Revenues for the fund are from repayment of loans, interest, other returns, legislative appropriations, private contributions, and money from other sources. These bills also propose that an unspecified amount of general funds be appropriated into the fund for fiscal year 2020. Moneys in the fund will be used to provide loans for the development, pre-development, construction, acquisitions, preservation, and substantial rehabilitation of affordable for-sale housing units; and administrative costs incurred in administering the fund. A similar fund was proposed in S.B. No. 2472 during the 2018 legislative session, S.B. No. 1202 during the 2015 legislative session, and in S.B. No. 2543 during the 2014 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between program and repayment of loans, interest, and other returns. However, it is unclear whether nexus or linkage exists between program and private contributions and money from other sources. Although nexus or linkage exists with legislative appropriations used as seed moneys to establish the revolving fund, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

No alternate funding sources have been identified.

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Human Resources Development Special Fund

H.B. No. 625

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Human Resources Development Special Fund to be administered by the Department of Budget and Finance. Revenues for the fund are from revenues received by the department as a result of entrepreneurial efforts in securing new sources of funds; participant fees for in-service training; appropriations made by the legislature; and moneys directed to the department from any other source, including gifts, grants, and awards. Moneys in the fund will be used to support the department's entrepreneurial initiatives, training activities, and programs. A similar fund was proposed in S.B. No. 3100 during the 2018 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the activities and participant fees for in-service training; new sources of revenue secured by the department's entrepreneurial efforts; and gifts, grants, and awards. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Human Trafficking and Child Exploitation Prevention Special Fund

S.B. No. 254 and H.B. No. 567

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the Human Trafficking and Child Exploitation Prevention Special Fund to be used by the Office of the Governor, the Attorney General, and the Department of Labor and Industrial Relations. The bill will require persons who manufacture; sell; offer for sale; lease or distribute a product that makes content accessible on the internet to include digital blocking capability that render human trafficking hubs, child pornography, revenge pornography, and pornographic material inaccessible. Revenues to the fund will include all digital access fees collected; damages collected by the Attorney General if the digital blocking capability fails to block material described; and additional funds from the legislature, donations, contributions, gifts, or any other source. Moneys in the fund will be used to provide grants to support human trafficking prosecution and projects that help prevent human trafficking and child exploitation; and provide grants to government and non-government entities and individuals that are working to develop, expand or strengthen programs for victims of human trafficking and child exploitation.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between activities and the digital access fees and damages collected by the Attorney General, donations, contributions, and gifts. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Individual Housing Accounts Savings Program Administrative Fund S.B. No. 1310, S.D. 1 Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Individual Housing Accounts Savings Program Administrative Fund and the Individual Housing Accounts Savings Program to be administered by the Individual Housing Accounts Savings Board within the Department of Budget and Finance. The purpose of the program is to allow employees for compensation in the State to contribute to an account established under the program through payroll deduction. Revenues for the fund are from interest collected; fees collected to defray the costs of administering the plan; moneys transferred to the fund from the federal government, other state agencies or local governments; and appropriations made by the legislature to the fund. This bill also proposes that an unspecified amount of general funds be appropriated into the fund for fiscal years 2020 and 2021. Moneys in the fund will be used to pay administrative costs and expenses of the board and the program.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate that the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and interest collected; fees collected for administering the program; and moneys transferred from the federal government, other state agencies or local governments. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Industrial Hemp Special Fund

S.B. No. 1353, S.D. 1

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Industrial Hemp Special Fund and the Industrial Hemp Program to be administered by the Department of Agriculture. The purpose of the program is to license individuals to cultivate industrial hemp in the State. Revenues for the fund are from fees collected by the department in relation to the Industrial Hemp Pilot Program or Industrial Hemp Program; interest or return on investments earned from moneys in the fund; and any moneys appropriated by the legislature to the fund. This bill also proposes that \$255,000 of general funds be appropriated into the fund for fiscal year 2020. Moneys in the fund will be used to carry out the purposes of the program, including hiring employees, specialists, and consultants necessary to complete projects related to the program. A similar fund was proposed in S.B. No. 2556, S.B. No. 2731, and H.B. No. 2304 during the 2018 legislative session to support the Industrial Hemp Pilot Program.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and the fees collected by the program for licensing; and interest earned on from moneys in the fund. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Intellectual and Developmental Disabilities Medicaid Waiver Administrative Claiming Special Fund

