

TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A.S. ARAKI-REGAN
DEREK J. CHOW
ROSS M. HIGASHI
EDWIN H. SNIFFEN

**STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097**

Thursday, February 20, 2020
11:00 a.m.
State Capitol, Room 308

**H.B. 1973, H.D. 1
RELATING TO NON-GENERAL FUNDS**

House Committee on Finance

The Department of Transportation (DOT) **opposes** H.B. 1973, H.D.1 which proposes to take the findings and recommendations provided by the Office of the Auditor in Report No. 19-05, dated January 2019, to abolish, repeal, or reclassify certain non-general funds of the DOT. As a result of these proposed changes, H.B. 1973, HD1 proposes to transfer any unencumbered balances to the general fund.

1. The DOT opposes Sections 5, 6, 7, and 10 of this bill which repeals Section 206J-17, Hawaii Revised Statutes, establishing the Aloha Tower Fund. The Aloha Tower Fund should not be abolished. This fund supports the Aloha Tower Development Corporation's (ATDC) mission to better serve the economic, maritime, and recreational needs of the people of Hawaii by developing, redeveloping, or improving the Aloha Tower complex, an area that encompasses Piers 4 to 11 of Honolulu Harbor. According to the Auditor's Report No. 19-05, the Auditor reconfirms on page 10, the Aloha Tower Fund meets the criteria of a special fund and continues to serve the purpose for which it was originally created. Revenues are from an annual rent of approximately \$1 million from Hawaii Pacific University's lease of Aloha Tower Marketplace. Expenditures include an annual minimum base payment of \$225,000 to DOT Harbors Division for loss in revenue due to the curtailment of maritime activities.

The proposed repeal of the Aloha Tower Fund will have a detrimental impact on projects currently underway and future projects that are in preliminary discussions that are intended to have significant economic benefit to the area as well as attractions consistent with the original purpose of the Aloha Tower Marketplace.

2. The DOT opposes Section 17 of this bill which lapses any unencumbered balances remaining in the transportation improvement special fund repealed to the credit to the general fund.

The DOT offers the following revision to Section 17:

“All unencumbered balances remaining in the transportation improvement special fund repealed by this part shall lapse to the credit of the state highway fund established by Section 248-8, Hawaii Revised Statutes.”

Section 264-19, Hawaii Revised Statutes, contemplates that the transportation improvement special fund was created to “receive reimbursements from private developers who have been advanced public funds to fulfill the conditions of land use development relating to transportation.” Moreover, discretion to expend was given to the director of transportation, “such sums as are necessary to advance transportation projects, including administrative expenses, to the extent permissible...” Therefore, the unencumbered balances remaining by the repeal of the transportation improvement special fund should be transferred to the credit of the state highway fund.

3. The DOT agrees with Part V of this bill to retain the Safe Routes to School Special Fund. However, the DOT offers the following revision to Section 18:

SECTION 18. Section 291C-3, Hawaii Revised Statutes, is amended by amending subsection (d) to read as follows:

"(d) The legislature shall appropriate funds from the safe routes to school program special fund to the counties to be used for the implementation of county safe routes to school program projects. No later than twenty days prior to the convening of each regular session, each county shall submit to the legislature an annual report on the status and progress of its county safe routes to school program, including an accounting of all grants provided through the program and a timeline for future grant awards."

SECTION XX. Section 291C-4, Hawaii Revised Statutes, is amended to read as follows:

“[§291C-4] Safe routes to school program special fund; establishment. (a) There is established in the state treasury the safe routes to school program special fund, into which shall be deposited:

(1) Assessments collected for speeding in a school zone, pursuant to section 291C-104; and

(2) Safe routes to school program surcharges collected in accordance with sections 291-16 and 291C-5.

