TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 884, S.D. 2, PROPOSED H.D. 1

April 7, 2009

RELATING TO NON-GENERAL FUNDS

Senate Bill No. 884, S.D. 2, Proposed H.D. 1, proposes the following:

1. Transferring excess balances from various non-general funds to the General Fund.
2. Repealing the current exemptions given to many non-general funds from paying central service assessments and administrative expenses.
3. Transferring interest earnings from non-general funds to the General Fund.
4. Redistributing conveyance tax revenues by reducing the percentage shares of the Land Conservation fund, the rental housing trust fund, and the Natural Area Reserve fund.

In general, we support moving this bill forward to continue the exploration of viable options for closing the projected budget gaps. However, there are significant concerns regarding this measure.

The sweeping proposed transfers of excess balances from non-general funds may result in severe adverse impact on the operations of programs supported by these non-general funds. Further, the transfer of funds that are based on regulatory or administrative fees may face legal challenge in light of the recent court decision on the Hawaii Insurers Council case. Other specific funds, such as the Works of Art Special Fund (which is funded primarily by bond funds), may have their own particular legal limitations on allowable uses of the funds.

For specific impact on State programs, we defer to the testimony from the departments.

Linda Lingle
Governor

Darwin L.D. Ching
Director

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
State Fire Council
830 Punchbowl Street
Honolulu, Hawaii 96813

April 7, 2009

The Honorable Marcus Oshiro, Chair
Committee on Finance
House of Representatives
State Capitol, Room 306
Honolulu, Hawaii 96813

Dear Chair Oshiro:

Subject: S.B. 884, S.D. 2, Proposed H.D. 1 Relating to Non-General Funds

I am Kenneth G. Silva, Chair of the State Fire Council (SFC) and Fire Chief of the Honolulu Fire Department (HFD). The SFC and the HFD oppose S.B. 884, S.D. 2, Proposed H.D. 1, which proposes to divert excess wireless enhanced 911 (E911) funds into the general fund.

Fees collected from consumers for E911 services should be utilized for the administration of the E911 system. The Federal ENHANCE 911 Act enacted in 2004 addressed the diversion of E911 funds by individual states. As a result, states that use E911 funds for other purposes are not eligible for federal grant programs.

As communication technology advances, systems and equipment costs will increase, and the E911 funds must be available for its intended purposes. E911 services are an essential part of homeland security and emergency response to manmade and natural disasters. Our community deserves the best emergency communication system when timely response is literally the difference between life and death.

The SFC and the HFD respectfully urge your committee's deferral of S.B. 884, S.D. 2, Proposed H.D. 1.

Should you have any questions, please call HFD Legislative Liaison Lloyd Rogers at 723-7171.

Sincerely,

KENNETH G. SILVA
Chair

KGS/LR:bh

LINDA LINGLE
Governor

SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512

TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON FINANCE
TUESDAY, APRIL 7, 2009
3:30 P.M.
ROOM 308

SENATE BILL NO. 884, SD2, PROPOSED HD1
RELATING TO NON-GENERAL FUNDS

Chairperson Oshiro and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 884, SD2, Proposed HD1, which transfers excess balances from various non-general funds to the general fund and provides for the temporary transfer of interest from certain special funds, revolving funds, and special accounts to the general fund. This bill would take $1,500,000 from the agricultural loan reserve fund and $4,000,000 from the agricultural loan revolving fund. The Department of Agriculture identifies the following impact this bill will have.

The Department of Agriculture's (DOA) Agricultural Loan Division provides funding for farmers, ranchers and aquaculture operations. This is critical during the current economic period when many operations are facing difficulty. Taking excess funds from the Agricultural Loan Reserve and Revolving funds will limit the program's ability to provide a stimulus to the State's economy as well as preserve existing farm and aquaculture operations that are facing difficult economic times. We believe that taking more than $500,000 from the loan reserve fund and more than $1,000,000 from the revolving fund will severely impact farmers and ranchers.

Private lenders have tightened credit making it especially difficult to obtain financing from other sources. As a result the program is experiencing strong demand and has already approved $3,056,000 in loans for the current fiscal year and anticipates using its entire annual budgeted expenditure ceiling of $4.5 million. As an economic development program, it has the ability to both preserve existing businesses as well as expand existing operations and establish new operations to grow the State's economy. The program has the ability to leverage limited State funding with private sector funding via participation loans and guaranty loans to support the farmers at a time when private lender funding is diminishing and the need for economic development and stimulus is at its greatest. The program, by providing loans, stimulates the economy, creates employment and contributes to tax revenues at no cost to the State and even contributes to the State's general fund on an annual basis via the special fund assessment.

In Fiscal Years 08 and 07, special funds and accounts held by the Department of Agriculture earned $365,000 and $250,000 in interest respectively. The Agribusiness Development Corporation earned approximately 1/3 of the total interest in each of the two fiscal years. The DOA's animal quarantine and pesticide use revolving fund earned approximately 30%-33% in each of the two fiscal years. The remaining 1/3 came from interest earned in the irrigation, agricultural parks, and other, miscellaneous funds and accounts. For certain funds and accounts, interest earned represents a significant amount of funding that contributes to the operation of the program.

Linda Lingle
GOVERNOR

KAREN SEDDON
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO

Statement of
Karen Seddon
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE
April 7, 2009, 3:30 p.m.
Room 308, State Capitol

In consideration of
S.B. 884, S.D. 2 Proposed H.D. 1
RELATING TO NON-GENERAL FUNDS.

The HHFDC has the following comments and concerns relative to specific provisions in the proposed House Draft 1 to this bill.

Part II (Transfer of Non-General Funds to the General Fund)
Section 15 (page 8, lines 6-11) transfers $2,000,000 from the Housing Finance Revolving Fund to the General Fund. **We do not object to this transfer.** Please note that the $2,000,000 balance would include funds set-aside for several inactive programs established by the State Legislature including pineapple workers, Waialua sugar workers, and Kikala-Keokea lessees.

Section 16 (page 8, lines 12-18) transfers $20,000,000 out of the Rental Assistance Revolving Fund. While we recognize that the intent of this Part is to address budgetary concerns, **we have strong reservations with this transfer.** A transfer of this size will result in the termination of the interim construction financing program. At present, there is a pending application for interim construction loan funds out of the Rental Assistance Revolving Fund for $8,200,000. Additionally, we have total rental assistance payment contracts for about 1,400 units of approximately $50,000,000. The maximum annual rental assistance payment amount is about $3,000,000. Therefore, to fulfill our rental assistance payment commitment, HHFDC will need to seek an appropriation in the next 2012-2014 biennium budget period.

Part III (Central Services Fee exemption repeal)
Section 46 (page 19, lines 20-21) repeals the exemption from the central service expense assessment fee for the Housing Loan Program Revenue Bond Special Fund and the Housing Project Bond Special Fund. While we recognize that the intent of this Part is to address budgetary concerns, **we have strong concerns with the proposed repeal of these exemptions.**

These Bond Special Funds were established to account for a system of housing projects to be financed from the proceeds of bonds secured under the same trust indenture. These funds serve as pass through funds in which the HHFDC issues tax-exempt revenue bonds for a private housing developer/owner. The trustees for these funds provide the necessary administrative services. Activity reports on these funds are submitted to the Department of Accounting and General Services. While the Department is sensitive to the State's dismal economic situation and as such, amicable to temporary funding source options to help balance the budget, the Department nonetheless raises the following concerns it has with this measure.

Part IV (Interest Income transfer into the General Fund)
Section 54 (page 33, line 58; page 34, lines 1-7; and page 43, lines 11-12) would temporarily transfer interest earnings on HHFDC's revolving funds to the General Fund. While we recognize that the intent of this Part is to address budgetary concerns, **we have strong concerns with this transfer.** The HHFDC is funded solely by its revolving funds, which cover all of the agency's administrative expenses, including personnel costs, and fringe benefits. Of the listed funds, only the Housing Finance Revolving Fund, Rental Assistance Revolving Fund, Dwelling Unit Revolving Fund, and Fee Simple Residential Revolving Fund earn investment interest. Transferring investment interest to the General Fund would affect the amount of funds available for financing assistance to affordable housing efforts.

Part V (Conveyance tax revenue allocation reduction)
Section 60 (page 54, lines 8-10) temporarily reduces from 30 percent to 15 percent the amount of conveyance tax revenues that is deposited into the Rental Housing Trust Fund (RHTF). While we recognize that the intent of this Part is to address budgetary concerns, **we have strong concerns with this reduction.** While we recognize that the intent of this bill is to address budgetary concerns, cutting in half the percentage of conveyance tax revenues dedicated to the RHTF would negatively impact the development of much-needed affordable rental housing statewide.

Based on current conveyance tax projections, the RHTF would receive approximately $3,434,427 in FY2010, and $3,900,000 in FY 2011 under this bill. At these funding levels, the HHFDC cannot fully leverage its annual allocation of Federal Low-Income Housing Tax Credits. The Federal tax credits are typically leveraged with other financial resources, including the Rental Housing Trust Fund, to finance the development of approximately 150 rental units per year. This bill, combined with declining real estate transactions would severely hinder the production of rental housing for lower income households.

Thank you for the opportunity to testify.

LINDA LINGLE
GOVERNOR

LILLIAN B. KOLLER, ESQ.
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

April 7, 2009

MEMORANDUM

TO: Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Lillian B. Koller, Director

SUBJECT: S.B. 884, S.D. 2, Proposed H.D.1 - RELATING TO NON-GENERAL FUNDS

Hearing: Tuesday, April 7, 2009, 3:30 p.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of this bill is to transfer excess balance from various non-general funds to the general fund; repeals central service and administrative fee exemptions; transfers interest from non-general funds to the general fund; redistributes conveyance tax revenues.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) opposes Section 54(a)(144) of this bill. Section 54(a)(144), which relates to the transfer of interest earned on the Randolph-Sheppard Revolving Account (RSRA) , presents a legal concern due to the Federal law that governs the funds in the account. The funds in this account accrue from vending machines on Federal and State property and, under Federal law, are used to equip blind vending facilities and to provide fringe benefits to licensed blind vendors. The fund is established pursuant to "a cooperative federal-state program" designed to enhance the economic opportunities of the blind. Tamashiro v. Dep't of Human Serv.., 112 Haw. 388, 402, 146 P.3d 103, 116 (2006). As such, where "funds derived from the operation of vending facilities on any federal property are used to establish or operate a blind vendor facility on non-federal property, the provisions of ... federal ... [law] apply." Id. Thus, the interest on the funds in the RSRA should not be transferred to the general fund, because their use is governed by Federal law.

Thank you for this opportunity to testify.

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
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LAWRENCE M. REIFURTH
DIRECTOR

RONALD BOYER
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON FINANCE

TWENTY-FIFTH LEGISLATURE
Regular Session of 2009

Tuesday, April 7, 2009
3:30 p.m.

**TESTIMONY ON SENATE BILL NO. 884, S.D. 2, PROPOSED H.D. 1
RELATING TO NON-GENERAL FUNDS.**

TO THE HONORABLE MARCUS R. OSHIRO, CHAIR, MARILYN B. LEE, VICE CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Lawrence Reifurth, Director of Commerce and Consumer Affairs ("DCCA" or the "Department"). The Department has concerns about section 17 and part IV of the proposed H.D. 1 of S.B. No. 884, S.D. 2.

Section 17 of the proposed H.D. 1 indicates that the Legislature determined that the Department's Compliance Resolution Fund (CRF) has at least $10,000,000 in "excess" of the requirements of the fund. Section 17 would transfer $10,000,000 out of the CRF on June 1, 2009 and deposit the moneys into the general fund for fiscal year 2008-2009.

The proposed draft would also transfer interest earned from "short-term investments" from several special funds, including a few that are administered by the Department and its divisions.

Transfer of "excess" funds.

The Department understands and appreciates the economic and fiscal challenges with which the Administration and Legislature must contend. The Department also appreciates the need to find savings and other sources of revenues to help balance the general fund. However, the transfer contemplated in section 17 appears to again run afoul of the separation of power doctrine as decided by the Hawaii Supreme Court in *Hawaii Insurers Council v. Lingle*. In the *HIC* case, the Hawaii Supreme Court determined that the Legislature did not have the power to transfer $3.5 million in regulatory fees from the CRF to the general fund. The Court found that by transferring those moneys, the Legislature treated those regulatory fees as general tax revenues and that the transfer of those moneys violated the separation of powers doctrine.

In section 17 of this proposal, the Legislature is contemplating the same kind of transfer that the Court has determined to be a violation of the separation of powers doctrine. As the CRF was the basis for the *HIC* case, we strongly urge the Committee to delete section 17 from the proposed draft to avoid a repeat of that case.

Alternatively, if the Committee is intent on transferring monies from special funds, I respectfully recommend that it consider the advice already given by the Attorney

General that the separation of powers problem might be avoided if the Legislature were to focus on money that flows from fees set by statute and not by rule.

The Senate Committee on Ways and Means appears to have taken the Attorney General's advice into account in addressing this issue. In the proposed S.D. 1 of H.B. 39, H.D. 2, WAM is proposing to transfer $3.3 million from the CRF to the general fund. $3.3 million is exactly the amount of money that the Department informed WAM that could be transferred from programs funded by fees set by statute, and without reducing program cash reserves below the point where program operations would be put at risk.

There is another critical difference between the Senate's proposal in H.B. 39, H.D. 2, Proposed S.D. 1 and the House's proposal in S.B. 884, S.D. 2, Proposed H.D. 1. The Senate proposes to transfer the $3.3 million from the CRF on July 1, 2009, whereas the House proposes to transfer $10 million from the CRF on June 1, 2009. Although not likely to occur, it is possible for both bills to pass. Should that happen, then a total of $13.3 million would be transferred from the CRF in two months. The Department cannot afford to transfer $10 million, and it certainly cannot afford to transfer $13.3 million.

Transfer of interest earned on "short-term investments".

Part IV proposes to temporarily transfer into the general fund, the interest earned on "short-term investments" of several special funds, revolving funds, and special accounts, including the CRF, the Insurance Commissioner's Education and Training Fund, the Captive Insurance Administrative Fund, and the Loss Mitigation Grant Fund, over the period from July 1, 2009 to June 30, 2015.

As with the moneys derived from fees, the investment monies that the measure proposes to transfer from the CRF and the other funds administered by the Department and its divisions into the general fund arguably belong as much to our customers as the underlying funds which have been invested. As such, the proposed transfer could raise issues under the *HIC* case, and we urge you to consult with the Attorney General before proceeding with the proposal.

According to the Department of Budget and Finance, DCCA's investment pool interest income for the first seven months of FY09 is less than $500,000 (presumably due in large part to the poor performance of investments over this period). It may, therefore, be fair to assume that the value of the Department's FY09 investment income will be less than $1 million.

As a result, the Department's concerns with regard to Part IV are less focused on our practical ability to withstand the loss of the expected revenues (if these were the only monies to be transferred from the CRF over the same time period), as it is the principle that our customers' money should continue in the service of our customers, and the legal issues that have been raised by *HIC v. Lingle*.

Thank you for the opportunity to submit testimony.

LINDA LINGLE
GOVERNOR

BRENNON T. MORIOKA
DIRECTOR

Deputy Directors
MICHAEL D. FORMBY
FRANCIS PAUL KEENO
BRIAN H. SEKIGUCHI
JIRO A. SUMADA

IN REPLY REFER TO:

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

April 7, 2009

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

House Committee on Finance

SENATE BILL NO. 884, S.D. 2 (Proposed HD1)

This bill will severely curtail the ability of the DOT to carry out its mission and the programs of the Airports, Harbors and Highways divisions.

First of all, we are concerned with the provision to transfer interest earned on the short-term investment or deposit of moneys of certain special funds, revolving funds and special accounts to the general fund.

In FY 2008, interest earned on investments generated over $49 million for the Airports, Harbors and Highways special funds. The interest earnings represent a significant revenue stream for us and help support our maintenance and operations and our capital improvement programs (CIP). At a time when the DOT is looking for new ways to generate revenues and maintain our current revenue levels, any decrease to our special funds will have a significantly adverse impact on the Airports, Harbors and Highways modernization plans.

Revenue bonds are issued by all three divisions. As a result, interest income becomes an important financial component to ensure sufficient revenues are generated to maintain compliance with rate covenants on the bonds. The loss of this revenue stream could result in higher fees and charges to make up for the lost revenue as well to meet the bond compliance tests.

Furthermore, the transfer of the interest income generated through the Airport Revenue Fund may be considered an unlawful revenue diversion. Federal law prohibits the use of airport revenue for purposes other than the capital or operating costs of the airport.

Secondly, we are also concerned that the bill removes the exemption of the passenger facility charge (PFC) and rental motor vehicle customer facility charge (CFC) from administrative expenses and central service expenses. We believe this would be considered an unlawful diversion of airport revenues. We request that the proposed senate bill be amended to continue the exemptions from central service expenses and administrative expenses for the PFC and the CFC. An opinion was requested from the Federal Aviation Administration, Office of Airport

Planning and Programming on March 19, 2003 on the use and implementation of the PFC as it applies to the Work of Art Special Fund and transfers from the Airport Revenue Fund for the State's Central Services. In its response, the FAA states, that the "PFC revenue is subject to (a more restrictive) 49 USC 40117, which states that PFC's are to be used only for the allowable costs of eligible projects approved by the FAA and in the amounts so approved. Operating costs do not meet PFC eligibility criteria under §158.15(b) and so, would not qualify as a stand alone project. Further operating costs would not be considered an allowable cost of a specific project for PFC funding purposes. Only capital costs and debt service costs are allowable." Without these funding sources, the Airports Division will be forced to cancel a substantial portion of its CIP projects.