H.B. No. 1273

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Intellectual and Developmental Disabilities Medicaid Waiver Administrative Claiming Special Fund to be administered by the Department of Health. The department is the operating agency for the Hawai'i Medicaid home and community-based services for people with intellectual and developmental disabilities waiver pursuant to 1915(c) of the Social Security Act, which allows the department to claim Medicaid federal financial participation for the proper and necessary costs incurred by the department in administering the waiver. The purpose of the fund is to ensure the proper and efficient administration of the waiver and the growing federal requirements for community integration, quality, and accountability. Revenues for the fund are from the department's claims for administering the waiver; legislative appropriations; income earned on the fund; and other gifts and grants. Moneys in the fund will be used to pay for fiscal management services of the waiver; training of staff, waiver providers, waiver participants, family members of waiver participants, legal representatives of waiver participants, and community stakeholders; quality management activities for operating the waiver; ongoing operations and maintenance of the information technology system; conducting methodology studies to define rates for the waiver; and assessment services to determine each participant's level of support needed. A similar fund was proposed in S.B. No. 2798 and H.B. No. 2371 during the 2018 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and Medicaid funds. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Invasive Species Rapid Response Special Fund

S.B. No. 523 and H.B. No. 561

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the Invasive Species Rapid Response Special Fund to be administered by the Hawai'i Invasive Species Council within the Department of Natural Land and Resources. Revenues for the fund are from legislative appropriations. S.B. No. 523 provides for \$300,000 of general fund appropriations to the fund for fiscal years 2020 and 2021. H.B. No. 561 provides for \$400,000 of general fund appropriations to the fund for fiscal years 2020 and 2021. Moneys in the fund will be used to create a rapid response mechanism for invasive species so that newly detected threats may be immediately addressed. A similar fund was proposed in H.B. No. 1596 during the 2016 legislative session, and S.B. No. 636 and H.B. No. 904 during the 2017 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

The criteria for demonstrating the need for this special fund have not been met because the activities could be funded with general fund appropriations.

Nexus or linkage

Nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Library Facilities Fund

S.B. No. 976

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Libraries Facilities Fund and a pilot program for the leasing of public library land to be administered by the state librarian in consultation with the Board of Education. The purpose of the pilot program is to lease public library land, including facilities. Revenues for the fund are from leases, permits, and interest income generated by public library lands; and other revenue generated from nonpermanent disposition of public library lands and facilities. Moneys in the fund will be used for State library programs. A similar fund was proposed in S.B. No. 2919 during the 2018 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

It is unclear whether nexus or linkage exists between State library programs and revenues from leasing public lands and facilities.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Lottery Administrative Account

S.B. Nos. 88 and 979

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the Lottery Administrative Account and the State Lottery Commission. The State Lottery Commission shall be administratively attached to the Department of Commerce and Consumer Affairs. The fund will be administered by the Director of the State Lottery Commission. Revenues for the fund are from the State Lottery Account, which receives funds from the sale of tickets, and other moneys credited or transferred from other funds or sources. Moneys in the fund will be used for administrative expenses incurred in the operation and administration of the lottery.

Criteria

Although the Lottery Administrative Account is identified as an account, we have reviewed this fund because it is very similar to a special fund. We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and the moneys from the State Lottery Account.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

No alternate funding sources have been identified.

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Lottery and Gaming Special Fund

S.B. No. 850

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Lottery and Gaming Special Fund and the Hawai'i Lottery and Gaming Corporation, which shall be a public corporation registered with the Director of Commerce and Consumer Affairs. The purpose of the corporation is to conduct and regulate wagering and gaming for the benefit of the State and for community betterment purposes, with the assistance of a private gaming provider. Wagering and gaming would include lottery, poker, casino games, multi-state games, and sweepstakes, but exclude sports wagering. Revenues for the fund are from all net proceeds derived from wagering and gaming activities. Moneys in the fund will be used for administration of the program and for community betterment purposes, including: public school capital improvements; University of Hawai'i system capital improvements; scholarship and educational loan repayments for qualifying medical students; a University of Hawai'i John A. Burns School of Medicine family practice rural residency program; watershed protection; and problem gambling reduction and prevention programs.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus does not exist between the community betterment activities and wagering and gaming proceeds. However, linkage exists between funding the corporation and proceeds and fees from gaming.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Marine Life Conservation Special Fund