~~[Moneys in the fund shall be distributed by the director of transportation to the respective counties to expend.~~

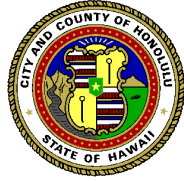
~~_____ (b) The director of transportation shall adopt rules pursuant to chapter 91 to implement this section. The rules shall establish a formula by which the moneys in the fund shall be distributed to each county and provide how the county shall expend the moneys for the purposes under [section] 291C-3 in public school zones.”]~~

Thank you for the opportunity to provide testimony.

DEPARTMENT OF TRANSPORTATION SERVICES
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 3RD FLOOR
HONOLULU, HAWAII 96813
Phone: (808) 768-8305 • Fax: (808) 768-4730 • web: www.honolulu.gov

KIRK CALDWELL
MAYOR



WES FRYSTACKI
DIRECTOR

JON Y. NOUCHI
DEPUTY DIRECTOR

TESTIMONY TO THE
HOUSE COMMITTEE ON TRANSPORTATION (TRN)

FEBRUARY 20, 2020
11:00 AM

**IN SUPPORT OF
HB 1973 HD 1 – RELATING TO NON-GENERAL FUNDS**

Chair Luke, Vice Chair Cullen, and Members of the Committee:

The Department of Transportation Services provides the following testimony in support of this measure, and specifically on Part V and the provisions therein relating to the Safe Routes to School Program Special Fund.

We support the House Draft 1 which proposes the preservation of the Safe Routes to School Program Special Fund. With the resources provided through the special fund, the Department of Transportation Services and our dedicated program coordinator have run a robust Safe Routes to School Program for the past five years. The City's Safe Routes to School Program involves direct outreach to schools across Oahu and their communities; the purchase and distribution of safety vests and other items students use on their ways to school; the installation of speed radars, in-road crossing delineators, and Safe Routes to School yard signs; and the design of infrastructure improvements to make walking to school safer for students at Fern Elementary School in Kalihi. This project will go out to bid next month and we expect construction to commence in the summer. While City funds supplement the funds we receive through the Safe Routes to School Program special funds, our program will be severely limited if funding levels are reduced as a result of the elimination of the special fund.

Thank you the opportunity to provide these comments.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
February 20, 2020 at 11:00 a.m.

By
Erika Lacro
Vice President for Community Colleges
University of Hawai'i System

HB 1973 HD1 – RELATING TO NON-GENERAL FUNDS

Chair Luke, Vice Chair Cullen, and members of the committee:

The University of Hawai'i (UH) supports the intent of HB 1973 HD1 as amended to continue support for the Motorcycle and Motor Scooter Operations Education Fund under Section 296-9, Hawai'i Revised Statutes.

The University of Hawai'i Community College (UHCC) system currently provides State of Hawai'i approved motorcycle safety education training at three (3) community college campuses, including Leeward Community College on O'ahu, UH Maui College on Maui, and Hawai'i Community College on Hawai'i Island. Over the past 5 years Leeward Community College, the largest of the three campuses, has trained over 5,404 community members, averaging 1,080 riders annually.

The motorcycle safety education program, governed by Hawai'i Administrative Rule 19-123, provides residents a mechanism to obtain a type 2 (motorcycle) endorsement on a Hawai'i driver's license following completion of the State approved motorcycle education curriculum.

The State of Hawai'i Hawaii Department of Transportation (DOT) – Highways Division provides oversight for the administration of the motorcycle education programs in accordance with Hawai'i Administrative Rules (HAR) 19-123. This includes review and approval of curriculum, certification of instructors, issuance of numbered embossed seals for each certified instructor, and the tracking of the license waivers issued to students. Additionally, DOT – Highways Division certifies motorcycle education sites and conducts periodic inspections, including administrative recordkeeping, classroom and skills range physical inspections, and acts as liaison with the respective county's Department of Motor Vehicle, Licensing, and Permits Division and the certified sites.

