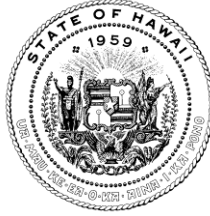


DAVID Y. IGE
GOVERNOR OF
HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the Senate Committee on
WAYS AND MEANS**

**Thursday, March 28, 2019
10:20 AM
State Capitol, Conference Room 211**

**In consideration of
HOUSE BILL 125, HOUSE DRAFT 1
RELATING TO NON-GENERAL FUNDS**

House Bill 125, House Draft 1 proposes to abolish various non-general funds and accounts of the Department of Land and Natural Resources (Department) and transfer the unencumbered balances to the General Fund. **The Department supports this measure in its present form.**

SECTION 2. Assistance in Managing Land Fund

The Department agrees with the findings of Auditor's Report No. 18-19.

SECTION 3. Native Resources and Fire Protection Program Special Fund

The Department agrees with the Auditor's comments and shall close the account.

SECTION 4. Preservation of Endangered Plants Trust Fund

The Department agrees with the Auditor's comments and shall close the account.

SECTION 5. Recreational Renaissance – State Parks Special Fund

The Department agrees with the Auditor's comments and shall close the account.

Thank you for the opportunity to comment on this measure.

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Repeal non-general funds

BILL NUMBER: HB 125, HD-1

INTRODUCED BY: House Committee On Finance

EXECUTIVE SUMMARY: Abolishes various non-general funds and accounts of the Department of Land and Natural Resources and transfers the unencumbered balances to the general fund, in accordance with the State Auditor's recommendation in Report No. 18-19.

SYNOPSIS: Repeals four administratively established funds.

All unencumbered balances remaining will lapse to the general fund.

EFFECTIVE DATE: July 1, 2019.

STAFF COMMENTS: This measure implements the state auditor's recommendation in Report No. 18-19.

The 1989 Tax Review Commission noted that use of special fund financing is a "departure from Hawaii's sound fiscal policies and should be avoided." It also noted that special funds are appropriate where the revenues to the funds maintain some direct connection between a public service and the beneficiary of that service. The Commission found that special funds which merely set aside general funds cannot be justified as such actions restrict budget flexibility, create inefficiencies, and lessen accountability. It recommended that such programs can be given priority under the normal budget process without having to resort to this type of financing.

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

Digested 3/11/2019