S.B. No. 1250 and H.B. No. 1024

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the Marine Life Conservation Special Fund to be administered by the Department of Land and Natural Resources to support the Marine Life Conservation Program. Revenues for the fund are from moneys collected as nonresident user fees or fees for permits; fines, attorney's fees, and administrative costs for violations related to the program; moneys collected for the purpose of compensatory mitigation from federal or state permitted impacts to the marine environment; and grants, awards, donations, gifts, transfers, or moneys derived from private or public services. Moneys in the fund will be used for marine life conservation district monitoring, research, and regulation; management, monitoring, and support for public fishing areas, community-based subsistence fishing areas, fisheries management areas, and other areas of localized management; developing and implementing compensatory mitigation measures for impacts to the marine environment; and developing and implementing activities intended to conserve, supplement, and enhance the marine environment. A similar fund was proposed in S.B. No. 3017 and H.B. No. 2622 during the 2014 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and nonresident user fees and fees for permits; fines, attorney's fees, and administrative costs for violations related to the program; moneys collected for mitigation from federal or state permitted impacts to the marine environment; and grants, awards donations, gifts, transfers, or moneys derived from private or public services.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Mauna Kea Natural Area Reserve Special Fund

S.B. No. 936

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Mauna Kea Natural Area Reserve Special Fund to be administered by the Department of Land and Natural Resources. Revenues for the fund are from one third of all fees and fines related to the use of Mauna Kea lands, interest earned on the account, and legislative appropriations. Currently, all fees and fines related to the use of Mauna Kea lands are deposited into the Mauna Kea Lands Management Special Fund. This bill divides those revenues equally between the Mauna Kea Lands Management Special Fund, the proposed Mauna Kea Natural Reserve Area Special Fund, and the proposed Mauna Kea Special Fund. Moneys in the fund will be used for managing the natural area reserve at Mauna Kea, supporting the Division of Forestry and Wildlife's efforts at Mauna Kea, and supporting the Division of Conservation and Resources' enforcement efforts on Mauna Kea.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the activities and moneys collected from fees or fines related to the use of Mauna Kea lands. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Mauna Kea Special Fund

S.B. No. 936

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Mauna Kea Special Fund to be administered by the Department of Land and Natural Resources. Revenues for the fund are from one third of all fees and fines related to the use of Mauna Kea lands, interest earned on the account, and legislative appropriations. Currently, all fees and fines related to the use of Mauna Kea lands are deposited into the Mauna Kea Lands Management Special Fund. This bill divides those revenues equally between the Mauna Kea Lands Management Special Fund, the proposed Mauna Kea Natural Reserve Area Special Fund, and the proposed Mauna Kea Special Fund. Moneys in the fund will be used to support the Aina Mauna legacy lands program; support ungulate management, invasive species eradication, and provide fencing at Mauna Kea; and support pastoral homesteading, community pastures, and bird sanctuary activities at Mauna Kea.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the activities and moneys collected from fees or fines related to the use of Mauna Kea lands. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Molokini Special Fund

H.B. No. 447

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Molokini Special Fund to be administered by the Department of Land and Natural Resources. Revenues for the fund are from legislative appropriations; all proceeds remitted to or collected by the department derived from Molokini user fees; and civil, criminal, and administrative penalties, fines and other charges. This bill also proposes that \$1,360,000 of general funds be appropriated into the fund for fiscal years 2020 and 2021. Moneys in the fund will be used for marine enforcement and monitoring, including new positions for monitoring the Molokini shoal; and inspection, maintenance, construction of mooring, and other improvements within the Molokini shoal and along leeward Maui, related to the support of commercial operators conducting activities within the Molokini shoal.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the activities and proposed user fees and fines. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Photo Red Light Imaging Detector Systems Program Special Fund S.B. No. 663, S.D. 1, S.B. No. 1391, and H.B. No. 1092 Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the Photo Red Light Imaging Detector Systems Program Special Fund and the Photo Red Light Imaging Detector Systems Program to be administered by the Department of Transportation. The purpose of the program is to enforce the traffic-control signal laws of the State. Revenues for the fund are from fines and other moneys collected by the program. Moneys in the fund will be expended by the Department of Transportation in the county in which the fine was imposed, for purposes that include the establishment, operation, management, and maintenance of a photo red light imaging detector system. A similar fund was proposed in S.B. No. 221 and H.B. No. 736 during the 2017 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and revenues received from the fines collected by this program.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Public Employees Training Fund

S.B. No. 792, S.D. 1 and H.B. No. 845, H.D. 1

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the Public Employees Training Fund and the Public Employees Training Program to be administered by the Department of Human Resources Development. The purpose of the program is to develop a plan for the creation and development of training programs to improve and enhance employees' understanding of their job duties and assist in career advancement. Revenues for the fund are from appropriations by the legislature; gifts, donations, and grants from public agencies and private persons; and interest earned or accrued on moneys deposited in the fund. In addition, H.B. No. 845, H.D. 1 also lists as a revenue source, employee contributions to the fund beginning August 1, 2019. Moneys in the fund will be used for the development and implementation of training programs for State employees. A similar fund was proposed in H.B. No. 2077 during the 2018 legislative session.