Repealing the Motorcycle and Motor Scooter Education Fund would eliminate funding essential for the DOT to administer the Motorcycle Safety program and result in a loss of Federal dollars from the National Highway Transportation Safety Administration (NHTSA). These additional funds are essential for instructor training and certifications, community outreach and more. The NHTSA and Hawai'i Motorcycle Safety programs

are essential to reduce the number of incidents involving motorcycle accidents and fatalities in our State.

Abolishing the Motorcycle and Motor Scooter Education Fund would result in additional negative impacts including:

- a. DOT – Per previously submitted testimony, the Highways Division would not be able to certify sites or instructors for the motorcycle education program. This would make it impossible for the UHCC's to continue to provide residents with a means to obtain motorcycle safety training and be issued a class 2 operators license.
- b. The UHCC motorcycle education programs would not be eligible to apply for federal funding to augment the unsubsidized motorcycle education program.
- c. Without federal funding or other subsidies, the UHCC motorcycle education programs would not be sustainable. HAR 19-123, signed into law in 2004, caps the tuition at \$200 per student.
- d. Without an incentive to enroll in the UHCC motorcycle education programs, residents would likely opt to either ride unlicensed or operate with permits, which requires only a written examination.
- e. Fatalities would increase. From 2015 through 2019, the State of Hawai'i incurred a total of 545 roadway fatalities. Of these, 129 were motorcycle-, scooters-, or moped-related fatalities, which represents nearly one-quarter (24%) of all roadway fatalities.

We support HB 1973 HD1 as amended. Thank you for considering this testimony in your deliberations. Aloha.



DEPARTMENT OF PLANNING
THE COUNTY OF KAUA'I

DEREK S. K. KAWAKAMI, MAYOR
MICHAEL A. DAHLIG, MANAGING DIRECTOR

KA'ĀINA S. HULL
DIRECTOR

JODI A. HIGUCHI SAYEGUSA
DEPUTY DIRECTOR

Testimony of Lee Steinmetz
Transportation Planning Officer and County Safe Routes to School Coordinator,
Planning Department

Before the
House Committee on Finance
February 20, 2020 at 11:00 AM
Conference Room 308

In consideration of
House Bill 1973, HD 1
Relating to Non-General Funds

To the Honorable Chair Luke, Vice Chair Cullen, and members of the Committee:

The County of Kaua'i provides the following **comments** on HB 1973 HD 1. The County of Kaua'i urges you to amend this Bill by deleting Part V Section 18 in its entirety, and to keep the Safe Routes to School Special Fund program functioning as it currently exists. The current Bill also appears to be in conflict with HRS §291C-4. There is simply no need to fix something that isn't broken.

The County of Kaua'i appreciates the changes in HB 1973 HD 1 from the original Bill. The revised Bill in its current form retains the Safe Routes to School Special Fund, but in the current language, the Legislature would be responsible for fund disbursement instead of HDOT. It is unclear how this would actually work, and therefore is of great concern to the County of Kaua'i, which relies on regular and stable disbursement of these funds for infrastructure improvements around schools. For example, these funds have been used as a local match for the Kawaihau elevated boardwalk in Kapa'a, which links our coastal shared use path with three schools. In addition, these funds were used to construct a new shared use path connecting Wilcox Elementary School in Līhu'e.

The County of Kaua'i relies on these regularly-distributed funds to keep its Safe Routes to School infrastructure improvements moving forward. We can anticipate how much funding we will receive each year, and can program the use of these funds for design and construction. Constructing projects with regular funding sources is already challenging. If this Bill were to pass in its current form, appropriations would need to be requested from the Legislature. This causes a much higher level of uncertainty, and would most likely mean these important safety projects around schools would be delayed or cancelled due to the additional steps required.

HDOT has done an exceptional job in the disbursement of these funds to counties based on formulas established through administrative rule-making, and in providing annual reports to the Legislature. Decisions of how these funds are spent should be at the local (county) level. Each county knows best how to address the pressing safety concerns around schools. The current Bill provides no clarity as to how funds would be disbursed in the future, causing uncertainty for counties, and most likely delaying important projects.