LINDA LINGLE
Governor

MIKE MCCARTNEY
President and
Chief Executive Officer

Hawai'i Tourism Authority

Hawai'i Convention Center, 1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
Website: www.hawaiitourismauthority.org

Telephone: (808) 973-2255
Fax: (808) 973-2253

Testimony of
Mike McCartney
President and Chief Executive Officer
Hawai'i Tourism Authority
on
S.B. 884, S.D. 2, Proposed H.D. 1
Relating to Non-general Funds

House Committee on Finance
Tuesday, April 7, 2009
3:30 p.m.
Conference Room 308

The Hawai'i Tourism Authority (HTA) opposes SECTION 54 of S.B. 884, S.D. 2, Proposed H.D. 1, which provides for the deposit into the general fund of the interest earned by short-term investments of the Convention Center Enterprise Special Fund and the Tourism Special Fund.

Hawai'i's economy is in a deeper recession than ever experienced, placing the tourism industry, upon which the state's economy depends the most, in a crisis. According to the recent Economic Forecast Special Report published by First Hawaiian Bank, the tourism industry accounts for 35 percent of the state's GDP, over 80 percent of jobs, if a jobs multiplier of 2.6 is applied, and up to 40 percent of state taxes if a 1.5 multiplier is applied. The Forecast reported that, "[*t*]*ourism's contribution to the Hawai'i Economy is so large even under the most conservative assumptions, that if it remains in the slump in which it now finds itself, the overall state economy - its jobs, tax revenues, and the lifestyles of almost all of our citizens - will be impacted seriously. Investing in tourism is the fastest road to economic recovery for Hawai'i – perhaps the only one.*"

The diversion of the interest income from the Convention Center Enterprise Special Fund and the Tourism Special Fund will take away funds, which we estimate to be approximately $700,000 to $1,500,000 annually, that could be used to maintain and improve Hawai'i's competitive position as a visitor destination by increasing marketing.

Thank you for the opportunity to present this testimony.

LINDA LINGLE
GOVERNOR

CHAD K. TANIGUCHI
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
Honolulu, Hawaii 96817

Statement of
Chad K. Taniguchi
Hawaii Public Housing Authority
Before the

HOUSE COMMITTEE ON FINANCE

April 7, 2009 3:30 p.m.
Room 308, Hawaii State Capitol

In consideration of
SB 884 SD2
RELATING TO NON-GENERAL FUNDS

The Hawaii Public Housing Authority (HPHA) has serious concerns about S.B. 884, SD2, which would transfer funds from certain non-general funds accounts to the general fund. This measure would have a detrimental impact on HPHA's ability to provide services to low-income families and elderly citizens, and make it more difficult to balance our budget after 4 years of deficits.

Included in this transfer would be the transfer of interest earned on the short-term investment of moneys of the following HPHA funds:

- **State low-income housing revolving fund** -- section 356D-45, HRS;
- **Housing for elders revolving fund** -- section 356D-72, HRS;
- Public housing revolving fund -- section 356D-28, HRS;
- Housing project bond special funds -- section 356D-28, HRS;

Taking funds from any of these accounts is a financial problem for HPHA, which is trying hard to balance its budget after 4 years of deficits, but two have deficits and are in particularly difficult situations:

1) **The State Low-income Housing revolving fund** is used to pay the expenses of management, operation, and maintenance of state low-income housing projects, and is projected to run a deficit of approximately $1,000,000 for this fiscal year. Approximately $57,000 in interest is earned on this account, and the funds would have to be replaced by rent increases or service cuts.
2) **The Housing for Elders revolving fund** is used to pay expenses of management, operation, and maintenance of housing projects for elders. It is projected run a deficit of approximately $535,000 this fiscal year, and transferring the $70,000 in interest it earns would have similar consequences.

HPHA is working hard to balance our budget and any reduction in or transfer from these accounts would make it more difficult to do so. We request that this measure be amended to delete reference to these HPHA funds.

LINDA LINGLE
GOVERNOR OF HAWAII

LAURA H. THIELEN
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

RUSSELL Y. TSUJI
FIRST DEPUTY

KEN C. KAWAHARA
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

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Transmittal Cover Sheet for Department of Land and Natural Resources Testimony

Date Submitted: April 6, 2009

REVISED TESTIMONY (3rd Submission)
PLEASE REPLACE PREVIOUSLY TRANSMITTED COPY WITH THE VERSION BELOW -- Thank you!

Testifier's Name/Position/Title: Juliet Kazanjian, Fiscal Division Administrator

Committee the comments are directed to: HOUSE COMMITTEE ON FINANCE (FIN)

The Date & Time of Hearing: Tuesday, April 07, 2009
3:30 PM, Conference, Room 308

Measure Number: SB 884 SD 2 Proposed HD 1 RELATING TO NON-GENERAL FUNDS

Number of Copies the Committee is Requesting: In paper, 2 copies (including original) to Room 306 in the State Capitol

LINDA LINGLE
GOVERNOR OF HAWAII

LAURA H. THIELEN
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

RUSSELL Y. TSUJI
FIRST DEPUTY

KEN C. KAWAHARA
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

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
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HONOLULU, HAWAII 96809

Testimony of
LAURA H. THIELEN
Chairperson

Before the House Committee on
FINANCE

April 7, 2009
3:30 PM
State Capitol, Conference Room 308

In consideration of
SENATE BILL 884, SENATE DRAFT 2, Proposed HOUSE DRAFT 1
RELATING TO NON-GENERAL FUNDS

Senate Bill 884, Senate Draft 2, Proposed House Draft 1 would: 1) Transfer excess balances from various non-general funds into the General Fund; 2) Temporarily repeal the Central Service and Administrative expenses exemption for certain special funds; 3) Temporarily transfer interest from certain special funds, revolving funds, and special accounts to the General Fund; 3) Temporarily suspend the distribution of a portion of the Conveyance Tax into the Land Conservation Fund, and 4) Temporarily reduce the portions of Conveyance Tax distribution into the Rental Housing Trust Fund and Natural Area Reserve Fund. The Department of Land and Natural Resources' (Department) comments are restricted to those special funds under its purview. While the Department is sensitive to the State's difficult economic situation and as such, amicable to temporary funding source options to help balance the budget, the Department nonetheless raises the following concerns it has with this measure.

PART II, SECTION 32. - Special Land and Development Fund

The Special Land and Development Fund (SLDF) is used to pay payroll, fringes and operating expenses for the Land Division, as well as supporting other divisions and programs of the Department. SLDF is the first fund that is looked to by the Department when any emergency occurs. For example, to address the flooding emergencies during the months of February, March and April 2006, over $180,000 was expended from SLDF to provide for air travel and expenses for staff, dam safety inspections, equipment rental, personal safety equipment, material purchases, tree removals, rockfall mitigation, stream debris removal, and hiring of contractors/consultants. The Department plays a vital and major role as a first responder to many situations during emergencies statewide. State and federal emergency funding is usually not available for considerable periods of time subsequent to such emergencies and immediate response is almost always required to protect public safety and property. Such urgent and immediate action by the Department is made possible only by the availability of funds from SLDF to pay for those resources without needing to wait for reimbursements from other sources.

Therefore, it is imperative that SLDF have an adequate cash balance not only to cover usual payroll, operations and programs of the Department, but also to address emergency situations that are unforeseen. The Department believes an inadequate balance in the fund jeopardizes the publics' health, safety and welfare by placing everyone at risk due to a lack of immediately available resources. The current available balance must be maintained to sustain the viability of the Department's core functions.

Please also note that the Department is proposing to transfer $2.9 million into the Recreational Renaissance Special Fund proposed in House Bill 980, House Draft 1 (RELATING TO RECREATIONAL RENAISSANCE) to support the Recreational Renaissance initiative.

PART II, SECTION 33. - Beach Restoration Fund
Transfer of funds will negatively impact the current CIP request for the Waikiki Beach Improvements, or any other beach restoration project in the State. Projects would have to be severely restructured and reduced in scope.

PART II, SECTION 34. - Na Ala Hele Program Fund:
Transfer of funds will result in loss of civil service employees and negatively impact the Na Ala Hele program to maintain hiking trails at a standard necessary for public safety and to provide both resident and visitor an adequate recreational experience. The Na Ala Hele Special Fund provides funds from Liquid Fuel Tax Revenue and Transient Accommodation Tax allocation which totaled $335,000 last year, not enough to support the 6.5 FTE permanent positions that are created in the program. A carryover cash balance is needed to provide the cushion to make up salary costs, and minimal operational funds for the Na Ala Hele trail and access program, maintain public and commercial trails at a safe standard for the public. With the down turn in the economy it is uncertain how much revenue will be coming into the fund. Commercial use fees have declined and liquid fuel tax revenue may also decline. Transferring $500,000 from the fund may reduce the cash balance below the point that revenues may not be adequate to support salary and minimal operating requirements through the biennium and require layoff of permanent positions.

PART II, SECTION 40. - Natural Area Reserve Fund:
The Department will be greatly constrained in accomplishing its public safety mandates to monitor and manage the approximate 800,000 acres of lands in the Natural Area Reserves System (NARS), forest reserves, plant and wildlife sanctuaries and to maintain basic operations and service to the public at branch offices without these operational funds. This would puts lives in danger, and exposes the State to liability, particularly regarding fire and search and rescue responses. If any fund are transferred, the Department will likely lose skilled highly trained staff, which will take years to replace; see recent gains in invasive species control and eradication reversed; new invasive species will likely be established; and some threatened and endangered species now reliant on management and preservation efforts will likely be lost - once gone, they are gone forever. The Department will not be able to meet Natural Area Partnership Program and Forest Stewardship contract obligations with private landowners and lose those long-term conservation benefits. With the loss of funding, the Department will also not be able to make state match and lose federal funding for many conservation projects. Defaulting on federal grant agreements will jeopardize the Department's credibility and ability to secure federal funding in the future.

Vital conservation programs supported by the Natural Area Reserve Fund include: the Watershed Partnerships Program; NARS management; Natural Area Partnership Program; Youth Conservation Corps and internship programs; personnel; central services fees; Forest Stewardship Program; Forest Reserve System watershed management; Conservation Reserve Enhancement Program; Invasive species program operations; Threatened & Endangered species management; and the Hawaii Invasive Species Council Programs. The Department notes that the projected unencumbered fund balance will be less than $2,000,000 at the end of this fiscal year and therefore the Natural Area Reserve Fund cannot absorb a proposed transfer of $5,000,000. A base level of funding is also necessary to support continuing personnel costs and contract obligations in the beginning of next fiscal year.

PART III, SECTION 46 and SECTION 47 - Sport Fish Special Fund
Specifically, with regard to the Sport Fish Special Fund, this Fund contains monies derived from the sale of freshwater game fish licenses sold by the Department. These monies are then used to support the Department's Sport Fish Program, including the management of public fishing areas such as those at Kokee, Kauai, Lake Wilson and Nuuanu Reservoirs on Oahu, and many other projects.

The Department notes that an exemption from central services and administrative fees was obtained by way of Act 86, Session Laws of Hawaii 2002, because the fee assessment would jeopardize the receipt of over $2M in federal funds to the State (currently $3.4M for the most current federal fiscal year). Federal law (§80.4, 50 CFR Ch 1-F, Part 80) prohibits the diversion of any funds from license fees or any interest derived there from, paid by fishermen for any other purpose than the administration of the State's fish and wildlife agency.

Implementing the provisions of this bill would run counter to federal law, and could jeopardize over $3.4M in federal funds that the State can ill afford to forego under current economic circumstances. The Department recommends that an exception be provided for transfers of central service fees if it would jeopardize receipt of federal funds under the federal Sport Fish and Wildlife Restoration Program.

PART IV, SECTION 54 – Hawaii Historic Preservation Special Fund, Special Land and Development Fund, Beach Restoration Fund, Land Conservation Fund, Water Resource Management Fund, Dam and Reservoir Safety Special Fund, Wildlife Revolving Fund, State Parks Special Fund, Firefighter's Contingency Fund, Sport Fish Special Fund, Commercial Fisheries Special Fund, Natural Area Reserve Fund, Forest Stewardship Fund, Boating Special Fund, Bureau of Conveyances Special Fund
The Department's general fund budget was reduced by $1.38M last legislative session. This reduction was compounded with a 4% general fund budget restriction ($1.3M) imposed by the Administration. Just recently, the Department was instructed to restrict another 2% ($654,863) on their general fund spending. The Department notes that its 2010-11 Biennium Budget request proposes an additional $6.4M reduction in general funds. The Department has explored supplementing the loss of general funds with federal funds and special funds, as alternative funding sources, to continue the Department's efforts and initiatives to protect, preserve and enhance the quality of our state's natural and cultural resources which directly affect the quality of life for our residents and form the basis for our tourism economy.

For the same reason given above for PART III, SECTION 46 and SECTION 47 - Sport Fish Special Fund, implementing the provisions of this bill to apply to the Sport Fish Special Fund

(49) and the Wildlife Revolving Fund (46) would run counter to federal law, and could jeopardize over $3.4M in Sport Fish federal funds and $1.3M in Wildlife Restoration federal funds that the State can ill afford to forego under current economic circumstances. The Department recommends that an exception be provided for transfers of interest earned if it would jeopardize receipt of federal funds under the federal Sport Fish and Wildlife Restoration Program.

PART V, SECTION 59 and SECTION 60 – Land Conservation Fund and Natural Area Reserve Fund

Because of the decrease in real estate activity, the Conveyance Tax is projected to have a much reduced level of funding in Fiscal Year (FY) 2010 and FY 2011 than has been available over the past few years. Revenue in FY 2007 was $48 million, $36 million in FY 2008, and is projected to be $24 million in 2009 and flat into 2010 and potentially 2011. These Programs will be operating at a 50% decline in funding from prior years, and will be reduced to core elements with the status quo.

The LCF supports the Legacy Land Conservation Program (LLCP) which protects rare and unique cultural, natural, agricultural, and recreational resources from destruction by funding nonprofits, counties, and State agencies for the acquisition of fee title or conservation easements, and management of these lands.

In FY 2008 alone, with $4.7 million in State funds, the LLCP was able to secure over $14.3 million in matching funds, including $6.8 million in federal funds, about $2 federal dollars for every state dollar spent. However, estimated Conveyance Tax revenues to the LLCP in FY 2009, FY 2010 and FY 2011 are $2.4 million or less. Further reductions in state funding will likely result in the loss of federal matching funds and the inability to respond to opportunities to protect Hawaii's valuable and unique land areas from development and destruction.

Zero funding for this Program would result in the loss of 2.0 FTE civil service positions, and the shutdown or delays in administrative processing and finalization of current and prior year acquisitions; stoppage in development of the statewide acquisition plan; stoppage in the development of Administrative Rules and procedures for the program; and loss of opportunity to partner with Federal, County, and private conservation land acquisition programs. Conversely, maintaining basic LLCP structure through a reduced amount of funding would allow continuation of the program via retention of two key civil service positions and the ability to match federal funding for acquisitions. For additional information on the LLCP, please link to http://hawaii.gov/dlnr/dofaw/llcp.

Senate Bill 884, Senate Draft 1, Proposed House Draft 1 would also affect funding for programs supported by NARF. NARF supports a suite of essential conservation programs including Watershed Partnerships Program, Natural Area Reserves System management, Natural Area Partnership Program, Youth Conservation Corps and internship programs, personnel, central services fees, Forest Stewardship Program, Forest Reserve System watershed management; Conservation Reserve Enhancement Program; Invasive species program operations; Threatened & Endangered species management, and the Hawaii Invasive Species Council Programs. Additional information on these programs can be found at http://hawaii.gov/dlnr/dofaw/nars/nar-special-fund-brochures-1.

Senate Bill 884, Senate Draft 1, Proposed House Draft 1, if enacted, would reduce a portion of the Conveyance Tax going to NARF from 25% to 10%. This would represent a projected reduction in revenue from $6 million to $2.4 million dollars for FY 2010 and FY 2011. At this reduced level of funding, the Department would be only able to support the civil service positions funded by conveyance tax revenue (39.5 FTE, $2,260,000) and the central service fees for the special fund assessment ($168,000). If revenues decline below projected amounts, layoffs of civil service staff may be required. The vacancies/layoffs will reduce the Departments capacity to implement these vital programs. Overall, the Department would not be able to maintain the existing long term contract agreements with private landowners under the Natural Area Partnership Program and the Forest Stewardship Program or support for all the other environmental programs described above.

The Department has a number of policy, legal and technical concerns relating to this large a reduction and summarizes the projected impacts to those programs below.

