

EXECUTIVE CHAMBERS

HONOLULU

June 20, 2003

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 1462

Honorable Members
Twenty-Second Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning without my approval, Senate Bill No. 1462, entitled "A Bill for an Act Relating to the Hawaii Tourism Authority."

This bill contains many provisions affecting the Hawaii Tourism Authority (HTA). One major change would provide HTA with complete autonomy with regard to the expenditure of tourism special funds and convention center enterprise special funds by exempting it from chapters 38 and 40, Hawaii Revised Statutes. These chapters govern deposits of public funds and audit and accounting procedures. The bill would also allow disbursements from the tourism special fund and convention center enterprise special fund to be drawn upon checks prepared and signed as approved by the HTA Executive Director and a member of the HTA board.

This bill is objectionable because, by exempting HTA from chapters 38 and 40, there would be no controls to ensure the proper expenditure and protection of HTA funds, which are public funds. Presently the Department of Accounting and General Services (DAGS) supervises and pre-audits HTA expenditures to make certain that amounts appropriated are not exceeded, and that there is full compliance with executive orders and rules. If this bill were to become law, HTA would have to implement a system of internal controls and cash management procedures to replace those currently provided by DAGS and the Department of Budget and Finance. Hiring its own staff to ensure such fiscal accountability would be duplicative and wasteful.

Moreover, HTA's financial transactions are an integral part of the State's Comprehensive Annual Financial Report (CAFR), which is used to determine the State's bond rating. Reporting HTA's transactions after-the-fact, as this bill allows, could negatively impact the CAFR, and thereby damage state interests.

HTA's contracting issues can be addressed without adding more people and systems to government. Our Administration has worked, and will continue to work, with HTA to streamline the contracting process and expedite payment to vendors, while still ensuring efficiency, accountability, and responsible use of public funds. Even now, HTA is in the process of scrutinizing its past performance, and clarifying its proper roles and functions.

This bill would also appropriate \$8,000,000 out of the tourism special fund for fiscal year 2003-2004 to respond to any adverse effects due to world conflicts, terrorist threats, and SARs, and to strengthen the programs and operations of the HTA. I am not opposed to this appropriation and would support it if appropriate next session.

Some other provisions of this bill, such as the establishment of a tourism registry, the appointment of a sports coordinator, and the performing of an annual financial audit, are being done administratively.

For the foregoing reasons, I am returning Senate Bill No. 1462 without my approval.

Respectfully,

LINDA LINGLE
Governor of Hawaii

P R O C L A M A T I O N

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, Senate Bill No. 1462, entitled "A Bill for an Act Relating to the Hawaii Tourism Authority," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, Senate Bill No. 1462 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return Senate Bill No. 1462 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 20th day
of June, 2003.



LINDA LINGLE
Governor of Hawaii