Criteria

Although the Public Employees Training Fund is identified as a fund, we have reviewed this fund because it is very similar to a special fund. We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and gifts, donations, and grants from public agencies and private persons; employee contributions to the fund; and interest earned on fund balance. Nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Qualified Nonprofit Housing Trust Revolving Fund S.B. No. 1186 and H.B. No. 959 Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the Qualified Nonprofit Housing Trust Revolving Fund and the Qualified Nonprofit Housing Trust Program to be administered by the Hawai'i Housing Finance and Development Corporation. The purpose of the program is to help families by reducing housing costs significantly for income-qualified families. Revenues for the fund are from funds appropriated for the purpose of the fund and all moneys received or collected by the corporation for the purpose of the fund. These bills also propose that an unspecified amount of general funds be appropriated into the fund for fiscal year 2020. Moneys in the fund will be used for necessary expenses incurred by the corporation in administering the fund and to provide loans for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of affordable housing units under the Qualified Nonprofit Housing Trust Program.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and legislative appropriations used as seed moneys and all moneys received or collected by the corporation for the purpose of the fund. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

No alternate funding sources have been identified.

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Qualified Returning Resident Down Payment Program Special Fund H.B. No. 605 Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Qualified Returning Resident Down Payment Program Special Fund and the Qualified Returning Resident Down Payment Program to be administered by the Hawai'i Housing Finance and Development Corporation under the direction of the Department of Business, Economic Development and Tourism. The purpose of the program is to provide qualified returning residents matching funds to assist with meeting down payment requirements associated with the purchase of real property. Revenues for the fund are from all taxes collected relating to real estate investment trusts. This bill also proposes that an unspecified amount of general funds be appropriated into the fund for fiscal year 2020. Moneys in the fund will be used for creating and maintaining a program to provide a down payment for qualified returning residents and administrative costs of the program.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

It is unclear whether nexus or linkage exists between the program and taxes collected relating to real estate investment trusts.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Quality Education Special Fund

H.B. No. 1285

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Quality Education Special Fund to be administered by the Department of Education. The purpose of the fund would be to provide supplemental funding for public education. Revenues for the fund are from a proposed increase in income tax rates and general excise tax rates; other funds received by the department; and interest earned on the account. Moneys in the fund will be used for retaining and retraining public school teachers, lowering public school class sizes, improving special education staffing and resources, offering additional enrichment instruction, and expanding access to public preschool and afterschool programming. A similar fund was proposed in S.B. No. 2261 during the 2018 legislative session and H.B. No. 449 during the 2017 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Partial nexus or partial linkage exists between the activities and income tax and general excise tax revenues. It is unclear whether nexus or linkage exist for other revenues received by the department.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Rapid Transit Special Fund

S.B. No. 88

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Rapid Transit Special Fund to be administered by the Director of Finance. Revenues for the fund are from the state lottery account that consists of revenues from the sale of tickets and all other moneys credited or transferred from any other fund or source. Moneys in the fund will be used for the design, construction, maintenance, repair, and operation of a rapid transit system in counties with a population exceeding five hundred thousand.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage does not exist between the program and the sale of tickets and other monies credited or transferred from the state lottery account.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

No alternate funding sources have been identified.