Policy Concerns:
Watershed partnerships are voluntary alliances of over 60 private and public landowners working collaboratively with local, state, and federal agencies to protect forested watersheds for water recharge, conservation, and other ecosystem services. Presently they are comprised of nine watershed partnerships on six islands collectively protecting 1.6 million acres and represented by the Hawaii Association of Watershed Partnerships (HAWP).

NARF support for the Watershed Partnership grants program will be reduced from $3.1 million in FY 2009 to $0 in FY 2010, resulting in the Department having little direct funding or technical support for watershed partnerships throughout the State. Effects would be further compounded since partnerships will then have reduced matching opportunities required to access private, federal, and county sources of funds. They currently leverage close to $5 million per year in non-state funding that is potentially threatened. Previous substantial gains in weed and ungulate control will be severely eroded resulting in a loss of investments that would take many years to recover. With minimal management capacity, there will be a loss of water recharge capacity, native species, and unique habitat, as well as increased exposure to fire and higher costs to repair sediment-impacted coral reefs resulting from higher rates of erosion. The Ko`olau Mountains watershed alone produces a sustained yield of 135 billion gallons of water per year. The University of Hawaii Economic Research Organization estimates the value of managing this are at $14 billion. Statewide, Watershed Partnerships protect the primary recharge areas for over 3 trillion gallons annually. Approximately 43 temporary-hire support and field crew workers would be lost if alternate funding is not secured.

The **Natural Area Reserves System** (NARS) was established in 1970 to preserve in perpetuity Hawaii's most unique ecosystems and geological features. There are currently 19 reserves on five islands, encompassing more than 109,000 acres. The diverse areas found in the NARS range from marine and coastal environments to lava flows, tropical rainforests, and an alpine desert. The reserves also protect major watershed areas, which are vital sources of fresh water.

NARS management will be reduced from $2.7 million in FY 2009 to $0 in FY 2010. Compounded by a proposed 28% reduction in the General Fund support, this would greatly reduce the Department's ability to preserve the most unique and intact natural resources on state lands. With the loss of 17 temporary-hire support and field crew workers and operating capital, there would be severely reduced ability to maintain existing infrastructure such as fences, trails and roads, and accompanying losses in the effort to control ungulates, rodents, and noxious and dangerous invasive weeds. Unless alternate funding is secured, the NARS would not have sufficient resources to maintain efforts to: plant rare native species, do environmental outreach, conduct biological/archeological surveys, or accomplish management priorities actions at areas such as Mauna Kea, Kaena Point and Ahihi Kinau NAR.

The **Natural Area Partnership Program** (NAPP) was established by the Legislature in 1991 to provide state funds on a two-for-one basis with private funds for the management of private lands that are dedicated to conservation. With over 30,000 acres enrolled, this innovative program complements the protection efforts on state lands - a partnership essential for the success of conservation in Hawaii.

The NARF funds existing fixed NAPP multi-year contracts. With these funds NAPP partners have supported Invasive Species Councils and Watershed Partnerships with personnel, funding, equipment and facilities for many years. Under Senate Bill 884, Senate Draft 1, Proposed House Draft 1, existing long-term NAPP agreements and contracts would not be honored and funding would be halted. However, partners would be asked to voluntary delay implementation of the program and voluntarily amend multi-year contracts.. The purpose which the landowner gave the conservation easements in perpetuity would not be realized and the easement grantee may be subject to legal action for enforcement of the easement.

The Hawaii **Youth Conservation Corps** (YCC) is a hands-on summer learning experience aimed at educating Hawaii's youth on the many conservation issues that threaten Hawaii's unique environment. Students are mentored by and work alongside some of Hawaii's premiere conservation leaders. Nearly 170 local youth participated in the 2008 summer program.
With this Program receiving $0 from NARF and no alternate funding secured, the State would default on a federal grant agreement and lose federal funding of $650,000 per year. The program, which needs $240,000 to meet the federal match requirements, would lose the 25 existing Americorp interns and 175 summer interns that are provided to programs.

The Forest Stewardship Program (FSP) provides technical and financial assistance to owners of non-industrial private forest land that are interested in conservation, restoration, and/or timber production. These services exist as fixed multi-year contracts to private landowners. Under Senate Bill 884, Senate Draft 1, Proposed House Draft 1, existing long-term Forest Stewardship agreements and contracts would not be honored and funding would not be maintained at contract levels.

Landowners would be asked to voluntarily delay participation and amend multi-year contracts. State defaulting on the contracts would jeopardize the existing conservation investment.

The **Forestry Program** manages 55 forest reserves comprising more than 640,000 acres, or 16% of Hawaii's land area. The program also provides financial incentives to agricultural landowners to covert fallow or open land to trees, shrubs, and forest habitat, conducts control and monitoring efforts in each county for existing and incipient invasive species, and supports threatened and endangered species management.

Funding for this Program will be reduced to $0, resulting in the Department having little direct funding to invest in managing public forest reserves, or provide private landowner assistance which include many of our most valuable watersheds. Zero funding would result in loss of 12.5

temporary-hire support and field crew workers and 2.5 FTE federally funded State Civil Service positions (lack of match), and operating capital. This would result in a severely reduced ability to maintain existing forest reserve infrastructure such as fences, trails and roads, and accompanying losses in the effort to control ungulates, cattle, and noxious and dangerous invasive weeds in forest reserves and watersheds and protect and restore endangered and threatened species.

The **Conservation Reserve Enhancement Program** (CREP) is a federal-state natural resources conservation program that addresses state and nationally significant agricultural related environmental concerns. Through CREP, program participants receive financial incentives from United States Department of Agriculture (USDA) and the State to voluntarily enroll in the CREP in contracts of 15 years. Participants remove cropland and marginal pastureland from agricultural production and convert the land to native grasses, trees and other vegetation.

Under Senate Bill 884, Senate Draft 1, Proposed House Draft 1, funding for this program will be reduced to $0, and the long-term funding agreement with USDA for $57 million in federal funds for conservation projects on agricultural lands would have to be cancelled resulting in loss of an opportunity to provide landowner assistance relating to riparian area conservation, reforestation and sedimentation. Normally, this program allows participants to obtain 9:1 funding match ratios from the Federal Government.

The **Invasive Species Council Programs** (ISCs) are statewide and island-based partnerships of government agencies, non-government organizations, and private businesses working to protect each island from the most threatening invasive pests. The Hawaii ISC (HISC) is the statewide Department lead coordinating council that provides direction, coordination and funding for many of the statewide invasive species programs of prevention, control and eradication, research and technology, and public outreach. NARF also funds the county-based ISCs that provide rapid response and control work on new invasive pests that have the potential to severely impact our economy, ecosystem, watersheds, human health, and quality of life. A driving objective of the HISC and ISCs is to control the most threatening pests while populations are still relatively small and it is economically feasible to control or eliminate them.

Funding for this program will be reduced to $0, resulting in the complete loss of funding for the HISC support staff and programs and cease a large portion of the invasive species control efforts statewide. Zero funding would result in loss of 53 temporary-hire support and field crew workers and operating funds. This would result in a severely reduced ability to respond to existing noxious and dangerous invasive weeds and prevent further introductions.

The **Plant Extinction Prevention** program works to prevent the extinction of rare native plants with less than 50 plants remaining in the wild. This is done by numerous restoration methods including monitoring, surveying, and propagation of rare plants; out-planting; removal of invasive species; and fencing of protected areas.

Funding for this program will be reduced to $0, resulting in the loss of 5.5 temporary-hire field crew workers. Many programs relating to surveying and monitoring threatened and endangered species, plant collection and propagation efforts, and field management of threatened and endangered plant and wildlife species will be discontinued or dramatically reduced. Loss of Federal funding for both personnel and field operations will be imminent.

Legal Concerns:
The Department will be greatly constrained in accomplishing its constitutional, statutory, and court ordered mandates to protect Hawaii unique natural resources and ecosystem services. The Department will potentially not be able to fulfill contract obligations under existing long term contracts under NAPP and Forest Stewardship Program with potential loss of public benefits provided under those agreements, or be able to carryout long-term funding agreement with USDA for the Conservation Reserve Enhancement Program.

Technical Concerns:
The Department will be greatly constrained in accomplishing its public safety mandates to monitor and manage the approximate 800,000 acres of lands in NARs, forest reserves, plant and wildlife sanctuaries and to maintain basic operations and service to the public at branch offices without these operational funds.

Other Concerns/Comments/Suggestions:
The Department will lose skilled highly trained staff, which will take years to replace once the economy recovers. Some threatened and endangered species will most likely go extinct due to lack of management and preservation efforts. Once gone, they are gone forever. Without ongoing management, recent gains in invasive species control and eradication will be reversed, and new invasive species will potentially become established.

Federally funded projects that are now dependent on conveyance tax revenue to provide the state match will have to be halted with a loss of the accompanying federal funds. Defaulting on federal grant agreements will jeopardize the Department's credibility and ability to secure federal funding in the future.

The Department realizes the difficult decisions that need to be made to balance the budget deficit. Passing Senate Bill 884, Senate Draft 1, Proposed House Draft 1 would provide additional monies in support for the General Fund, but with dramatic reductions in environmental programs, among other things, and long lasting effects. One area where this special fund could be cut without jeopardizing existing program structure and staff is in the area of future land acquisitions and a partial reduction in funding for the LCF. An acceptable approach would be to temporarily reduce and cap the funding going into the LCF from its projected \$2.4 million in funding in FY 2010 to \$750,000, a reduction of \$1,650,000. This would result in a loss of short term opportunity for land acquisition, but not require loss of existing program staff and operations. The \$750,000 that would remain would still support the core staffing of 2 positions, operational funds to continue processing current acquisitions, developing plans and administrative rules, and still provide up to \$500,000 in acquisition funds to take advantage of any priority federal or county matched acquisition that may arise over the next few years and keep the program functioning.

The Department would be happy to work with this Committee on any ideas or scenarios on how to help to fix the General Fund deficit, to reduce costs in our programs and try and meet the needs of the varied environmental programs that are our responsibility to implement.

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Statement of
ABBEY SETH MAYER
Director, Office of Planning
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE
Tuesday, April 7, 2009
3:30 PM
State Capitol, Conference Room 308

in consideration of
SB 884, SD 2, Proposed HD 1
RELATING TO NON-GENERAL FUNDS.

Chair Oshiro, Vice Chair Lee, and Members of the House Committee on Finance.

The Office of Planning restricts its testimony to Section 54(a), paragraph (54), Brownfields Cleanup Revolving Loan Fund on page 33 of Proposed HD 1.

The Brownfields Cleanup Revolving Loan Fund is capitalized by grant funds from the U.S. Environmental Protection Agency (EPA). As a condition of the EPA grant, all monies received from loans funded by EPA grant monies—principal, interest, and associated loan fees—must be used for the same purposes for which the grant funds were awarded. Thus, any interest on funds in the special fund must be used for brownfields cleanup and are subject to the same eligibility criteria as would be imposed by the grant program.

Thank you for the opportunity to testify.

TESTIMONY OF THE STATE ATTORNEY GENERAL
TWENTY-FIFTH LEGISLATURE, 2009

ON THE FOLLOWING MEASURE:
S.B. NO. 884, S.D. 2, Proposed H.D. 1, RELATING TO NON-GENERAL FUNDS.

BEFORE THE:
HOUSE COMMITTEE ON FINANCE

DATE: Tuesday, April 7, 2009 **TIME:** 3:30 PM

LOCATION: State Capitol, Room 308

TESTIFIER(S): Mark J. Bennett, Attorney General,
or Randall S. Nishiyama, Deputy Attorney General

Chair Oshiro and Members of the Committee:

This bill proposes to transfer moneys from various non-general funds to the general fund for fiscal year 2008-2009. In addition, this bill amends the authorized purposes section of the Wireless Enhanced 911 Fund and the Deposit Beverage Container Special Fund to remove the restrictions on the use of moneys from these special funds. Also, this bill repeals the central service and administrative fee exemptions for various funds; transfers interest earnings from non-general funds to the general fund; and redistributes the conveyance tax revenues.

The Department of the Attorney General offers our comments on the Legislature's ability to transfer non-general funds to the general fund given the decision of the Hawaii Supreme Court in Hawaii Insurers Council v. Lingle, 120 Haw. 51, 201 P.3d 564 (2008) (hereinafter "Hawaii Insurers Council"). In addition, while section 12 of this bill proposes to transfer $2,000,000 from the Medicaid Investigations Recovery Fund to the general fund for fiscal year 2008-2009, we respectfully request that any transfer out of the Medicaid Investigations Recovery Fund be limited to not more than $1,500,000. Further, we do not object to section 13 of this bill, which proposes to transfer $600,000 from the State Identification Revolving Fund to the general fund for fiscal year 2008-2009.

Also, we believe that the blanket transfer of interest earnings from non-general funds and accounts to the general fund would be subject to challenge.

Legislature's Ability to Transfer Non-General Funds to the General Fund Under the Hawaii Insurers Council Case

Under the Hawaii Insurers Council case, special fund moneys derived from regulatory fees that are imposed by an administrative agency pursuant to authority delegated to the agency by the Legislature cannot be transferred to the general fund. The Hawaii Supreme Court determined that this type of transfer violated the separation of powers doctrine because administrative fees and assessments imposed by an administrative agency can only be used for the purpose of providing services to the persons or entities paying such fees. Any other use of the fees would constitute a tax, which can only be imposed by the Legislature.

The source of the money comprising the special fund is important, as it may be determinative as to whether the source of the money is a regulatory fee, a tax, or from a different source. The first prong of the regulatory fee test used by the Hawaii Supreme Court in the Hawaii Insurers Council case is whether the regulatory agency assessed the fee via an administrative rule. If so, the charge is more likely to be regulatory fee than if the money was assessed via a legislative statute. If the fee is statutorily set by the Legislature, the charge is more likely to be a tax. Generally, the Hawaii Insurers Council case does not prohibit the transfer of moneys that are derived from fees set by statute.

Likewise, the purpose of the transfer is important. The third prong of the foregoing regulatory fee test is whether the moneys are used for a public purpose or to defray regulatory expenses. If used for the former, the moneys are more likely to be taxes than if used for the latter.

Consequently, distinguishing a regulatory fee from a tax requires a careful analysis of the facts and circumstances of the situation.

We have done a preliminary review regarding the ability of the Legislature to transfer moneys from the non-general funds listed in this bill to the general fund.

We have determined that the Wireless Enhanced 911 Fund (sections 4 and 11) and the Deposit Beverage Container Special Fund (sections 5 and 19) have moneys which may be transferred to the general fund under the Hawaii Insurers Council case. We note that this bill has duplicate provisions for the transfer of moneys from the Wireless Enhanced 911 Fund and the Deposit Beverage Container Special Fund to the general fund which should be corrected.

While further study is needed, our preliminary review indicates that moneys from the following non-general funds may be transferred to the general fund under the Hawaii Insurers Council case:

Section 7	Agricultural Loan Reserve Fund
Section 10	Stadium Special Fund
Section 12	Medicaid Investigations Recovery Fund
Section 13	State Identification Revolving Fund
Section 15	Housing Finance Revolving Fund
Section 18	Drug Demand Reduction Assessments Special Fund
Section 20	[Hawaii] Tobacco Settlement Special Fund
Section 25	Vital Statistics Improvement Special Fund
Section 28	Driver Education and Training Fund
Section 29	Judiciary Computer System Special Fund
Section 35	University Revenue-Undertakings Fund
Section 37	University of Hawaii Housing Assistance Revolving Fund
Section 38	Systemwide Information Technology and Services Special Fund
Section 39	Research and Training Revolving Fund

Our review has also indicated that the transfer of moneys from the following non-general funds to the general fund may result in adverse tax consequences because general obligation bond funds may have been used to fund these funds. Consequently, bond counsel should be consulted.

Section 16	Rental Assistance Revolving Fund
Section 41	Works of Arts Special Fund

Also, our preliminary review of the following non-general funds indicates that the discrete components of each fund would have to be analyzed to determine whether moneys derived from such components may be transferred to the general fund.

Section 8	Agricultural Loan Revolving Fund
Section 9	State Risk Management Revolving Fund
Section 14	Hydrogen Investment Capital Special Fund
Section 21	Neurotrauma Special Fund
Section 22	Noise, Radiation, and Indoor Care Quality Special Fund
Section 23	Environmental Health Education Fund
Section 24	Emergency Medical Services Special Fund
Section 26	Clean Air Special Fund
Section 27	Environmental Management Special Fund
Section 30	Special Fund for Disability Benefits
Section 32	Special Land and Development Fund
Section 33	Beach Restoration Special Fund
Section 36	Hawaii Cancer Research Special Fund
Section 40	Natural Area Reserve Special Fund
Section 42	Domestic Violence and Sexual Assault Special Fund

While section 17 of the bill proposes to transfer $10,000,000 from the Compliance Resolution Fund to the general fund for fiscal year 2008-2009, we note that a transfer from that fund was the basis for the Hawaii Insurers Council case. We urge caution in considering such a transfer, and note that the discrete components of the Compliance

Resolution Fund would have to be analyzed to determine whether moneys derived from such components may be transferred to the general fund.

We are not familiar with the statutory basis of the Salvinia Molesta Removal Fund (section 31) and the Na Ala Hele Program Fund (section 34), and are unable to make a preliminary determination as to whether moneys from these funds can be transferred to the general fund.

