

STAND. COM. REP. NO. 1272

Honolulu, Hawaii

MAR 21 2025

RE: H.B. No. 1424
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred H.B. No. 1424, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO APPROPRIATIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to prohibit the transfer of funds appropriated for positions to operating expenses, and vice versa, except to fulfill the Legislature's purpose for which the funds were appropriated.

Your Committee received testimony in support of this measure from the Grassroot Institute of Hawaii.

Your Committee received testimony in opposition to this measure from the Department of Corrections and Rehabilitation, Department of the Attorney General, Department of Budget and Finance, and Department of Commerce and Consumer Affairs.

Your Committee received comments on this measure from the Department of Labor and Industrial Relations, Department of Land and Natural Resources, Department of Accounting and General Services, and Department of Hawaiian Home Lands.

Your Committee finds that responsible budgeting is critical to accountability and efficiency in state government. The misuse



of funds appropriated for vacant positions is therefore an increasingly paramount budgetary concern. With thousands of unfilled civil service positions, precautions must be taken to ensure appropriations are expended in accordance with the Legislature's intent, rather than that of the expending department. This measure promotes transparency and accountability in state spending by prohibiting state departments or agencies from transferring funds appropriated for positions to operating expenses, and vice versa.

While your Committee is in accordance with the intent of this measure, it also acknowledges the concerns raised in testimony that uncertainty and volatility at the national level may impact federal funding, making flexibility in expending state appropriations increasingly important to each department's ability to serve the public. Therefore, this measure needs to be amended to address this matter.

Accordingly, your Committee has amended this measure by:

- (1) Deleting language that would have prohibited the transfer of funds for positions to operating expenses, and vice versa, except to fulfill the Legislature's purpose in appropriating the funds;
- (2) Inserting language that requires the Director of Finance to report to the Legislature upon approving the transfer of funds for positions to operating expenses, and vice versa, for any state department or agency;
- (3) Amending section 1 to reflect its amended purpose; and
- (4) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1424, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1424, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Government
Operations,



ANGUS L.K. MCKELVEY, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:* HB1424 HD1	Committee Referral: GVO, WAM	Date: 3-18-25		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
MCKELVEY, Angus L.K. (C)	✓			
GABBARD, Mike (VC)	✓			
MORIWAKI, Sharon Y.	✓			
SAN BUENAVENTURA, Joy A.	✓			
FEVELLA, Kurt	✓			
TOTAL	5	—	—	—
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: 				
<div style="display: flex; justify-content: space-between; font-size: small;"> Distribution: Original File with Committee Report Yellow Clerk's Office Pink Drafting Agency Goldenrod Committee File Copy </div>				

*Only one measure per Record of Votes