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Repair and Maintenance Special Fund

H.B. No. 618

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Repair and Maintenance Special Fund to be administered by the Department of Budget and Finance. No revenues for the fund are identified in the bill. This bill proposes that unspecified amount of general funds be appropriated into the fund for fiscal years 2020 and 2021. Moneys in the fund will be used for the repair and maintenance of various State department facilities.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although expenses for the fund are identified, revenue sources and detailed financial information were not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Returning Resident Down Payment Special Fund

S.B. No. 1510

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Returning Resident Down Payment Special Fund and the Returning Resident Down Payment Program to be administered by the Hawai'i Housing Finance and Development Corporation. The purpose of the program is to encourage former Hawai'i residents to return to Hawai'i by awarding funds to assist with the down payment on the purchase of a primary residence. Revenues for the fund are from appropriations made by the legislature to the fund; revenue from taxes collected from real estate investment trusts; and repayments to the fund by an applicant who has received an award and fails to satisfy the requirements of the Returning Resident Down Payment Program. This bill also proposes that an unspecified amount of general funds be appropriated into the fund for fiscal year 2020. Moneys in the fund will be used for the Returning Resident Down Payment Program.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between program and repayments to the fund by an applicant who has received an award and fails to satisfy the requirements of the program. However, it is unclear whether nexus or linkage exists between the program and taxes collected from real estate investment trusts. Nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

No alternate funding sources have been identified.

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School Facilities and Operations Special Fund

S.B. No. 88 and S.B. No. 979

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the School Facilities and Operations Special Fund to be administered by the Superintendent of the Department of Education. Revenues for the fund are from the state lottery account. Moneys in the fund will be used for the design, construction, maintenance, or repair of school facilities and for school operations.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage does not exist between the activities and the State Lottery Account.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations

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School Naming Rights Special Fund

S.B. No. 1485 and H.B. No. 745, H.D. 1

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the School Naming Rights Special Fund to be administered by the Department of Education. Revenues for the fund are from donations accepted in exchange for the sponsorship naming rights of any school building, facility, equipment, or fixture. Moneys in the fund will be expended solely for the benefit of the school.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between activities and donations accepted in exchange for the sponsorship naming rights of any school building, facility, equipment, or fixture.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Sea Level Rise and Flooding Adaptation Special Fund

H.B. No. 1579

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Sea Level Rise and Flooding Adaptation Special Fund to be administered by the Department of Business, Economic Development and Tourism's Office of Planning. The purpose of the fund is to support climate adaptation planning. Revenues for the fund are from a portion of the revenues from the carbon tax, appropriations by the legislature, and gifts, donations, and grants from public agencies and private persons. This bill also proposes that an unspecified amount of general funds be appropriated into the fund for fiscal years 2020 to 2021. Moneys in the fund will be used to develop adaptation plans and actionable policy recommendations for the State and counties regarding the managed retreat of properties likely to be affected by sea level rise and flooding.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between activities and a portion of the revenues from the carbon tax, gifts, donations, and grants from public agencies and private persons. However, nexus or linkage does not exist between activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Sea Level Rise Relocation Special Fund

H.B. No. 461, H.D. 1

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposed to establish the Sea Level Rise Relocation Special and the Sea Level Rise Relocation Program to be administered by the Office of Planning. The purpose of the program is to coordinate the siting and relocation of public infrastructure and facilities within the State in response to sea level rise and related effects of climate change, in conjunction with the Hawai'i Climate Change Mitigation and Adaptation Commission and any agencies affected by sea level rise. Revenues for the fund are from general fund appropriations and interest or return on investments earned from moneys in the fund. This bill also proposes that an unspecified amount of general funds be appropriated into the fund for fiscal years 2020 and 2021. Moneys in the fund will be used for the purposes of the Sea Level Rise Relocation Program, including: identifying public infrastructure and facilities that are at risk from sea level rise and climate change; determining strategies and creating plans to mitigate the effects of sea level rise and climate change on identified infrastructure and facilities; developing a plan for the relocation of infrastructure and facilities; coordinating the execution of mitigation measures or relocation plans when necessary; and coordinating with State and county agencies to determine siting of new public infrastructure and facilities.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and interest or return on investments earned from moneys in the fund. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Self-Help Homeownership Housing Revolving Fund

S.B. No. 1186 and H.B. No. 959, H.D. 1

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the Self-Help Homeownership Housing Revolving Fund to be administered by the Hawai'i Housing Finance and Development Corporation. The purpose of the fund is to provide for the development of affordable for-sale housing projects by nonprofit housing development organizations under a self-help housing program to facilitate greater homeownership opportunities for Hawai'i residents. Revenues for the fund are from sums appropriated by the legislature; private contributions; repayment of loans; interest; other returns; and moneys from other sources. These bills also propose that an unspecified amount of general funds be appropriated into the fund for fiscal year 2020. Moneys in the fund will be used to provide loans for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of affordable for-sale housing units; and administrative expenses incurred in administering the fund.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the activities and the repayment of loans; interest; private contributions; and moneys from other sources. Although nexus or linkage exists with legislative appropriations used as seed moneys to establish the revolving fund, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

No alternate funding sources have been identified.