We would be happy to work with the Committee to resolve this matter.

Section 12 Medicaid Investigations Recovery Fund

Section 12 of this bill proposes to transfer $2,000,000 from the Medicaid Investigations Recovery Fund to the general fund for fiscal year 2008-2009.

As we explained to the Senate Committee on Ways and Means when that committee asked for our input on this matter, we believe that a transfer of more than $1,500,000 would have adverse consequences on the operations of the Medicaid Investigations Division (MID). The Medicaid Investigations Recovery Fund has allowed MID to operate in a self-sufficient manner without using any general funds to pursue and prosecute Medicaid fraud cases. We note that the federal government has changed the allocation of moneys that the State would be receiving for the Medicaid Investigations Revolving Fund, which may cause the State to receive lower revenues in the future, thus adversely impacting our ability to operate effectively. We respectfully request that any transfer out of the Medicaid Investigations Recovery Fund be limited to not more than $1,500,000.

Section 13 State Identification Revolving Fund

We do not object to section 13 of this bill, which proposes to transfer $600,000 from the State Identification Revolving Fund to the general fund for fiscal year 2008-2009.

As we explained to the Senate Committee on Ways and Means when that committee asked for our input on this matter, we believe that a transfer of more than $600,000 would have adverse consequences on the operations of the State ID program. The federal government is imposing increasingly stringent requirements regarding the authentication and issuance of identity documents. These requirements are placing fiscal stress on our identification program. We respectfully request that any transfer out of the State Identification Revolving Fund be limited to not more than $600,000.

Transfer of Interest Earnings from Non-General Funds to the General Fund

Part IV of this bill, sections 53 through 57, proposes that interest earned on the short-term investment of moneys from certain special funds, revolving funds, and special accounts, instead of being retained by the pertinent fund, would be transferred to the general fund.

The Legislature stated:

> This Act does not require the temporary transfer of any fee or user charge collected from a beneficiary of the state service. It only provides for the temporary transfer of interest earned on the unexpended fee or charge. Thus, the legislature intends that this Act be in conformance with state judicial interpretation concerning the proper use of the proceeds from a fee or user charge established by a state agency.

We believe that the blanket application of this transfer provision would be subject to challenge. We believe that to transfer the interest earnings from a non-general fund to the general fund, the discrete components of that fund would have to be analyzed to determine whether the interest earnings derived from such components may be transferred to the general fund. For example, moneys from federal sources may require that any interest earnings from such funds be retained for that particular purpose or may require the payment of such interest earnings back to the federal government. We urge your reconsideration of this aspect of the proposed bill.

In summary, we respectfully request that:

1. The Committee reconsider the transfer of moneys to the general fund from non-general funds that may be funded by general obligation bonds due to the potential adverse tax consequences that may result;

2. The Committee analyze the discrete components of the non-general funds that our preliminary review has identified that moneys in such funds cannot be transferred to the general fund in total;

3. The Committee reconsider the transfer of moneys from the Compliance Resolution Fund to the general fund;

4. Not more than $1,500,000 be transferred from the Medicaid Investigations Recovery Fund to the general fund for fiscal year 2008-2009;

5. Not more than $600,000 be transferred from the State Identification Revolving Fund to the general fund for fiscal year 2008-2009; and

6. The Committee reconsider the transfer of interest earnings on certain non-general funds and accounts to the general fund.

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April 7, 2009

TO: The Honorable Marcus R. Oshiro, Chair
House Finance Committee
The Honorable Marilyn B. Lee, Vice-Chair
House Finance Committee
Members of the House Finance Committee

FROM: Barbara U. Wong, Executive Director
Campaign Spending Commission

SUBJECT: Testimony on S.B. No. 884, S.D. 2, H.D. 1 Proposed, Relating to Non-General Funds

April 7, 2009
4:00 p.m. in Conference Room 308

Chair Oshiro, Vice-Chair Lee, and Members of the House Finance Committee, thank you for the opportunity to testify on this bill.

The Commission recognizes the challenges faced by the State and this Committee and is willing to do its "fair share" to help address those challenges. We are opposed, however, to Section 54 of this bill as it relates to the transfer of interest from the Hawaii Election Campaign Fund (HECF).

- The HECF is designated as a trust fund and the law specifies that the funds in the HECF must be used only for the purposes designated in the law.
- We understand that the Legislature previously has made transfers from special funds, but not from trust funds. Though we were not able to locate any guidance on this specific point in our preliminary review, this past policy may have been based upon the trust or fiduciary duty created by the creation of a trust fund.
- The transfer from the HECF is bad policy. The HECF was converted to a trust fund by Act 10, Special Session Laws 1995, an omnibus law which was "intended to bring about major reform." This "major reform" has allowed the Commission to be self-sufficient. This avoids the situation of approaching legislators every year for an appropriation, though the Commission oversees those same legislators.

Background of the HECF

The HECF was created pursuant to the Constitution of the State of Hawaii, Article II, Section 5, which provides as follows:

> The legislature shall establish a campaign fund to be used for partial public financing of campaigns for public offices of the State and its political subdivisions, as provided by law. The legislature shall provide a limit on the campaign spending of candidates. [Add Const Con 1978 and election November 7, 1978]

Hawaii Revised Statutes ("HRS") section 11-217, Hawaii election campaign fund; creation, provides as follows:

> The Hawaii election campaign fund is created as a trust fund within the state treasury. The fund shall consist of all moneys collected from persons who have designated a portion of their income tax liability to the fund as provided in section 235-102.5, any general fund revenues appropriated, as well as all other moneys collected pursuant to this subpart. Payment to each candidate from the fund shall be by the comptroller in the manner prescribed in section 11-222. Moneys from this fund may also be used for the operating expenses of the commission, including staff salaries and fringe benefits.

There is a fiduciary duty to expend funds in accordance with the purpose of the trust.

HECF's funding sources are decreasing. Expenditures are increasing with the pilot project for comprehensive public funding of Hawaii County Council Elections for three election cycles, beginning in 2010

The HECF's revenue was previously derived from three sources:

- Fines,
- the Hawaii State income tax check-off, and
- Interest.

Act 244, SLH 2008, ended the HECF's revenue from fines, and directed that fines be deposited into the general fund. From FY03 to FY08, fines generated $2,114,097 in revenue. Fines had provided approximately 41% of the HECF's annual revenue.

The second source of revenue, the Hawaii State income tax check-off, has been in steady decline almost since inception in 1991. In FY08, the tax check-off provided $190,480 and we expect that amount to decline in FY09.

The third source of revenue is interest on the HECF. Total interest revenue from FY03 to FY08 was $1,125,769. With three months remaining in the FY09, interest income is $86,477.34. Interest provides, on average, 25% of the Commission's annual revenue.

HECF'S REVENUE

Fiscal Year	TOTAL	Tax Revenue	Fines	Interest	Other
2007-2008	$583,245	$190,480 (33%)	$114,345 (20%)	$258,796 (44%)	$19,625 (3%)
2006-2007	$785,274	$220,406 (28%)	$301,969 (39%)	$237,292 (30%)	$25,607 (3%)
2005-2006	$953,205	$186,312 (20%)	$515,169 (54%)	$198,598 (21%)	$53,126 (5%)
2004-2005	$826,680	$220,490 (27%)	$459,970 (56%)	$137,502 (16%)	$8,718 (1%)
2003-2004	$1,180,281	$517,930* (44%)	$530,708 (45%)	$120,180 (10%)	$11,463 (1%)
2002-2003	$586,912	$ 29,090* (5%)	$191,936 (33%)	$173,401 (30%)	$192,485 (32%)

Act 244, SLH 2008 (Act 244) established a pilot project for comprehensive public funding program for the county of Hawaii council elections. The pilot project is for a period of three election cycles, and scheduled to begin with the 2010 elections. These elections will require $900,000 (over three election cycles) and administrative costs of approximately $100,000 for the first cycle alone.

POLICE DEPARTMENT

CITY AND COUNTY OF HONOLULU

801 SOUTH BERETANIA STREET · HONOLULU, HAWAII 96813
TELEPHONE: (808) 529-3111 · INTERNET: www.honolulupd.org

MUFI HANNEMANN
MAYOR

BOISSE P. CORREA
CHIEF

PAUL D. PUTZULU
KARL A. GODSEY
DEPUTY CHIEFS

OUR REFERENCE MC-LS

April 7, 2009

The Honorable Marcus R. Oshiro, Chair
and Members
Committee on Finance
House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chair and Members:

Subject: Senate Bill No. 884, S.D. 2, Relating to Non-General Funds

I am Marie McCauley, Major of the Communications Division of the Honolulu Police Department (HPD), City and County of Honolulu.

The HPD strongly opposes Senate Bill No. 884, S.D. 2. This bill seeks the power to move surcharge money from the funds collected specifically for the 9-1-1 system and transfer it to the state general funds to help with the budget shortfall. Any funds that are collected from fees imposed on consumer bills for the purpose of funding enhanced 9-1-1 services should be expended for that reason.

We believe that there are no excess monies in the current wireless fund. The HPD received $1.2 million from the fund in 2008, which was mostly for maintaining service to our Public Safety Answering Point (PSAP). Each PlantCML position costs $2,300 per month for receiving wireless and landline calls. We currently have 26 live positions for answering the almost one million calls for service we receive each year.

The HPD has barely touched the surface of our need for assistance from the fund. We have been carefully analyzing our equipment and believe that we will need a new Computer Aided Dispatch (CAD) system to be able to provide excellent service to the community. This system alone could cost $20 million for a department of our size.

In addition, all of the Oahu PSAPs have analyzed the possibility of each of us sharing a CAD system, which would allow for more efficiency in transferring information immediately from one department to another. Although this would increase the cost of purchasing a system, we believe that the effectiveness of this long-range planning is imperative to satisfy the ongoing public safety needs of our community. This one project alone could diminish a substantial amount of money from the fund, thereby showing there is no excess.

The 9-1-1 system is the foundation of our community's homeland security in times of natural or man-made disasters. We must be able to field the volume of calls that arrive in emergency situations and have the capability to record and respond to each need.

We also believe that there are legal issues surrounding this proposed legislation that may result in civil action that could potentially tie up the funds until resolved. This would not help anyone in our community.

Lastly, the federal government has clearly affirmed that states that raid wireless funds for use in the general funds may be ineligible for certain federal grant programs. This year, there are numerous opportunities available for grants that would enhance the 9-1-1 wireless technology. Therefore, we believe that it is not feasible to take this course of action at this time.

Thank you for giving us the opportunity to express our strong opposition to this bill.

Sincerely,

MARIE A MCCAULEY, Major
Communications Division

APPROVED:

BOISSE P. CORREA
Chief of Police

DEPARTMENT OF INFORMATION TECHNOLOGY

CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 5TH FLOOR
HONOLULU, HAWAII 96813
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MUFI HANNEMANN
MAYOR

GORDON J. BRUCE
DIRECTOR & CIO

April 7, 2009

The Honorable Marcus R. Oshiro, Chair
and Members of the Committee on Finance
State House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chair Oshiro and Members:

Subject: Senate Bill No. 884, SD2, Proposed HD1, Relating to Non-General Funds

I am Gordon Bruce, Director of the Department of Information Technology (DIT), City and County of Honolulu. The City and County of Honolulu Department of Information Technology adamantly opposed to SB884, SD2, HD1, Relating to Non-General Funds that seeks the raid the 9-1-1 funds to help pay for the state general funds budget shortfall. Public safety demands that these funds not be used for this purpose. Fees imposed on consumer bills for the purposes of funding enhanced 9-1-1 services should go only for the purposes for which the funds are collected. The law when enacted took this into consideration. Changing the law further increases the Citizens' distrust in their legislators and government.

Since the inception of the fund, a total of $ 6,607,897.38 has been dispersed statewide. On Oahu our Public Safety Answering Points (PSAP) and DIT have received $3,427,686.92. The outer island PSAPs combined have received about the same amount. Oahu has 70% of the population of the State of Hawaii. Almost a million calls are received every year, with 65% of those calls for service coming from people using cell phones. There is also a marked increase in the number of 911 calls from next generation phone systems such as Skype, and Oceanic Cable. Funds are needed to develop the technologies to support these next generation systems. The community in need of help has an expectation and deserve that the monies they have paid into the system will be able to help equip, and support the systems necessary to meet the ongoing changes to 9-1-1.

All county PSAP's have moved very carefully to fully understand the current and future needs of the community when determining the use of the 9-1-1 funds. It now appears that we will be penalized for being prudent and not rushing to spend the funds without due care and planning.

Although we are sensitive to the need for the Legislature to balance the budget this is not the answer for today or for our future. This technology has saved lives with the ability to locate tourists lost on hikes, prevented domestic abuse, and foiled kidnappings to name a few. But the technology has also shown us that we must upgrade additional systems to be able to meet the ongoing need. This money was set aside for that purpose and must be used accordingly.

The 9-1-1 system is one of the most tangible and integral infrastructures of government operations in the community. We must be able to keep the progress that we have made going strong. The funds will help us continue to achieve our goals. If anything, the legislature should raise the annual spending cap to enable the PSAP's State wide to implement the systems faster.

Thank you for giving us the opportunity to express our opposition for this bill.

Sincerely,

Gordon J. Bruce, Director
Department of Information Technology

William P. Kenoi
Mayor

Lono A. Tyson
Director

Ivan M. Torigoe
Deputy Director

County of Hawai'i
DEPARTMENT OF ENVIRONMENTAL MANAGEMENT
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April 6, 2009

The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair
Committee on Finance
Hawai'i State Capitol
Honolulu, Hawai'i 96813

HEARING DATE: Tuesday, April 07, 2009
HEARING TIME: 3:30 P.M.
HEARING LOCATION: Conference Room 308

Re: Oppose Senate Bill 884

Dear Senators Oshiro, Lee and Members of the House Finance Committee,

Thank you for the opportunity to present testimony on Senate Bill (SB) 884. As we have stated previously, the County of Hawai'i (County) Department of Environmental Management is opposed to the sections of this Bill that seek to remove funds from the Deposit Beverage Container (DBC) Special Fund. We are pleased with the recommended amendment made on March 6, 2009 by the Committee on Ways and Means to base the deposit beverage container fee on a formulaic calculation from the previous year's redemption rates, rather than allowing the Governor to set "reasonable" deposit beverage container fees.

The County's HI5 program has grown considerably since it's inception in 2005. The public has become accustomed to redeeming their HI5 containers at the nineteen (19) certified redemption centers on the island. To continue this program, "adequate" funding is needed. The HI5 program is an essential part of our overall Solid Waste Management Program. We are concerned the program funding will be depleted and services on the Big Island discontinued if the monies in the DBC Special Fund are not available through transfer or by the Governor setting too low of a DBC fee.

There are approximately eighty (80) jobs with six different companies in the County of Hawai'i dependent on HI5 activities. Without adequate funding in the DBC Special Fund, these jobs will likely be lost and the Big Island economy could further suffer during this time of economic crisis.

County of Hawai'i is an Equal Opportunity Provider and Employer.

All of the County's redemption centers depend on the money in the DBC Special Fund being available at all times for reimbursement of handling fees. It should be noted that State of Hawaii Department of Health (DOH) representative Larry Lau stated on 2/20/09 to KHON News, that there needs to be about four (4) to five (5) million dollars readily available to pay HI5 deposit and handling fees. Should the DBC Special Fund be depleted, there will likely not be enough funds to cover these necessary expenses.

In addition, ten (10) redemption centers at County operated transfer stations are partially funded through a special grant from the DBC Special Fund. This funding makes redemption centers possible in rural locations where there would otherwise be no redemption services available.

The County has an agreement with DOH to assist the State in overseeing the HI5 program on the Big Island. Two Recycling Specialist positions are funded solely with monies from the DBC Special Fund. The County also receives additional funds from the DBC Special Fund for recycling education and recycling projects.

The County is putting our DBC Special Funds to good use. As you may know, we had a 90% HI5 redemption rate for FY07-08, the highest in the State. This is evidence that the program is working and the County would like to see DBC funding continued at it's current or higher level.

HRS 342G-104 clearly states that DBC Special Funds shall be used for recycling program expenses such as: reimbursement and payment of fees; funding redemption center infrastructure improvements; recycling education and demonstration projects; promoting recyclable market development activities; and personnel. Our recycling programs are dependent on funding for all of these activities.

Recycling is particularly dependent on DBC Special Fund support, since the more effective it is, the more landfill and tipping fee revenue are reduced. Tipping fees are used to pay for our County's Recycling programs. Additionally, in a weak recyclable commodities market, municipalities tend to have to subsidize recycling programs more, thus making recycling more expensive for counties such as Hawai'i. These points emphasize the financial vulnerability of recycling programs, and the need to preserve the DBC Special Fund

Transfer of deposit beverage container fees from the DBC Special Fund to the State's General Fund could be interpreted as unconstitutional under the separation of powers doctrine as shown by *Hawaii Insurers Council v Lingle*, Hi. Sup. Ct. No. 27840 (December 18, 2008). Additionally, the DBC Special Fund is among the special funds exempted by law from 5% contribution to General Fund for central service expenses of government related to special funds, under HRS section 36-27(20).