Thank you for your consideration.



TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Repeal Non-General Funds

BILL NUMBER: HB 1973, HD-1

INTRODUCED BY: House Committee on Transportation

EXECUTIVE SUMMARY: Abolishes, repeals, or reclassifies various non-general funds of the Department of Transportation as recommended by State Auditor's Report No. 19-05.

SYNOPSIS: As it relates to the airports division:

- Reclassifies various administratively created funds as trust accounts.

As it relates to the harbors division:

- Repeals the Aloha Tower fund (HRS section 206J-17).
- Reclassifies various administratively created funds as trust accounts.
- Abolishes the administratively created risk management fire and casualty losses - harbors trust fund.

As it relates to the highways division:

- Repeals the transportation improvement special fund (HRS section 264-19).
- Reclassifies various administratively created funds as trust accounts.
- Abolishes the administratively created highway senior debt service reserve account revolving fund.

Makes technical and conforming amendments.

EFFECTIVE DATE: July 1, 2050.

STAFF COMMENTS: 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, HRS 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 bill was the result of Auditor's Report No. 19-05.

Digested 2/18/2020



HIPHI Board

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MacKinnon LLP

Date: February 19, 2020

To: Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair
Members of the House Committee on Finance

Re: Comments on HB 1973, HD1, Relating to Non-General Funds

Hrg: February 20, 2020 at 11:00 AM at Conference Room 308

The Obesity Prevention Task Force of the Hawai'i Public Health Instituteⁱ (HIPHI) provides **Comments on HB 1973 HD1**, which would modify the funding mechanism for the county Safe Routes to School (SRTS) programs and require the counties to submit annual reports to the legislature on the status of their SRTS programs.

HIPHI appreciates the legislature for creating and preserving the SRTS special fund, recognizing the importance of these programs in making environments around schools safer for our keiki to walk or bike. By making walking and biking to school safer and more desirable, SRTS programs encourage a healthy and active lifestyle from an early age. It is critical that these programs have sustainable and reliable funding.

In the current version of HB 1973 HD1, the new process for SRTS program funding and allocation is ambiguous. We are concerned that a new process may cause confusion and disruption to current SRTS programs, which serve an important role in keeping our keiki safe as they travel to school.

Thank you for the opportunity to provide comments on this measure.

Mahalo,

A handwritten signature in black ink that reads 'Jessica Yamauchi'.

Jessica Yamauchi, MA
Executive Director

ⁱ Created by the legislature in 2012, the Obesity Prevention Task Force is comprised of over 60 statewide organizations, and works to make recommendations to reshape Hawai'i's school, work, community, and health care environments, making healthier lifestyles obtainable for all Hawai'i residents. The Hawai'i Public Health Institute (HIPHI) convenes the Task Force and supports and promotes policy efforts to create a healthy Hawai'i.



Peoples Advocacy For Trails Hawai'i

PO Box 62, Kailua-Kona, Hawai'i 96745
808 -326-7284 www.pathhawaii.org

February 19, 2020

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To safely connect
the people and
places on Hawaii
Island with pathways
and bikeways.

Serving
the Island of Hawai'i
since 1986

Comments on HB1973 HD1

RELATING TO NON-GENERAL FUNDS

To the Honorable Chair Aquino, Vice Chair Hashimoto, and members of the Committee:

Peoples Advocacy for Trails Hawaii (PATH) would like to provide the following comments on HB 1973 HD1. While PATH appreciates the legislature's desire to preserve Safe Routes to School funding, we are concerned that the current language in the bill changes the mechanism for the allocation to the counties of SRTS funds, but does not clearly state by what mechanism the funds would be distributed or applied for.

We strongly support SRTS programs and we ask that the current Special Fund and the current process for distributing funds to the counties be continued.