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Shipping Container Inspection Program Special Fund

S.B. No. 968 and H.B. No. 858

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the Shipping Container Inspection Program Special Fund and the Shipping Container Inspection Program to be administered by the Department of Public Safety, in collaboration with the Departments of Defense and Transportation. The purpose of the program is to randomly inspect shipping containers arriving in Honolulu for illegal fireworks and explosives smuggled into the State. Revenues for the fund are from fees to be assessed by the Department of Transportation to each shipping container arriving in the State; legislative appropriations; and gifts, donations, and grants from public agencies and private persons. These bills provide for \$250,000 in general funds to be appropriated into the fund for fiscal years 2020 and 2021. Moneys in the fund will be used for support and administration of the program. A similar fund was proposed in S.B. No. 2632 and H.B. No. 2485 during the 2016 legislative session, and in S.B. No. 598 and H.B. No. 7 during the 2017 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus exists between the program and shipping container fees collected by the Department of Transportation. Linkage exists between the program and gifts, donations, and grants from public agencies and private persons. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Soil and Water Conservation Districts Special Fund

H.B. No. 886

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Soil and Water Conservation Districts Special Fund to be administered by the Department of Land and Natural Resources. Sub-accounts for each Soil and Water Conservation District will be established within the fund. Revenues for the fund are from contributions, moneys, and funds received by any Soil and Water Conservation district, and deposited into the appropriate sub-account. Moneys in the fund will be used for the benefit of the appropriate district.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

It is unclear whether nexus or linkage exists between the activities and contributions, moneys, and funds received by Soil and Water Conservation Districts.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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State Alternative Transit Fund

S.B. No. 659

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the State Alternative Transit Fund to be administered by the State Energy Resources Coordinator of the Hawai'i State Energy Office. Revenues for the fund are from fines related to transient accommodations; income surcharges imposed on individual income taxes; additional rental motor vehicle and tour vehicle surcharges; and legislative appropriations. Moneys in the fund will be allocated to the counties to finance efforts to offer reduced or free fares on electric, biodiesel, or hydrogen powered county buses.

Criteria

Although the State Alternative Transit Fund is identified as a fund, we have reviewed this fund because it is very similar to a special fund. We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the activities and additional rental motor vehicle and tour vehicle surcharge tax. However, it is unclear whether nexus or linkage exists between the activities and fines related to transient accommodations, and income surcharges imposed on individual income taxes. Nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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State Highway Enforcement Program Fund

S.B. No. 1076 and H.B. No. 333, H.D. 1

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the State Highway Enforcement Program Fund and State Highway Enforcement Program to be administered by the Department of Transportation. The purpose of the program is to enable the State and counties, in consultation with the Director of Transportation, to enforce violations for illegal parking and provide for parking management-related improvements. Revenues for the fund are from program surcharges. Moneys in the fund will be used for administrative costs of the program; parking management-related improvements; and to enable the counties to enforce illegal parking violations. A similar fund was proposed in H.B. No. 2267 during the 2018 legislative session.

Criteria

Although the State Highway Enforcement Program Fund is identified as a fund, we have reviewed this fund because it is very similar to a special fund. We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and the proposed illegal parking surcharge.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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State Lottery Account

S.B. Nos. 88 and 979

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the State Lottery Account to be administered by the State Lottery Commission, which shall be administratively attached to the Department of Commerce and Consumer Affairs. Revenues for the fund are from the sale of tickets, and all other moneys credited or transferred to the account from any other fund or source. Moneys in the fund will be used for the payment of prizes to the holders of winning lottery tickets; depositing a percentage of all revenues into the lottery administrative account, Honolulu Area Rapid Transit Special Fund, School Facilities and Operations Special Fund, University Facilities and Operations Special Fund, and the general fund pursuant to law; the purchase and promotion of tickets and game-related services; and the payment of agent compensation.

Criteria

Although the State Lottery Account is identified as an account, we have reviewed this fund because it is very similar to a special fund. We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between deposits into the lottery administrative account and the moneys from ticket sales. However, nexus or linkage does not exist between the deposits into the Rapid Transit Special Fund, School Facilities and Operations Special Fund, the University Facilities and Operations Special Fund and moneys from tickets sales. Furthermore, it is unclear whether nexus or linkage exists between deposits to the general fund and moneys from ticket sales.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

No alternate funding sources have been identified.