While the County of Hawai'i understands that we are facing challenging economic times, removing money from the HI5 Special Fund is not the solution. On behalf of the County of Hawai'i, please accept my respectful opposition to SB 884.

Best Regards and Aloha,

Lono A. Tyson

Lono Tyson
DIRECTOR

cc: Mayor William Kenoi

Department of Water
County of Kaua'i

Water has no substitute.......Conserve it

Testimony of Wynne M. Ushigome
Manager and Chief Engineer

Opposing Senate Bill 884 House Draft 1
Relating to the Conveyance Tax

Committee: House Finance Committee
Tuesday, April 7, 2009
3:30 PM
State Capitol, Conference Room

The Department of Water, County of Kauai opposes House Bill 884, House Draft 1.

The conservation programs which are beneficiaries of the Natural Area Reserve Fund (NARF) protect the natural infrastructure which is the economic backbone for the State's tourism, agriculture, businesses, and island communities. These programs, as a result of falling conveyance tax revenues, are already facing a 50% budget cut. To add on top of this a further reduction in the NARF percentage would cripple many of these programs to the point of leaving them inoperable and non-functioning.

The value of Hawai'i's watersheds are vastly underestimated in terms of its contribution to the State's economy and the quality of life of its residents and visitors. Forested watersheds provide several basic and crucial functions related to maintaining a source of high-quality water. The work carried on by the programs funded under NARF provides a vital service towards the protection and replenishment of the island's water supply through the preservation of the forest reserve system.

It will cost the State and its tax payers millions more in the future to gain back the progress made in forested watershed protection and invasive species control. If continued funding is not provided, it could also cripple the State's water supply, just as it did over 100 years ago when feral cattle degraded our forests and sugar plantation and ranchers noticed streams and wells drying up.

In addition, value of the native forest is estimated to be worth billions of dollars. Our forest ecosystems are enormous economic assets, providing recharge of the water supplies, controlling soil erosion to keep oceans clean for swimming and fishing, mitigating flooding, providing habitat for native species found no where else but in Hawai'i, serving as cultural, recreational and educational areas, protecting public health with clean air and water, mitigating climate change affects, and creating jobs and supporting local businesses.

In addition, these NARF programs easily leverage State funding 1:1 by bringing in federal, county, and private funding. Can the State Legislature afford to risk losing the services provided by our forested watersheds that are managed and protected by the NARF funded programs? Keeping the NARF percentage at 25% is a small investment for such large, sustainable, and long-term benefits for our island communities.

4398 Pua Loke St., P.O. Box 1706, Lihue, HI 96766 Phone: 808-245-5400
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TESTIMONY OF THE
COUNTY OF KAUA`I
DEPARTMENT OF PUBLIC WORKS

TO THE HOUSE COMMITTEE
ON FINANCE

TWENTY-FIFTH LEGISLATURE
REGULAR SESSION OF 2009

April 7, 2009
3:30 p.m.

TESTIMONY ON **SENATE BILL NO. 884, SD 2, PROPOSED HD 1**, RELATING TO RELATING TO NON-GENERAL FUNDS

TO THE HONORABLE REPRESENTATIVE MARCUS R. OSHIRO, CHAIR AND MEMBERS OF THE COMMITTEE:

My name is Donald Fujimoto, County Engineer, Department of Public Works, County of Kaua'i (County), testifying in opposition to Senate Bill (SB) 884, which proposes to transfer up to $20,000,000 from the Deposit Beverage Container (DBC) special fund to the general fund on June 1, 2009, in order to address the budget shortfall.

The DBC program is an extremely successful recycling program. With a statewide diversion rate at 72 per cent for fiscal year 2008, the program demonstrates the impact of economic incentive on recycling behavior. Kauai residents and businesses have become accustomed to redeeming their beverage containers at the nine certified redemption centers throughout the island. The program has created new recycling businesses, jobs, and fundraising opportunities for schools and non-profits here on Kauai.

The DBC program is an essential part of the County's waste diversion program, as it has increased participation in recycling, diversion from landfill, and overall awareness of these issues. The DBC grant to the County of Kauai currently supports an enhanced local program, including two full time staff persons working to monitor certified redemption centers and retailers for compliance with the law and to respond to public questions and complaints, contracts for redemption centers in remote locations, program promotion and public education, and related program equipment. Because of this support, the County has had the opportunity to develop and maintain new programs that have increased DBC recycling rates, such as a parks recycling program, a program to loan bins and provide recycling guidance for community events, a program to distribute free bins to schools and non-profits collecting HI5 containers, distribution of recycled products to promote awareness of "closing the loop", and educational presentations schools.

We are concerned that the proposed fund transfer could destroy the DBC program, and negate all of the positive impact that it has had on recycling in our State, where recycling is a difficult challenge. If the DBC special fund had insufficient funds to pay redemption center operators their deposit refunds and handling fees, HI5 redemption centers would cease to operate, and these closures would result in over 300 jobs lost in Hawaii's recycling industry.

We recognize the difficult financial crisis we are facing statewide. We believe there are options that would allow changes in fund use to address the financial crisis, without jeopardy to the funding of Kaua'i's successful recycling programs at current levels. However, a transfer of the maximum amount of $20,000,000 identified in section 19 of proposed HD 1 would close Kauai programs. We respectfully request that the Committee consider lowering the maximum limit, and are willing to provide the Committee with any assistance needed to identify a limit that would allow needed County programs to continue.

We thank the Committee for the opportunity to testify on this matter.

L E G I S L A T I V E

TAXBILLSERVICE

126 Queen Street, Suite 304 TAX FOUNDATION OF HAWAII Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Transfer of non-general funds

BILL NUMBER: SB 884, Proposed HD-1

INTRODUCED BY: House Committee on Finance

BRIEF SUMMARY: **Part I:** Amends HRS section 138-3 to remove the restriction that moneys in the wireless enhanced 911 fund shall not be general funds of the state. Also provides that any funds that accumulate in the fund shall be retained in the fund unless determined by the legislature to be in excess.

Amends HRS section 342G-104 to provide that any funds in the deposit beverage container deposit special fund shall be retained in the fund unless the legislature determines that it is in excess.

Provides that the legislature determines that there is at least an excess of $9 million in the wireless enhanced 911 fund and authorizes the director of finance to transfer $9 million to the general fund for fiscal 2009 on June 29, 2009.

Provides that the legislature determines that there is at least an excess of $20 million in the deposit beverage container deposit special fund and authorizes the director of finance to transfer $20 million to the general fund for fiscal 2009 on June 29, 2009.

Part II: Transfers the following from non-general fund sources to the general fund on June 1, 2009 for fiscal 2009:

agricultural loan reserve fund	$ 1,500,000
agricultural loan revolving fund	4,000,000
state risk management revolving fund	7,000,000
stadium special fund	2,000,000
wireless enhanced 911 fund	9,000,000
Medicaid investigations recovery fund	2,000,000
state identification revolving fund	600,000
hydrogen investment capital special fund	2,000,000
housing finance revolving fund	2,000,000
rental assistance revolving fund	20,000,000
compliance resolution fund	10,000,000
drug demand reduction assessments special fund	1,000,000
deposit beverage container special fund	20,000,000
tobacco settlement special fund	33,000,000
neurotrauma special fund	1,500,000
noise, radiation, and indoor air quality special fund	300,000

environmental health education fund	400,000
emergency medical services special fund	12,000,000
vital statistics improvement special fund	500,000
clean air special fund	8,000,000
environmental management special fund	4,000,000
driver education and training special fund	400,000
judiciary computer system special fund	1,500,000
special fund for temporary disability benefits	7,000,000
salvinia molesta removal special fund	90,000
special land and development fund	3,000,000
beach restoration special fund	250,000
Na Ala Hele program fund	500,000
university revenue-undertakings fund	4,000,000
Hawaii cancer research special fund	10,000,000
UH housing assistance revolving fund	1,000,000
systemwide information technology and services special fund	500,000
research and training revolving fund	15,000,000
natural area reserve special fund	5,000,000
works of art special fund	6,000,000
domestic violence and sexual assault special fund	500,000

This section takes effect on June 2, 2009.

Part III: Repeals the provisions that exempt certain special funds from assessments for central service and departmental administrative expenses. This part shall take effect on July 1, 2009 and shall be repealed on June 30, 2015; provided that the sections affected shall be reenacted in the form in which they read on June 30, 2009.

Part IV: From July 1, 2009, until June 30, 2015, the director of finance shall deposit into the general fund the interest earned on the short-term investment of moneys of the special funds, revolving funds, and special accounts as delineated. On June 30, 2015, the amendment made by this Act to HRS section 36-21 shall be repealed. The repeal of the amendment shall not affect any other amendment made to the section that becomes effective between July 1, 2009, and June 30, 2015. This part shall take effect on July 1, 2009, and shall be repealed on July 1, 2015; provided that section HRS 36-21,shall be reenacted in the form in which it existed on the day before the effective date of this Act.

Part V: Amends HRS section 247-7 to suspend the distribution of conveyance tax revenues to the land conservation fund between July 1, 2009 to June 20, 2015. Also reduces the amount of conveyance tax revenues distributed between July 1, 2009 and June 30, 2015 to: (1) the rental housing trust fund from 30% to 15%; and (2) the natural area reserve fund from 25% to 10%. This part shall take effect on July 1, 2009.

EFFECTIVE DATE: June 1, 2009

STAFF COMMENTS: The proposed measure would transfer moneys in special funds, determined to be in excess of what is needed in the fund, to the general fund. The measure would also: (1) temporarily subject certain special funds to central service and departmental administrative fees between July 1, 2009 and June 30, 2015; (2) temporarily provide that interest earned on short-term investment of moneys of the special funds, revolving funds, and special accounts shall be deposited into the general fund between July 1, 2009 and June 30, 2015. The measure also temporarily reduces the amount of conveyance tax revenues deposited into the land conservation fund, the rental housing trust fund, and the natural area reserve fund between July 1, 2009 and June 30, 2015.

Due to the state budget shortfall, lawmakers are searching for moneys to cover that shortfall and are tapping the various non-general funds of the state.

It should be noted that the transfer of moneys from special funds to the general fund was found to be unconstitutional. In Hawaii Insurers Council v. Lingle, Hawaii Supreme Court, No. 27840, December 18, 2008, the court found that the transfer of moneys held in a special fund to the general fund was unconstitutional under the separation of powers doctrine. The court determined that the assessments which were deposited into a special fund were regulatory fees since they were imposed because they were: (1) imposed by a regulatory agency; (2) the agency placed the moneys in a special fund; and (3) the money was not used for a general purpose but to defray expenses generated by the insurers. The transfer of moneys from the special fund to the general fund was unconstitutional because it made the fees collected by the agency for a specific purpose as if they were derived from general tax revenues. The court found that the legislature's bills to transfer the moneys from the special fund to the general fund resulted in an "impermissible blurring of the distinction between the executive power to assess regulatory fees and the legislative power to tax for general purposes." In a preliminary opinion from the state attorney general, transfers from the compliance resolution fund may be unconstitutional, since the transfer of moneys from that fund was the basis for the Hawaii Insurers Council case.

While this measure proposes to transfer $2 million out of the Medicaid investigations recover fund, the attorney general also cautioned about the transfer of more than $1.5 million from this fund as any transfer of more than this amount would have adverse consequences on the operations of the Medicaid Investigations Division. The attorney general also stated that the transfer of moneys from the works of art special fund and the rental assistance revolving fund, as proposed in this measure, may also have adverse consequences because general obligation bond funds have been used to fund these funds.

This measure underscores the problem of "hiding" sums of money in various funds, other than deposited into the general fund.

It should be remembered that the 1990 legislature directed the State Auditor to evaluate all special and revolving funds as of July 1, 1990 and recommend whether they should be continued or eliminated. The Auditor is also to examine any new or proposed special or revolving funds which would decrease general fund revenues. While the Auditor had a completion date of 1995, the review was completed in 1992.

The Auditor's report noted that, "Special funds give agencies full control of these unappropriated cash reserves, provide a way to skirt the general fund expenditure ceiling, and over time erode the general fund. Many experts say that special funds are likely to hamper budget administration. And from a legislative perspective, they are less desirable because they are not fully controlled by the appropriation process."

Given the findings of the Auditor and the current financial crisis, it is quite clear that the creation of numerous special funds has eroded the integrity of state finances. Moneys in special funds are neither subject to the general fund expenditure limitation nor to the close scrutiny that general funds are subject to in the budgeting process. Special funds which earmark general fund revenues cannot be justified as they restrict budget flexibility, create inefficiencies, and lessen accountability.

There is no doubt that carving out portions from the general fund has created the lack of funds lawmakers face each year. Such a shortfall will inevitably lead to a call for tax increases even though money abounds in these special funds. One only has to review the measures introduced each year which set up numerous new special funds or add new fees or charges, the receipts of which are earmarked for special funds, to see the prolific establishment of special funds. The result is what this measure proposes to do, to raid these special funds.

As has been consistently noted, these fees were increased or approved and earmarked for totally irrelevant programs. The result has been this mismatch of either not enough funds to carry out the program or, as in these cases, an excess of funds that then become the target for a raid like this. Lawmakers should learn a lesson and repeal many of the earmarked sources and their special funds and cease from creating any more new special funds or earmarking any more revenues for such worthy causes.

Further, while the various funds have been determined to contain funds in excess of the program requirements, consideration should be given to evaluate the effectiveness of each the programs as a reduction or elimination of the fees may be warranted.

Digested 4/6/09

UNIVERSITY OF HAWAI'I SYSTEM
Legislative Testimony

Testimony Presented Before the
House Committee on Finance
April 7, 2009 at 3:30pm
by
Howard Todo
Vice President for Budget & Finance/CFO, University of Hawai'i

SB 884 SD2 Proposed HD1 – RELATING TO NON-GENERAL FUNDS

Chair Oshiro, Vice Chair Lee and Members of the Committee:

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

The University of Hawaii strongly opposes this bill. Special and Revolving funds are an essential part of the University's operating funds. In addition, they are required for specific purposes as noted below, and are legally obligated for those purposes.

University Revenue Undertaking Fund

The fund is comprised of revenue-generating and self-supporting University Bond System projects. The fund includes operating accounts, and major and ordinary repair and replacement accounts. Projects include the Bookstore, Faculty Housing, Food Services, UHM Parking, Student Housing, Telecommunications, and the Campus Center.

Balances for these funds are required for Working Capital. For example, the Bookstore requires a working capital reserve equal to six months operating expenses and Cost of Goods Sold. If these funds are not available, it would lead to an inability to purchase goods for resale.

As part of the University Bond System, executive policy requires an annual transfer of 50% of asset depreciation be set aside for repair and replacement projects. Also, pursuant to bond covenants, the bond system is required to maintain reserves for all outstanding bond system debt. Reserves are also required for major projects, such as the establishment of telecommunications capability in the new ITS building, design of Phase II of the Campus Center expansion, and furniture and equipment for the Campus Center Renovation.

Sweeping of these funds would severely impact campus operations. The Bookstore would be unable to provide students with necessary books and supplies on a timely basis for use in their academic studies. Essential support services such as network connectivity, email, voice/data service, online registration and distance learning opportunities would be severely impacted. Investment in infrastructure improvements could not be made. Student Housing renovations would be adversely impacted. Annual debt service requirements or OHA Ceded Lands payments may also not be met.

Cancer Research Center of Hawaii SF

The mission of the Cancer Research Center of Hawaii is to reduce the burden of cancer through research, education, and service with an emphasis on the unique ethnic, cultural, and environmental characteristics of Hawaii and the Pacific. The bulk of the cash balances for this fund are needed for the new cancer center facility development costs; an updated business plan for the project indicates that costs have increased significantly and it is likely that a greater portion of the cost will be borne upfront by the University instead of by the developer.

Reserves are also required for current and future faculty commitments to support research efforts towards achieving the Center's mission. National Cancer Institute officials have advised the Center that up to 12 faculty should be recruited to remain competitive as a National Cancer Institute-designated cancer research center.

The Cancer Center is at a critical juncture of its existence and is undertaking a number of activities to ensure that it can continue as one of only 63 National Cancer Institute (NCI) designated Cancer Centers and to proceed with its goal to gain Comprehensive Cancer Center designation. These activities include:

- Recruitment of additional funded investigators to increase its grant funding base and fulfill programmatic requirements for NCI designation.
- Partnering with the community of health care providers in the State of Hawai'i to develop a matrix system of cancer care delivery that will rely on the Cancer Center's strengths in research and utilize the existing clinical facilities in the community.
- Construction of a new, state-of-the-art research facility that will properly support its current faculty and provide additional space to attract the quality of researchers required for the growth of the Center.

In just the past several months, the Cancer Center has succeeded in bringing together the major hospitals to support the matrix model of cancer care delivery and pledge their cooperation in moving forward. In conjunction with that agreement an international conference of translational cancer research was hosted by the Cancer Center, John A. Burns School of Medicine, Queen's Medical Center, Hawai'i Pacific Health and Kuakini Health System that attracted leaders in the field of cancer biology along with 2008 Nobel Prize laureate, Dr. Harald zur Hausen. The event served to raise awareness of the quality of cancer research occurring in Hawai'i and to demonstrate the commitment by all the partners to attract translational researchers to join the Cancer Center in its efforts.