The current process has been working effectively since 2014. It creates a fair and equitable distribution of funds to each county on an annual basis. This allows each county the ability to budget SRTS expenditures and schedule accordingly. If this Bill were to pass in its current form, appropriations would need to be requested from the Legislature. This causes a much higher level of uncertainty, and would most likely mean these important safety projects around schools would be delayed or cancelled due to the additional steps required.

It should also be noted that the Bill as currently proposed was not the intent of the original SRTS Special Fund. At that time, the fund was conceived to provide counties with a reliable stream of funds for SRTS projects and programs, with each county determining how to use these funds to best meet its needs.

PATH urges you to amend this Bill by deleting Part V Section 18 in its entirety, and to keep the Safe Routes to School Special Fund program functioning as it currently exists.

Valerie Overlan
Executive Director

Tuesday, February 18, 2020

TO: House Committee on Finance

Thursday, February 20, 2020, Conference Room 308 – 11:00 A.M.

RE: H.B.1973 HD 1 Relating to Non-General Funds

Hawaii Pacific University (Lessee of the Aloha Tower Market Place) **opposes** H.B. 1973, HD1, because it repeals Section 206J-17, Hawaii Revised Statutes, which establishes the Aloha Tower Fund. House Bill (H.B.) 1973, HD1 proposes to repeal or reclassify certain non-general funds and accounts of the Department of Transportation (DOT) pursuant to the recommendations by the Office of the Auditor in report no. 19-05. Because of these proposed changes, H.B. 1973, HD1 also proposes to transfer any unencumbered balances to the general fund.

Hawaii Pacific University supports the Aloha Tower Development Corporation's (ATDC) mission to better serve the economic, maritime, and recreational needs of the people of Hawaii by developing, redeveloping, or improving the Aloha Tower complex, an area that encompasses Piers 4 to 11 of Honolulu Harbor. Hawaii Pacific University's annual rent of approximately \$1 million to the Aloha Tower Fund and any future revenues within the ATDC area should continue to be used and expended by DOT Harbors Division for harbor improvements as well as any future projects that are intended to have significant economic benefit to the area.

Mahalo for the opportunity to provide testimony.



February 19, 2020

Testimony in Opposition to HB1973 Relating to Non-General Funds

Aloha Chair Luke, Vice Chair Cullen, and esteemed members of the House Finance Committee:

The Hawaii Bicycling League opposes the section of HB1973 (Part V Section 18) that would change the way Safe Routes to School Special Fund is distributed to the counties. It took a lot of work to establish the fund. The fund is working well between DOT and the counties. Safe streets changes are being implemented. Nothing is broken. Nothing needs a fix in this case. Kauai County's suggestion is to delete Part V Section 18. We urge you to do the same.

Safe Routes to School projects make it safer for kids to walk and bicycle to school. In 2012 the legislature created the Safe Routes to School Special Fund to provide a dedicated funding source for these important projects. This fund enables schools, nonprofits, and the counties to work together on local neighborhood solutions. It energizes and involves people. It funds important school-focused projects, like the Fern Elementary School walkways project that will create a safe walking space for hundreds of students.

Please keep this program as is. It is having good safety and active transportation results in our grassroots communities.

Ride and Drive Aloha,

Daniel Alexander
Co-Executive Director
Hawaii Bicycling League
808-275-6717, Daniel@hbl.org

Chad Taniguchi
Director Emeritus
Hawaii Bicycling League
808-255-8271, chad@hbl.org

HB-1973-HD-1

Submitted on: 2/18/2020 3:41:07 PM

Testimony for FIN on 2/20/2020 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Alana Busekrus	Individual	Support	No

Comments:

As a kama'aina, nurse, and mother of four daughters, I support the appropriation of funds to the counties for Safe Routes to School projects. I think these programs are beneficial in protecting our keiki and decreasing traffic accidents, injuries, and deaths, especially in school zones.

Thank you for working to make Hawaii a safer state for our children and communities, county by county!