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State Lottery Prize Revolving Fund

S.B. Nos. 602, 896, 1518 and H.B. No. 936

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the State Lottery Prize Revolving Fund and a State lottery or participation in a multi-state lottery. S.B. No. 602 and H.B. No. 936 propose to establish a State lottery, including the establishment of multi-state games, to be administered by a State Lottery Commission within the Department of Accounting and General Services. S.B. Nos. 896 and 1518 propose participation in the Powerball and Mega Millions multi-state lottery games to be administered by a newly created State Lottery Division within the Department of Budget and Finance. Revenues for the fund are from a portion of the sale of lottery tickets. Moneys in the fund will be used for the payment of prizes to the holders of winning lottery tickets. A similar fund was proposed in H.B. No. 2536 during the 2016 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and revenues generated by ticket sales and unclaimed prize moneys.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

No alternate funding sources have been identified.

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State Lottery Revolving Fund

S.B. Nos. 602, 896, 1518 and H.B. No. 936

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the State Lottery Revolving Fund and a State lottery or participation in a multi-state lottery. S.B. No. 602 and H.B. No. 936 propose to establish a State lottery, including the establishment of multi-state games, to be administered by a State Lottery Commission within the Department of Accounting and General Services. S.B. Nos. 896 and 1518 propose participation in the Powerball and Mega Millions multi-state lottery games to be administered by a State Lottery Division within the Department of Budget and Finance. Revenues for the fund are from a portion of the sale of lottery tickets; fees; and all other moneys credited or transferred from any other fund or source pursuant to statute; except for those moneys set aside for payment of prizes. S.B. No. 602 and H.B. No. 936 also propose that an unspecified amount of general funds be appropriated to the Department of Accounting and General Services for fiscal years 2020 and 2021 for the operations of the State Lottery Commission, while S.B. Nos. 896 and 1518 propose that \$1,200,000 of general funds be appropriated to the Department of Budget and Finance for fiscal years 2020 and 2021 for the operations of the State Lottery Division. Moneys in the fund will be used for expenses incurred in carrying out the operation of the proposed lottery. A similar fund was proposed in H.B. No. 2536 during the 2016 legislative session, H.B. No. 348 during the 2017 legislative session, and H.B. No. 1925 during the 2018 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and revenues generated by ticket sales, fees, and penalties.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

No alternate funding sources have been identified.

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State Mortgage Insurance Special Fund

S.B. No. 718

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the State Mortgage Insurance Special Fund and the State Mortgage Insurance Program to be administered by the Hawai'i Housing Finance and Development Corporation. The purpose of the program is to guarantee up to the top fifteen per cent of the principal balance of real property mortgage loans for the purchase of qualified single-family or multifamily dwelling units, plus the interest due thereon, made to qualified borrowers by qualified private lenders. Revenues for the fund are from insurance fees collected out of monthly payments, and reimbursements for any overdue payments. Moneys in the fund will be used for the operations of the corporation in administering the program.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between program and insurance fees collected out of monthly payments, and reimbursements for any overdue payments.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Statewide Recycling Facilities Special Fund

H.B. No. 1579

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Statewide Recycling Facilities Special Fund to be administered by the Department of Health, Office of Solid Waste Management. Revenues for the fund are from a portion of the revenues from the carbon tax; appropriations by the legislature; and gifts, donations, and grants from public agencies and private persons. This bill also proposes that an unspecified amount of general funds be appropriated into the fund for fiscal years 2020 to 2021. Moneys in the fund will be used to develop and implement recycling facilities statewide.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the activities and a portion of the revenues from the carbon tax, gifts, donations, and grants from public agencies and private persons. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Student Art Programs Special Fund

H.B. No. 608

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Student Art Programs Special Fund to be administered by the State Comptroller and the Department of Education. Revenues for the fund are from one-half of one percent of all State fund appropriations for capital improvements designated for the construction cost element; provided that this transfer shall apply only to capital improvement appropriations that designated for the construction cost or renovation of State buildings. Moneys in the fund will be used solely for costs related to student art programs within Department of Education schools.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage does not exist between the student art programs and the one-half of one percent of all State fund appropriations for capital improvements designated for the construction or renovation of State buildings.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Sustainable Farm and Soil Practices Special Fund