The University of Hawai'i at Mānoa administration and our Board of Regents have also recognized the renewed momentum in moving the Center forward by resolving to act quickly to secure a site and development agreement for construction of the new research facility. All of this activity is dependent on a consistent revenue stream that is currently provided by the tobacco tax special fund.

The proposed reduction of anticipated revenues under the proposed HD1 would negatively impact the efforts of the University to proceed with development activities as outlined.

If funds are swept, construction of the new facility would have to be put on hold. This would postpone or eliminate the boost that the construction phase would bring the local economy in the form of construction jobs. Plans for a clinical research component which would bring the latest cancer treatments to Hawaii would also be adversely impacted. CRCH would also not be able to support the commitments made to faculty for their research support needs. Breaking start-up funding commitments could potentially result in legal issues, as the commitments were made in offer letters to faculty under recruitment. In addition to potential legal issues, failure to support research commitments would result in laying off research staff and would effectively stop work on research projects that could have resulted in extramural funding awards.

University of Hawaii Housing Assistance Revolving Fund

The Housing Assistance Revolving Fund's purpose is to implement the UH Faculty Housing Assistance Master Plan by providing financial assistance loans and rental housing units to faculty and staff of the University of Hawaii. The accrued balances are due to budgeted future repair and replacement projects for the Kau'iokahaloa Nui and Kau'iokahaloa Iki housing projects and for the annual debt service payments. In addition, the State Real Estate Commission requires a Condominium Maintenance Fee Reserve equal to 100% of replacement cost, which is equal to $1,040,000. A reserve is also set aside to repurchase the remaining K-Iki unit, per Board of Regents approval.

Approximately $1.5 million in Housing Assistance loan funds are reserved for mortgage loans to the faculty. An additional $2 million is reserved for a proposed loan assistance program in partnership with Bank of Hawaii.

If balances are swept the Housing Assistance RF programs would not have sufficient funds to pay for planned repair and replacement projects, or to pay its annual debt service payments. The K-Iki project cannot be placed in the University Bond System until the last remaining unit is owned by UH; sweeping of the funds for this purchase would delay this. Any sweep of the Housing Assistance Loan Fund would not allow Faculty Housing to provide financial assistance for mortgage loans to faculty. The proposed loan assistance program with Bank of Hawaii would also not occur. Due to increasing operating costs and no rental rate increase, a sweep would cause the faculty housing projects to operate at a deficit by the end of FY 2010.

Information Technology and Services SF

Per statute (304A-2154, HRS), monies in the Information Technology and Services special fund are to be used "in support of systemwide information technology and services including personnel, equipment costs, and other expenses, as well as planning, design, and implementation of information technology infrastructure within the University".

Major components of this program include the provision of research networking support, provision of teleconferencing and video services, and software site licensing. The program must be able to replace major equipment in a timely manner in order to provide services that customers will pay for. Examples of the kinds of purchases made over multi-year periods include a multi-point control unit for videoconferences and video production equipment. This is particularly important as the program struggles to maintain and even increase services to meet customer expectations for technology support while General

Fund budgets are being decreased. If these funds are swept, that sends a clear message that the State penalizes responsible multi-year financial planning rather than encouraging such behavior.

Research and Training Revolving Fund

The Research and Training Overhead funds are used to support the research mission of the university. The funds are to be used for purposes that may result in additional research and training grants and contracts, and for facilitating research and training at the University. Funds are used (1) to recruit and support top faculty members; (2) for administrative support (i.e. fiscal, HR, compliance, etc.) for extramural contracts and grants; (3) to repair, replace, maintain, upgrade scientific equipment and facilities for continued research; (4) for mandatory matching for extramural contracts and grants; (5) for research projects; (6) for funding of graduate students; and (7) for working capital.

Additionally, an estimated $1,500,000 is needed for the next 15 years for revenue bond payments for the Biomedical Sciences Building addition. The addition is needed to increase research space at the University which will increase research dollars. Funds have also been committed to several initiatives to expand the research programs at the University. These include committing start up funding or to supplement cost matching for new research programs such as the Applied Research Lab and Center of Excellence as well as to build a Regional Bio-containment Laboratory facility. Such investments are needed to aid the future growth of the research enterprise. A sweep would seriously jeopardize commitments made to sponsors to share in the costs of these new ventures. In addition, funds are required to pay the RCUH management fee of $2 million for the rest of the year and any unforeseen expenses of ORS, which are both essential to management of the research enterprise.

If balances are swept, (1) it will significantly reduce the University's ability to recruit and retain new and competitive faculty; (2) we will be unable to meet ongoing obligations to fund start-up or required matching for grants for faculty, especially those hired in the last 3-5 years; (3) federal research dollars flowing to UH will decrease; (4) we will not be able to continue to maintain and operate scientific equipment and facilities; (5) working capital requirements for utilities, repairs, etc. cannot be met; and (6) we will be vulnerable to legal action from our inability to meet prior commitments/obligations.

In conclusion, lapsing of "excess" balances from the aforementioned special and revolving funds would significantly affect the University's ability to maintain the current level of services and programs provided to our students and faculty. Our ability to recruit and maintain faculty would also be impacted, and there are also potential legal issues that could result. Finally, passage of this bill will seriously impair the University's ability to provide security to its revenue bond holders and will jeopardize our bond rating, as all of the University's revenue bond debt is secured by its special and revolving funds.

In addition, SB884, SD2 proposed HD1 repeals the University of Hawaii's exemption from assessments on special funds for central services and departmental administrative expenses.

For fiscal year 2008, receipts for University of Hawaii special funds totaled approximately $318 million. A 5% assessment on these receipts would have resulted in a $16 million reduction in funds available to the University. The bulk of the special funds revenue can be attributed to the Tuition and Fees Special Fund and the University Revenue Undertakings

Special Fund. The revenue for these funds directly impact the services provided to our students, including educational programs, student and faculty housing, the campus center and bookstore operations, and other critical functions. A reduction in funds available to support these operations would have an adverse impact on the quality of services available to our students and faculty.

In addition, the University provides much of its own administrative services internally, via its own Human Resources, Financial Management, Internal Audit and other offices. Assessing the University the same assessment rate as other state agencies that rely more heavily on state central services would place an undue burden on the University.

Also, this proposed draft provides for the temporary transfer of interest from special funds, revolving funds, and special accounts to the general fund.

Under current law, the University retains all interest earned on its special and revolving funds. Passage of this bill will require that from July 1, 2009 until June 30, 2011, the president of the University of Hawaii shall transfer to the director of finance any interest earned on moneys of its special and revolving funds.

In many cases interest earnings are a significant portion of a program's operating revenue and the loss of these earnings would have a severe impact on program finances. Additionally, there may be legal issues associated with the transfer of interest earnings to the general fund. The University's special and revolving funds including interest earnings are pledged as security to University revenue bondholders. The transfer of interest may be a violation of existing bond covenants.

Thank you for the opportunity to provide this testimony.

University of Hawai'i at Mānoa

Board of Publications
1755 Pope Road, Bldg. 31-D
Honolulu, Hawai'i 96822-2290

Written Testimony Presented to the
House Committee on Finance
April 7, 2009 at 3:30 p.m.
by
Grant Chartrand
Chair, Board of Publications, University of Hawai'i at Manoa

SB 884 SD2 HD1 RELATING TO FUNDS

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

The Board of Publications (BOP) is a Chartered Student Organization of the University of Hawai'i at Manoa, comprised of nine student members, three faculty/staff members, one professional member, and one alumni member . As a governing board, the BOP is responsible for providing the necessary management and fiscal oversight for its publications, programs and services. The BOP opposes SB 884 SD2 HD1 particularly sections 35 and 54b, which takes funds from the University Revenue-Undertakings fund and interest earned on student activity fees.

The Campus Center, whose accounts are part of the University Revenue-Undertakings fund, strives to be a self-sustaining operation. As such, the revenue it generates is used for ongoing operational and maintenance of the building. In other words, these funds are used to directly impact the students of the UH Manoa campus by providing us with a student union building that provides a central meeting space and an array of services and activities that enrich campus life and the educational experiences at UH Manoa. The Campus Center not only serves the needs of the UHM students, like those on the BOP and in its programs, but also that of the greater university community, including faculty, staff and the general public.

The proposed transfer of funds, in effect, penalizes the Campus Center Board (CCB), another Chartered Student Organization and the Campus Center's governing body, by negating their long-range planning and fiscal management efforts. The proposed transfer of funds will negatively affect the quality of campus and student life since fewer funds will be available for programs and services that enrich the educational experience for UH Manoa students. Furthermore, this transfer could also encourage the CCB to maintain low to no fund balances for fear of further such transfers in the future. To make up the difference in fund balance reductions, the CCB may propose to raise its student fees, which would increase the financial burden on UH Manoa students.

In addition, the Board of Publications, along with other Chartered Student Organizations, earns interest income on its fund balance and counts on this interest as part of its annual revenue that is put towards the operation of its publications – *Ka Leo O Hawai'i*, the student newspaper of UH Manoa, and *Hawai'i Review*, the campus literary journal. The BOP is also getting ready to re-launch *Ka Lamakua*, a web-based arts 'zine and there have been discussions of bringing back the popular Student Planner. Our publications are vital to the University community, not only providing news, commentary, arts and features to our constituents, but also providing real-world, hands-on experience to a multitude of students – including a couple of current legislators – in the areas of journalism, creative writing, production, and business and advertising. By transferring any part of the funds utilized by the BOP would mean a hefty cut to an already lean budget and would result in the reduction of our products, including cutting of *Ka Leo* and *Hawai'i Review* issues and officially discontinuing *Ka Lamakua*. But even more importantly, the BOP would be forced to reduce the opportunities available to students by limiting the number of participants in our programs, which is something all CSOs would be faced with if interest income on student activity fund balances are swept.

While we certainly understand the State's revenue shortfall and the need for a balanced budget, the Board of Publications opposes SB 884 SD2 HD1, particularly sections 36 and 54b, and urges the committee to consider the ramifications this bill will have on UH Manoa students and campus community.

Thank you for the opportunity to submit testimony on this bill.

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The Research Corporation of the University of Hawaii

Testimony
House Committee on Finance
Tuesday, April 7, 2009
Conference Room 308
3:30 p.m.

by
Michael Hamnett, Executive Director
The Research Corporation of the University of Hawaii

RE: Senate Bill 884, SD2, Proposed HD1

The Research Corporation of the University of Hawaii (RCUH) is in opposition of Senate Bill 884, SD2, HD1.

RCUH was established by the Legislature in 1965 for the purpose of supporting the research and training programs of the University of Hawaii and the State of Hawaii. "... the rapid and extensive entry of the University of Hawaii into basic and applied research programs sponsored by the Federal government and into applied research programs which couple University capability with that of private industry requires a much more flexible and streamlined method of operation than is permitted the usual operations of State agencies. In short, the University must be able to function in certain research activities more like a business with reasonable capital reserves, ... highly flexible financial capability, and ease of operations both in- and out-of-state." *(Senate Journal - Standing Committee Report 836, 1965)* RCUH was therefore created for this purpose.

RCUH is exempted from certain state laws so it can operate with the necessary flexibility to meet the demands of the research enterprise. **RCUH receives no State appropriations**. It operates on service fees funded by contracts and grants primarily from external sources.

RCUH is required to be self-supporting and maintain its own accounting, personnel, payroll, procurement and disbursing systems, independent of the State and University systems.

RCUH should continue to be exempted from HRS §36-27 and 36-30 since:
- RCUH operates independent of State appropriations and funding,
- RCUH operates like a business,
- RCUH must be self-supporting,
- RCUH receipts are primarily for reimbursements of personnel costs and vendor payments made by RCUH on behalf of sponsored research and training projects.
- Imposing the requirements of HRS §36-27 and 36-30 will have an adverse effect on RCUH operations to support the research enterprise of the University of Hawaii and the State of Hawaii.

Thank you for the opportunity to provide testimony.

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HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

AFSCME
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The Twenty-Fifth Legislature, State of Hawaii
House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association
April 7, 2009

S.B. 884, S.D. 2, (Proposed H.D. 1) –
RELATING TO PUBLIC EMPLOYMENT

The Hawaii Government Employees Association supports the purpose and intent of S.B. 884, S.D. 2 (Proposed H.D. 1). We agree that the fiscal crisis facing the state requires the careful review of non-general funds to determine if excess balances are available. Should excess balances be found, it makes sense to transfer the balances into the general fund to help address the critical budget shortfall in fiscal biennium 2009-2011.

The proposed H.D. 1 version also provides for the: (1) temporary transfer into the general fund of interest earned on short-term investments or the deposit of moneys from certain special and revolving funds, and (2) repeal of provisions that exempt certain special funds from the assessments of central services and departmental administrative expenses.

Thank you for the opportunity to testify in support of S.B. 884, S.D. 2, (Proposed H.D. 1).

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director

The Arc of Hilo

1099 Waianuenue Avenue Hilo, Hawaii 96720-2019 Ph: (808) 935-8534 Fax: (808) 961-0148

April 6, 2009

The Honorable Representative Marcus R. Oshiro, Chair
The Honorable Representative Marilyn B. Lee, Vice-Chair
And Members of the House Finance Committee
Committee on Finance
State Capitol
Honolulu, Hawaii 96813

Hearing Date: Tuesday, 04-07-09
Hearing Time: 3:30pm
Hearing Location: House Conference Room 308

RE: OPPOSE SENATE BILL 884 Relating to Non-General Funds

Aloha Representative Oshiro, Representative Lee and Members of the Committee:

The Arc of Hilo, a 501(c)(3) Non-Profit respectfully and strongly opposes SB 884.

Since the inception of the "HI 5 Program" in late 2004, The Arc of Hilo has operated Certified Redemption Centers island-wide at transfer stations on Hawaii island to earn revenue to support much needed services and employment for our island's disabled community. This is especially significant when considering the current economic and employment conditions and its impact on non-profits. The Arc currently operates ten centers.

SB 884 proposes that funds in the Deposit Beverage Container Special Fund determined to be in excess will be transferred to the general fund for fiscal year 2009-2010 for the purpose of assisting to balance the state's budget. ***This is gross misjudgment in the application of the intended use of fees charged to our state's citizens on behalf of the Bottle Deposit Law and amounts to the community's popular worse concern coming true, that the Bottle Deposit Law was an additional tax in disguise.***

Transferring surplus funds before services to the community and concerns of Certified Redemption Centers are properly addressed are premature and risk compromising the fund in the long run. It is critical to ensure that laws maintain their integrity; their purposes should not be modified in such a way that it does not appropriately address the purpose of its intent. Compromising the integrity of a law breeds discontentment and distrust from the community and only serves to diminish the community's confidence in legislative issues.

Any surplus money in the Deposit Beverage Container Special Fund should be used to directly to improve Certified Redemption Centers and the associated recycling experience for the community! Funds that may seemingly be "surplus" in the Deposit Beverage Container Fund has not had the chance to be allocated for improved services to the community and disbursements to Certified Redemption Centers.

Recently handling fees for glass containers to Certified Redemption Centers on the Big Island were reduced 33 1/3 %. The Department of Health determined that utilizing glass on island is not of a high enough recycling value as it is not remanufacturing. This reduction in handling fees is having a very significant impact on our operations. Surplus funds could be used to make up the 33 1/3 % deficit in handling fees for glass containers that are used on island for "low value" recycling that do not meet the Department of Health's definition of "high value" recycling.

Recycling on the Big Island and in the State of Hawaii is ever growing. This self-funded program will be comprised if such a significant transfer of fund takes place. We ask that committee members reject the proposal to compromise the Deposit Beverage Container Fund by allowing amounts determined to be surplus transferred to the general fund.

Mahalo for the opportunity to address our concerns on SB 884.

Aloha,

Debra Ann Cabarloc

Debra Cabarloc, Chief Administrative and Operating Officer
The Arc of Hilo

The Honorable Representative Marcus R. Oshiro, Chair
The Honorable Representative Marilyn B. Lee, Vice-Chair
And Members of the House Finance Committee

We, the undersigned agree with The Arc of Hilo's position on opposing SB 883 in the transfer of money from the Deposit Beverage Container Fund to the General Fund. A transfer of money from this account amounts to an unauthorized additional tax on the citizens of Hawaii. We support the use of money in this fund to be used for improving and expanding Certified Redemption Centers and other HI 5 activity.

Name	Address

SIERRA CLUB
HAWAI'I CHAPTER
P.O. Box 2577, Honolulu, HI 96803
808.538.6616 / hawaii.chapter@sierraclub.org

HOUSE COMMITTEE ON FINANCE

April 7, 2009, 3:30 P.M.
(Testimony is 2 pages long)

TESTIMONY IN STRONG OPPOSITION TO SB 884, SD2

Aloha Chair Oshiro and Members of the Committee:

The Sierra Club, Hawai`i Chapter, with over 5500 dues paying members statewide, strongly opposes SB 884, SD2, which would drastically reduce or eliminate funding for most of the State's conservation efforts and remove funding from the deposit beverage container program.

Bottle Bill Program

We understand the State's need to tighten the belt. But some budget actions are foolhardy. With respect to the beverage container program, we understand redemption rates hit nearly 80% last December. This makes sense -- with the economic downturn, people are looking to recover more money. The "problem" with such a high rate of recycling, however, is that the special fund will no longer be self-supporting, thus meaning the container rate would have to increase to 1.5 cents in order to continue operating. This would be difficult to explain to the public and could potentially impact a program that has been tremendously successful: **over three billion bottles have been recycled to date.**

Natural Area Reserve Fund

Further, a result of the economic downturn the Natural Area Reserve and Land Conservation Fund are already anticipating 50-60% cuts in State funding. This impact -- separate and apart from what is being considered today -- seriously reduces the effectiveness of ongoing programs, staff retention, and federal matching funds.

Hawai`i has always placed a high premium on protecting our natural areas. For example, Article XI of the Hawai`i State Constitution directs that "For the benefit of present and future generations, the State and its political subdivisions shall conserve and protect Hawai`i's natural beauty and all natural resources, including land, water, air, minerals and energy sources, and shall promote the development and utilization of these resources in a manner consistent with their conservation and in furtherance of the self-sufficiency of the State . . . ."

In 2005, this legislature concluded that the coastal, cultural, and watershed lands were being impinged by continued population growth and development in Hawai`i. Wisely, this Legislature found a clear nexus between the conveyance tax and protecting natural areas. Some real estate transfers involve a loss of open space, or the construction of roads, or the expansion of visitor infrastructure. Funding for the acquisition and protection of wild areas offset those impacts—thus ensuring natural, undeveloped areas for future generations to experience in furtherance of our constitutional directive.

This measure would take a tremendous step backwards in our protection of natural areas. Disconnecting the tie between development and wilderness protection -- particularly when the programs protecting our native habitat are already experiencing strong budgetary reductions -- would cripple conservation efforts. This adversely impacts efforts to protect federally endangered plants and animals and our long-term supply of drinking water.

SB 884 will also have a significant, adverse economic impact. A majority of the money invested in the NAR program is matched with federal or private funds. Without the state funding, these matching funds will no longer enter the state. This will result in further termination of specialized employees, thus increasing the state unemployment level and creating the possibility these position will not be filled with qualified individuals in the future.

This measure proposes to eliminate the proverbial "ounce of prevention." Please don't leave it to future legislators to pay for a pound of cure.

Please hold SB 884, SD2. Thank you for the opportunity to testify.

The Nature Conservancy
Protecting nature. Preserving life.

The Nature Conservancy
Hawai'i Program
923 Nu'uanu Avenue
Honolulu, HI 96817

tel (808) 537-4508
fax (808) 545-2019
www.nature.org/hawaii

Testimony of The Nature Conservancy of Hawai'i
Commenting on S.B. 884 HD1 (Proposed) Relating to Non-General Funds
House Committee on Finance
April 7, 2009, 3:30PM, Room 308

The Nature Conservancy:

- **Strongly opposes Section 60** reducing allocations to the Natural Area Reserve Fund and Land Conservation Fund;
- **Does not oppose Section 54** transferring interest from special funds to the general fund; and
- **Is very concerned about Section 40** transferring balances from the Natural Area Reserve Fund to the general fund.

We appreciate that these are unprecedented times for our State budget and it is important to find ways to balance priorities and get our economy back on sound footing. However, the watershed protection, invasive species control, and land preservation programs that are supported by the **DLNR's Natural Area Reserve (NAR) Fund and Land Conservation Fund are already anticipating 50-60% cuts** in State funding—far more than anticipated by other State funded programs. These cuts are going to happen regardless of S.B. 884 because the conveyance tax source of funding is drastically reduced with the down real estate market. **The attached documents show declining conveyance tax revenues over the last few years, and the anticipated programmatic and staff cuts planned by NAR Fund beneficiaries.**

The partnerships that receive money from the NAR Fund and manage our natural resources have already stopped filling open positions, are planning to lay off many staff in the coming months, and have pulled back on protection efforts. Further cuts—like H.B. 1741—and the resulting loss of experienced staff will render many natural resource protection programs either inoperable or severely diminished, leaving our watersheds and communities vulnerable to threats which do not recognize recessions.

Under HRS §247-7, a portion of existing conveyance tax revenue has been appropriately used for land preservation and forested watershed conservation via the Land Conservation Fund and the Natural Area Reserve Fund, respectively. While the development and sale or other transfers of real estate can have very positive effects on the state's economy, it also poses some significant challenges. For example, fresh water is not a limitless resource that can forever be tapped to support developed real estate.

The source of fresh water is not the faucet, pipe, or even the well or stream it's drawn from. The real source is a system of healthy forested watersheds—not forests overrun by invasive plants and animals—that captures rain and cloud moisture and delivers it efficiently to aquifers and surface sources for subsequent consumption in our daily lives. We now know from the Waiahole contested case that the demand for fresh water on O'ahu will exceed supply by 2020. In recent years, enormous amounts have been invested in the development and sale of real estate, and there are plans for continued investment in development and construction to help lift our economy out of the current recession. Yet, we make a comparatively tiny investment in protecting the forested watersheds that provide the most basic resource to support that development—clean fresh water.

Significant belt tightening is necessary and occurring, but please don't cripple conservation in Hawai'i.

Attachments

BOARD OF TRUSTEES
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CONVEYANCE TAX COLLECTIONS & TRANSFERS FOR FY 2008

Month	Total Monthly Conveyance Tax Collections to General Fund - 100%	**DLNR** S-08-342-C NARS Trf In - 25%	**DLNR** S-08-317-C Land Conservation Trf In - 10%	**HCDCH** T-08-930-B Rental Housing Trust Trf In - 50%	**TAXATION** G-00-000-C General Fund Balance Remaining - 15%
July	$2,213,212.44	$553,303.11	$221,321.25	$1,106,606.22	$331,981.86
August	$3,025,234.70	$756,308.68	$302,523.47	$1,512,617.35	$453,785.20
September	$4,492,022.48	$1,123,005.62	$449,202.25	$2,246,011.24	$673,803.37
October	$3,573,776.52	$893,444.13	$357,377.65	$1,786,888.26	$536,066.48
November	$2,959,259.75	$739,814.94	$295,925.98	$1,479,629.88	$443,888.95
December	$3,079,131.57	$769,782.89	$307,913.16	$1,539,565.79	$461,869.73
January	$3,478,274.45	$869,568.61	$347,827.45	$1,739,137.23	$521,741.16
February	$1,871,282.33	$467,820.58	$187,128.23	$935,641.17	$280,692.35
March	$2,952,992.29	$738,248.07	$295,299.23	$1,476,496.15	$442,948.84
April	$4,051,020.17	$1,012,755.04	$405,102.02	$2,025,510.09	$607,653.02
May	$2,860,587.29	$715,146.82	$286,058.73	$1,430,293.65	$429,088.09
June	$3,851,227.53	$962,806.88	$385,122.75	$1,925,613.77	$577,684.13
Grand Totals	$38,408,021.52	$9,602,005.38	$3,840,802.17	$19,204,010.79	$5,761,203.18

TOTAL CONVEYANCE TAX COLLECTIONS	
FY07	$48,328,508
FY06	$56,646,115
FY05	$24,318,038
FY04	$18,432,214

C

CONVEYANCE TAX TRANSFERS FOR FY 2009

Month	Total Monthly Conveyance Tax Collections to General Fund - 100%	**DLNR** S-09-342-C NARS Trf In - 25%	**DLNR** S-09-317-C Land Conservation Trf In - 10%	**HCDCH** T-09-930-B Rental Housing Trust Trf In - 30%	**TAXATION** G-00-000-C General Fund Balance Remaining - 35%
July	$2,192,465.87	$548,116.47	$219,246.59	$657,739.76	$767,363.05
August	$1,774,945.34	$443,736.34	$177,494.53	$532,483.60	$621,230.87
September	$2,514,102.90	$628,525.73	$251,410.29	$754,230.87	$879,936.01
October	$1,825,468.79	$456,367.20	$182,546.88	$547,640.64	$638,914.07
November	$1,233,090.89	$308,272.72	$123,309.09	$369,927.27	$431,581.81
December	$2,074,566.26	$518,641.57	$207,456.63	$622,369.88	$726,098.18
January	$1,738,521.89	$434,630.47	$173,852.19	$521,556.57	$608,482.66
February					$0.00
March					$0.00
April					$0.00
May					$0.00
June					$0.00
Grand Totals	$13,353,161.94	$3,338,290.50	$1,335,316.20	$4,005,948.59	$4,673,606.65

TOTAL CONVEYANCE TAX COLLECTIONS		
FY08	$	38,408,022
FY07	$	48,328,508
FY06	$	56,646,115
FY05	$	24,318,038
FY04	$	18,432,214

F/data/FISCAL/convey tax trfs/convey tx trf wksht FY09

PROGRAM	OBJECTIVE	TOTAL # OF STAFF	STAFF SUPPORTED BY STATE FUNDS	RESULTS OF ANTICIPATED 60% REDUCTION IN STATE FUNDS IN FY10
WATERSHED PARTNERSHIPS	The Hawaii Association of Watershed Partnerships (HAWP) is comprised of nine Watershed Partnerships on six islands. Watershed Partnerships are voluntary alliances of landowners and other partners working collaboratively to protect more than 1 million acres of forested watersheds for water recharge, conservation, and other ecosystem services.	67	43	• **Layoff 24 Staff** • Reduced weed/ungulate control activity • Only maintain current fences • Gains of prior years severly eroded • Loss of species, habitat and water recharge capacity • Increased exposure to fire • Decreased outreach • Increased cost to repair environmental degradation downstream and on reefs
NATURAL AREA PARTNERSHIP PROGRAM	The Natural Area Partnership Program was established in 1991 to provide state funds on a two-for-one basis with private funds for the management of private lands that are dedicated to conservation. With over 30,000 acres enrolled, this innovative program complements the protection efforts on state lands - a partnership essential for the success of conservation in Hawai`i.	28	19	• **Layoff 11 staff** • Reduce forest mangement activity by 60% • Lose investment in staff training and expertise • Increased future costs to control identified invasive species • Feral pig damage will increase significantly causing degredation to native ecosystems, rare plants and watershed • Invasive weeds will significantly displace native ecosystems • Lose ground gained by removing ungulates from newly fenced area
NATURAL AREA RESERVES SYSTEM	The Natural Area Reserves System (NARS) was established in 1970 to preserve in perpetuity Hawaii's most unique ecosystems. There are currently 19 reserves on five islands, encompassing more than 109,000 acres. The diverse areas found in the NARS range from marine and coastal environments to lava flows, tropical rainforests, and an alpine desert. The reserves also protect major watershed areas, which are vital sources of fresh water.	39	39	• **Layoff 8-13 staff** • No ability to conduct necessary archaeological/cultural surveys or design services necessary for effective management of resources within the NARS • Reduced ability to maintain existing fences and special mgmt units, control priority weeds/ungulates, or outplant rare plants • Significantly reduced ability to coordinate volunteers and outreach • Reduced support/funding for educational/outreach programs • No ability to provide consistent presence and reduced ability to accomplish management priorities at ORMP areas: Kaena Point NAR and Ahihi Kinau NAR • Reduced ability to maintain and repair infrastructure such as fences, trails, roads, boardwalks, helipads, and management shelters.
YOUTH CONSERVATION CORPS	The Youth Conservation Corps (YCC) is a hands-on summer learning experience aimed at educating Hawaii's youth on the many conservation issues that threaten Hawaii's unique environment. Students are mentored by and work alongside some of Hawaii's premiere conservation leaders. Nearly 170 local youth participated in the 2008 summer program.	8	4	• **Layoff 2 staff** • Summer program will be reduced from 120 students to 58 • Summer program leaders will remain at 24 as they are funded by federal dollars, but for half of the managers, duties will change from mentoring youth to working as an intern for 7 weeks • Natural resources will suffer from less human assistance to mitigate for ungulates, invasives and other impacts

PROGRAM	OBJECTIVE	TOTAL # OF STAFF	STAFF SUPPORTED BY STATE FUNDS	RESULTS OF ANTICIPATED 60% REDUCTION IN STATE FUNDS IN FY10
FORESTRY/ FOREST STEWARDSHIP PROGRAM	The Forest Stewardship Program (FSP), administered by the Department of Land and Natural Resources, Division of Forestry and Wildlife (DLNR-DOFAW), provides technical and financial assistance to owners of nonindustrial private forest land that are interested in conservation, restoration, and/or timber production. The Forestry Program manages 55 forest reserves comprising more than 640,000 acres, or 16% of Hawaii's land area. The program also provides financial incentives to agricultural landowners to covert fallow or open land to trees, shrubs, and forest habitat, conducts control and monitoring efforts in each county for existing and incipient invasive species, and coordinates T&E species management.	17	12	• **Layoff 4-6 staff** • Limited ability to maintain existing fences and special management units, control priority weeds, or control ungulates • Decreased ability to mitigate known threats to federally endangered species, interruption of restoration and data collection projects • No new FSP projects. Two projects in development to be placed on hold • Limited ability to continue multi-year fence construction projects • Unmitigated degredation of existing road, trail and fencing infrastructure • Possible loss of federal funds due to lack of matching, including loss of up to 2.5 FTE state funded staff supporting these projects; more positions may be lost if federal grants are lost due to lack of funding • Erosion of existing rare plant restoration/ research projects, further loss of Hawaii's natural heritage due to extinction
INVASIVE SPECIES COMMITTEES	The Invasive Species Committees (ISCs) are island-based partnerships of government agencies, NGOs, and private businesses working to protect each island from the most threatening invasive pests. The ISCs address the need for rapid response and control work on new invasive pests that have the ability to severely impact our economy, ecosystem, watersheds, human health, and quality of life. A driving objective of the ISCs is to control the most threatening pests while populations are still relatively small and it is economically feasible to control or eliminate them.	64	29	• **Layoff 19 staff** • Increased future costs to control identified invasive species (*e.g*., estimated cost impacts from delaying miconia work on Maui range from $22M-$34M) • Inability to respond to new coqui reports resulting in island-wide infestations • Inability to assist with HDOA nursery surveys to prevent spread of Little Fire Ant, nettle caterpillars, and coqui frogs
HAWAII INVASIVE SPECIES COUNCIL	The Hawaii Invasive Species Council (HISC) was established to provide policy level direction, coordination, and planning among state departments, federal agencies, and international and local initiatives for the control and eradication of harmful invasive species infestations throughout the State, and to prevent the introduction of other invasive species that may be potentially harmful.	35	35	• **Layoff 13 staff** • Cease operation of SuperSucker, and lose 5-year investment in technology/research • Reduced capacity to conduct risk assessments for new plants • Lose ballast water management data collection • Reduced ability to conduct vessel hull inspections • Reduced capacity to respond to new pest incursions • Reduced community outreach • 50% reduction in West Nile Virus sample collection (mosquito traps, dead birds, bird sera), testing and detection

Programs Supported by the DLNR Natural Area Reserve Fund	FY09 State Funding	FY10 Expected 60% Reduction in State Funds	Staff Funded with State Funds	Expected Layoffs
HAWAII ASSOCIATION OF WATERSHED PARTNERSHIPS				
Kauai Watershed Alliance	$294,190	$117,676	5	5
Koolau Mountains Watershed Partnership	$227,514	$91,006	6	3
East Molokai Watershed Partnership	$124,740	$49,896	8	1
Lanai Forest & Watershed Partnership	$75,000	$30,000	0.5	0
W. Maui Mountains Watershed Partnership	$217,500	$87,000	5	4
E. Maui Watershed Partnership	$441,900	$176,760	5	4
Leeward Haleakala Watershed Restoration Partnership	$343,830	$137,532	6	4
Kohala Watershed Partnership	$235,500	$94,200	2	0
Three Mountain Alliance	$448,320	$179,328	6	3
HAWP Subtotal	**$2,408,494**	**$963,398**	**43.5**	**24**
NATURAL AREA PARTNERSHIP PROGRAM				
Waikamoi Preserve	$220,000	$88,000	4.5	4
Kapunakea Preserve	$125,000	$50,000	2.5	2.5
Kanepuu Preserve	$16,667	$6,667	0.5	0.5
Kamakou Preserve	$218,737	$87,495	3	0
Pelekunu Preserve	$96,289	$38,516	0.5	0.5
Moomomi Preserve	$52,455	$20,982	0.5	0
Kau Preserve	$119,910	$47,964	2.5	1
Puu Kukui Preserve	$281,216	$112,486	5	3
NAPP Subtotal	**$1,130,274**	**$452,110**	**19**	**11.5**
NATURAL AREA RESERVES SYSTEM				
Hawaii Island NARS			12	5
Maui Nui NARS			12	6
Oahu NARS	$4,590,000	$1,836,000	7	1
Kauai NARS			3	0
Statewide Administration			5	1
NARS Subtotal	**$4,590,000**	**$1,836,000**	**39**	**13**
YOUTH CONSERVATION CORP	**$474,588**	**$189,835**	**4**	**2**
FORESTRY / FOREST STEWARDSHIP				
Forest Stewardship	$453,516	$181,406	0.5	0
Watershed Management in Forest Reserves	$1,000,000	$400,000	1	0
Conservation Reserve Enhancement Program	$300,000	$120,000	1	0
DLNR Invasive Species Program Operations	$244,898	$97,959	4	0
T&E Species Management	$400,000	$160,000	5.5	5.5
FORESTRY / FS Subtotal	**$2,398,414**	**$959,366**	**12**	**5.5**
INVASIVE SPECIES COMMITTEE				
Big Island Invasive Species Committee (BIISC)	$375,094	$150,038	9	5
Kauai Invasive Species Committee (KISC)	$374,249	$149,700	6	4
Maui Invasive Species Committee (MISC)	$430,700	$172,280	7	4
Oahu Invasive Species Committee (OISC)	$437,200	$174,880	7	6
ISCs Subtotal	**$1,617,243**	**$646,897**	**29**	**19**
HAWAII INVASIVE SPECIES COUNCIL				
AIS / Hull Fouling	$579,800	$231,920	11.5	4.5
DOA / USDA	$129,200	$51,680	3	3
Bishop Museum	$160,000	$64,000	1	1
Invasive Species Research Grants	$330,000	$132,000	10	0
HISC Support	$135,000	$54,000	1.5	0.5
Weed Risk Assessment	$97,700	$39,080	2	1
Invasive Species Outreach	$97,700	$39,080	4	1
West Nile Virus Detection & Suppression	$307,300	$122,920	2	2
HISC Subtotal	**$1,836,700**	**$734,680**	**35**	**13**
GRAND TOTAL	**$14,455,713**	**$5,782,285**	**182**	**88**

HAWAII INSURERS COUNCIL
A trade association of property and casualty insurance companies

Pauahi Tower, Suite 2010
1003 Bishop Street
Honolulu, Hawaii 96813
Telephone (808) 525-5877
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Alison Powers
Executive Director

TESTIMONY OF ALISON POWERS

HOUSE COMMITTEE ON FINANCE
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

Tuesday, April 7, 2009
3:30 p.m.