H.B. No. 1579

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Sustainable Farm and Soil Practices Special Fund to be administered by the Department of Agriculture. Revenues for the fund are from a portion of the revenues from the carbon tax; appropriations by the legislature; and gifts, donations, and grants from public agencies and private persons. This bill also proposes that an unspecified amount of general funds be appropriated into the fund for fiscal years 2020 to 2021. Moneys in the fund will be used to provide incentives to lessees, including grants, lease extensions, and reduced lease rents, to encourage or reward any lessee in increasing sustainable farm and soil practices.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between projects and a portion of the revenues from the carbon tax, gifts, donations, and grants from public agencies and private persons. However, nexus or linkage does not exist between the projects and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Uninsured Motorist Identification Special Fund

H.B. No. 435

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Uninsured Motorist Identification Special Fund and the Uninsured Motorist Identification Database Program to be administered by the Insurance Division of the Department of Commerce and Consumer Affairs. The purpose of the program is to establish an uninsured motorist identification database to verify compliance with motor vehicle insurance requirements and assist in reducing the number of uninsured motor vehicles on the highway of the State. Revenues for the fund are from the motor vehicle registration reinstatement fees and interest accrued on moneys in the fund. Moneys in the fund will be used for developing and administering the program. A similar fund was proposed in H.B. No. 1887 during the 2014 legislative session and H.B. No. 2187 during the 2016 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and the motor vehicle registration reinstatement fees.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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University Facilities and Operations Special Fund

S.B. Nos. 88 and 979

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the University Facilities and Operations Special Fund to be administered by the University of Hawaii. Revenues for the fund are from the state lottery account that consists of revenues from the sale of tickets and all other moneys credited or transferred from any other fund or source. Moneys in the fund will be used for the design, construction, maintenance, or repair of University facilities and for University operations.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage does not exist between the activities and the state lottery account.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for the activities could be provided through direct general fund appropriations.

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Unnamed Revolving Fund (Sewer Connection Pilot Program)

S.B. No. 1480 and H.B. No. 577

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish an unnamed revolving fund for the sewer connection pilot program to be administered by the City and County of Honolulu. The purpose of the pilot program is to assist certain property owners in the tenth senatorial district in upgrading sewer connections located on their property by providing low- or no-interest loans. Revenues for the fund are from loan repayments. These bills also propose an unspecified amount of general funds be appropriated for a grant-in-aid to the City and County of Honolulu for fiscal years 2020 and 2021. Moneys in the fund will be used to provide low- or no-interest loans to qualified owners of real property in the tenth senatorial district to upgrade the sewer connections located on their property and for related costs.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and loan repayments.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Waiākea Peninsula Redevelopment District Revolving Fund H.B. No. 1219 Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill proposes to establish the Waiākea Peninsula Redevelopment District Revolving Fund and the Waiākea peninsula redevelopment district planning committee to be administered by the Department of Land and Natural Resources. The purpose of the planning committee is to be a policy-making committee for the Waiākea peninsula redevelopment district. Revenues for the fund are from 50 percent of revenues, income, and receipts of the department from the public lands in the Waiākea peninsula redevelopment district; moneys appropriated by the legislature to the revolving fund; and any gifts, grants, and other funds accepted by the Waiākea peninsula redevelopment district planning committee. This bill also proposes that \$500,000 of general funds be appropriated into the fund for fiscal year 2020. Moneys in the fund will be used in the Waiākea peninsula redevelopment district for the purposes of the planning committee. Similar funds were proposed in S.B. No. 1184 and H.B. No. 1310 during the 2017 legislative session, and H.B. No. 1267 in the 2015 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between activities and revenues, income, and receipts of the department from the public lands in the Waiākea peninsula redevelopment district. However, nexus or linkage does not exist between these activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Youth Services Revolving Fund

S.B. No. 1230, S.D. 1 and H.B. No. 1004

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills propose to establish the Youth Services Revolving Fund and the Office of Youth Services within the Department of Human Services for administrative purposes. The fund is to be administered by the Office of Youth Services. Revenues for the fund are from moneys collected from the sale of goods and services by individual vocational programs that engage in commercial enterprise. S.B. 1230, S.D. 1 also proposes that an unspecified amount of general funds be appropriated into the fund for fiscal years 2020 and 2021. Moneys in the fund will be used for the purposes of vocational programs within the Office of Youth Services.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and sources of revenue, as opposed serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Analysis

These bills do not satisfy criteria for establishing a revolving fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Although revenue sources and expenses for the fund are identified, detailed financial information was not provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and moneys collected from the sale of goods and services by individual vocational programs that engage in commercial enterprise. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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