SB 884, SD2, PROPOSED HD1

Chair Oshiro, Vice Chair Lee and members of the Committee, my name is Alison Powers, Executive Director of Hawaii Insurers Council. Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately 60% of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **opposes Section 17** of the proposed HD1 if the transfer of $10 million from the Compliance Resolution Fund to the general fund includes funds from the Insurance Regulation sub-account of the Compliance Resolution Fund.

The Hawaii Supreme Court ruled in December 2008 that the transfer of $3.5 million from the Insurance Regulation sub-account in 2002 and 2003 into the general fund was unconstitutional under the separation of powers doctrine and the State is required to return the $3.5 million.

Transferring funds from the Insurance Regulation sub-account into the general fund would again violate the separation of powers doctrine as the Supreme Court has already determined.

Thank you for the opportunity to testify.

House Finance Committee

April 6, 2009 @ 4:00 p.m.

Position on SB1058 SD2 HD1: Support With Amendments

Members of the committee:

My name is Paul Minar. I have failed back syndrome. Failed back syndrome means you have had multiple back surgeries and they were not successful. I have neuropathic pain nerve damage caused by Diabetes, a fused back with degenerative disk disease, severe sciatic nerve damage.I get shocks down my legs and spasms and deep aching pain especially at night. I tried medicating with alcohol or prescription drugs with little or no relief from my symptoms while destroying my health.What really helps is Medical Cannabis. It works better and I can still think and function unlike when ingesting alcohol or doctor prescribed prescription heroin. Alcohol, hydrocodone or
oxycontin. They will absolutely harm your health. I believe Medical Cannabis saved my life. My family doctor does too. I have a recommendation from my doctor for Medical Cannabis. Where am I supposed to get my Medical Cannabis medicine? I don't have any place to grow and I'm not a great gardener. We need a viable Medical Cannabis distribution system sooner not later. New Mexico has already authorized their first non profit growing and distribution organization. It's about time we did too. It will happen. Lets make Hawaii one of the leaders like we have been before. Lets not be the last.
I support bill SB585 with the amendment adding a wider range of members including patients and patient advocates to the of medical marijuana task force. Let's make sure the task force has a majority of members who understand medical marijuana efficacy and understand that the state has already made it's decision on medical marijuana. It was a yes.

Respectfully submitted,
Paul Minar

THE TRUST for PUBLIC LAND

HAWAI'I

THE TRUST FOR PUBLIC LAND'S TESTIMONY
IN OPPOSITION TO SENATE BILL NO. 884, SD 2, HD1
House Committee on Finance
Tuesday, April 7, 2009, 3:30 p.m., Rm. 308
http://www.capitol.hawaii.gov/emailtestimony

The Trust for Public Land's (TPL's) Hawaiian Islands Program was one of the many conservation organizations that supported the passage of the Legacy Lands Act in 2005, which established the Legacy Land Conservation Fund (LLCF). The Legislature created the LLCF with broad support from the conservation and affordable housing community, and by a vast majority of both the House and Senate. TPL opposes SB884 because it seeks, among other things, to zero out the Legacy Land Conservation Fund (LLCF), and substantially decrease the percentage of the conveyance tax that supports the natural Area Reserve Fund and the Affordable Housing Rental Trust Fund.

TPL opposes the redistribution of the conveyance tax because: (1) the people of Hawai`i will lose millions of dollars of federal and private matching money for important agriculture, conservation, and cultural/heritage protection projects if the LLCF is suspended, (2) the LLCF will be automatically cut by 50-60% as a result in decreased conveyances, (3) the LLCF has protected lands with tremendous agricultural, conservation and cultural/heritage value, and (4) this is the worst time to suspend the LLCF -- land prices will go down and the public will forgo once-in-a-lifetime opportunities.

- **The State Will Lose Millions Of Federal Dollars If The Legacy Land Conservation Fund Is Suspended.**

The LLCF allows state, county, and non-profits to match millions of federal funds available for land conservation. If the LLCF is suspended, the State will lose millions of federal funds, and once-in-a-lifetime opportunities to save land that supports local agriculture, conserves water resources, and sustains our Hawaiian heritage.

In general, every dollar spent from the LLCF generates 2-3 additional dollars of federal and/or private money. For example, this year, the Legacy Land Commission approved $982,956.50 for the Division of Forestry & Wildlife's acquisition of the Honouliuli Preserve. These funds will be matched by $2,597,191 (secured) from the U.S. Army Compatible Use Buffer Zone (ACUB) Program, $627,809 (secured) from the U.S. Fish & Wildlife Service Recovery Land Acquisition Program, and $92,043.50 (pending) from the City and County of Honolulu's Clean Water & Natural Lands Fund. Over 3,500 acres of land appraised at a fair market value of $4.3 million will be placed in public hands at a total cost of only $1,075,000 to State and County taxpayers (in other words, Hawai`i taxpayers will pay only 25% of the fair market value of the land). Protection of the Preserve also conserves important watershed that feeds O`ahu's main source of drinking water, secures habitat for many endemic threatened and endangered species found nowhere else in the world, and protects numerous cultural sites and landmarks.

TPL has completed 18 projects in Hawai`i that have protected over 36,000 acres of land. Hawai`i taxpayers have contributed approximately 30% or less of the fair market value in those transactions. The small amount in the LLCF allows the State, the counties, and non-profits, to leverage an additional 2-3 dollars of federal and/or private money for every LLCF dollar spent. For example, if the State LLCF money was not available for the Honouliuli Preserve project, over $3.2 million in federal dollars would be lost -- in just a single project. Without the LLCF, the people of Hawai`i will lost millions of federal and private matching dollars.

- **Suspending The LLCF Is Unnecessary. It Will Be Cut By 50-60% As Conveyances Decrease.**

Suspending the LLCF is not necessary. Conveyances have decreased dramatically with the waning economy. The State estimates that the amount of money generated by the conveyance tax will decrease 50-60% this next fiscal year. The LLCF will automatically be cut by 50%-60% without the Legislature lifting a finger. This is a proportionately much larger cut than any other department or program.

- **The LLCF Has Conserved Important Lands With Tremendous Agricultural, Conservation, and Cultural/Heritage Value.**

The LLCF has conserved important lands with agricultural, conservation, and cultural/heritage value. For example, in January 2009, TPL assisted MA`O Farm in acquiring 11 acres of prime agricultural land in Wai`anae to support its organic farming operations, and its youth education and food sustainability programs for Wai`anae youth (MA`O is sending two dozen Wai`anae interns to Leeward Community College to receive their associate's degree). As described above, important watershed that feeds our drinking water aquifer will be protected by the Honouliuli Preserve project. With TPL's help, the State Parks Division is acquiring a privately owned coastal inholding within Lapakahi State Historical Park on Kohala, Hawai`i Island, preserving an important part of Hawai`i's pre-contact heritage. All of these projects were or are funded by the LLCF. Without the LLCF, these projects could not have occurred.

Small investments through the LLCF in agriculture, conservation, and our cultural heritage pay off over time. By protecting watershed land from development, government can avoid billions of dollars in operating expenses to treat contaminated drinking water or finding replacement water sources. By protecting agricultural land, we increase our isolated island chain's ability to feed itself, and generate our own energy. By protecting cultural/heritage lands, we sustain what makes us unique as a culture and as a world renowned visitor destination. Visitors who stay here to appreciate the culture spend more and stay longer. The small investments made possible by the LLCF result in immeasurable economic and social returns.

- **The Public Will Lose Once-In-A-Lifetime Opportunities.**

A down economy is the worst time to suspend the LLCF. In a down economy, land values decline. There will be once-in-a-lifetime opportunities to secure important agriculture, conservation, and cultural/heritage lands in the next six years. But once the economy turns around, the value of these lands will rise and will be priced out of the conservation market. Every dollar left in the LLCF (even at a 50%-60% reduction) will be important in taking advantage of the "green lining" in the otherwise dismal economy. TPL

There is no doubt that the State faces serious financial times. However, the LLCF, the Natural Area Reserve Fund, and the Affordable Housing Rental Trust Fund will be automatically and disproportionately cut by 50-60%. There is no need to cut these programs further. We therefore oppose HB 1741, and request that the members of this Committee vote against this bill.

Mahalo for this opportunity to testify -

Lea Hong

Lea Hong
Hawaiian Islands Program Director
524-8563 (office)
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Housing Hawaii

Advocating Creating Maintaining Affordable Housing

Board of Directors

President
Kevin Carney, EAH Housing

Vice-President
Rene Berthiaume, TransPacific Housing Development Corporation

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Director – _Gregg Robertson, Robertson & Company, LLC_

Director – _Brian Takahashi, Architects Hawaii_

Director – _Kirk Caldwell, City and County of Honolulu_

Director – _Kamaile Sombelon, Lokahi Pacific_

Executive Director
Nani Medeiros

April 7, 2009

The Honorable Marcus Oshiro, Chair
House Committee on Finance
Hawaii State Capitol, Room 308
Honolulu, HI 96813

Dear Chair Oshiro and Members:

RE: SB 884 SD2 Proposed HD1, RELATING TO NON-GENERAL FUNDS

I am Nani Medeiros, Executive Director of Housing Hawaii, testifying on Senate Bill 884 SD2 Proposed House Draft 1. This bill reduces the amount of conveyance tax revenues deposited into the rental housing trust fund, and transfers execss funds in the rental assistance revolving fund to the general fund.

Housing Hawaii strongly opposes this bill as it relates to the programs and funding available for rental housing in Hawaii.

In 2006, the Hawaii State Legislature increased the amount of conveyance tax proceeds deposited into the Rental Housing Trust Fund to 50 per cent of revenues collected. In July 2008, the law reverted back to the original language which sets aside only 30 per cent of revenues for deposit into the trust fund. The allocation of conveyance tax proceeds to the RHTF provides predictability for the State and developers when it comes to planned affordable housing projects. Dedicated funding for affordable housing is a critical element in our fight against homelessness. Reducing programs and funding in these areas will exacerbate our housing and homeless crisis.

Rather than reducing the only dedicated funding source for the state rental housing development program at a time when both the state and counties are looking to saturate the construction industry with projects, the legislature should be increasing the funding for affordable rental housing. This provides jobs for our construction workers, and affordable rentals to the masses we have here in need.

Please delete any language reducing funding for the rental housing trust funds and the rental assistance revolving fund.

Nani Medeiros
Executive Director

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Conservation Council for Hawai'i

Testimony Submitted to the House Committee on Finance
Hearing: Tuesday, April 7, 2009 3:30 pm
Room 308

Opposition to SB 884 SD 2 Proposed HD 1 Relating to Non-General Funds

Aloha. My name is Marjorie Ziegler, and I am testifying on behalf of the Conservation Council for Hawai'i and its 6,000 members in strong opposition to SB 884 SD 2 Proposed HD 1. This bill will result in irreversible harm, setting back critical programs and protections that are funded by special funds, including the Natural Area Reserve Fund, Land Conservation Fund, and Rental Housing Trust Fund. We oppose raiding of special funds to help balance the budget. These three funds leverage private and federal funding, stretching already inadequate state funding for conservation and affordable housing even farther.

The Land Conservation Fund, Natural Area Reserve Fund, and Rental Housing Trust Fund have already decreased by 50-60% because of the economy and reduction in conveyance tax that supports these funds. The total conveyance tax collected is expected to decrease from $38.4 million in fiscal year 2008 to approx. $19.2 million a year in the near future – a loss of close to $20 million.

It does not make good fiscal sense to cut state funds that leverage significant amounts of additional private and federal matching funds. In fiscal year 2008, $4.7 million in the Land Conservation Fund leveraged over $14.3 million in additional matching private and federal funds. In fiscal year 2008, $9.6 million in the Natural Area Reserve Fund leveraged $19.2 million in additional matching private and federal funds. The Rental Housing Trust Fund leverages additional non-state funds for affordable rental housing programs as well, stretching scarce funds to do even more good. We also believe that once the legislature raids these funds, the funds will never be completely restored.

The Land Conservation Fund, Natural Area Reserve Fund, and Rental Housing Trust Fund are supported by, and are for the people. They were established because the legislature could not be counted on to adequately fund these programs in the budget on a regular basis. Now, after a broad coalition of concerned citizens, organizations, and elected officials worked so hard to establish these funds and increase support for these programs, some legislators want to eliminate or raid these funds.

Please do not pass this bill out of committee. Mahalo for the opportunity to testify.

Working Today for the Nature of Tomorrow!

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President: Julie Leialoha * Vice-President: Nelson Ho * Secretary: Douglas Lamerson * Treasurer: Kim Ramos *
Directors: Maura O'Connor * Melora Purell * George Robertson * Hannah Kihalani Springer
Executive Director: Marjorie Ziegler * Membership Director: Beth McDermott

HO'OKAHI NO KA 'ĀINA A ME NA KĀNAKA
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S.B. 884 NAR Fund
Room 308, 3:30 pm
April 7, 2009

Aloha Chairman Oshiro and members of the House Finance Committee,

KAHEA strongly opposes the passage of SB 884 to reduce available funding in the Natural Area Reserve Fund and the Legacy Lands Conservation Fund. These special funds provide far greater, long-term benefits to the people of Hawaii than the short-term gain to the general fund, especially considering the Legislature has significant sources of new money that have not been collected, namely rent from the use of state lands on Mauna Kea by foreign-owned telescopes.

1) THE NAR FUND SHOULD NOT BE CUT BECAUSE IT PROVIDES CONSIDERABLE ECONOMIC BENEFIT

The NAR fund creates jobs: 200 people are directly employed by the programs funded through the NAR and Legacy Lands Conservation funds, which contribute over $10 million to local businesses. These funds have already suffered significant budget cuts due to the dramatic decrease in conveyance tax revenue. The additional cuts proposed will mean people's jobs will could be lost.

The NAR fund leverages significant matching funds: In fiscal year 2008, $4.7 million in the Land Conservation Fund leveraged over $14.3 million in ADDITIONAL matching private and federal funds. In addition, $9.6 million in the Natural Area Reserve Fund leveraged an additional $19.2 million in ADDITIONAL matching private and federal funds. And, the Rental Housing Trust Fund leverages additional non-state funds for affordable rental housing programs as well, stretching scarce funds to do even more good. It does not make good fiscal sense to cut state funds that leverage significant amounts of additional private and federal matching funds.

2) THE NAR FUND PROVIDES FOR BASIC ENVIRONMENTAL HEALTH PROTECTIONS

The NAR fund provides significant environmental services: It is estimated that the Ko'olau Mountains on Oahu provides at least $14 billion in water production and filtering, culture, recreation, ecotourism, and educational opportunities, protection of native habitats and species, and other benefits. Over 220 billion gallons of clean water per year are produced in areas managed by the Watershed Partnerships Program.

The NAR fund helps to protect our environment. Our nearshore waters are protected from land-based erosion and pollution by the Natural Area Partnership Program. Agricultural lands are protected from harmful invasive species by the Hawai'i Invasive Species Council. Important recreational areas, used everyday for hiking, camping, and hunting, are managed by the State Forest Reserve System. Native forests, where maile and 'ōhi'a are picked for hula, are protected by all of these conservation programs. Important open spaces are protected from development for the public to enjoy as cultural, recreational, agricultural, and watershed areas by the Legacy Lands Conservation Program.

3) Foreign-Owned Telescopes on Mauna Kea are Significant, Untapped Source of Revenue

The entire summit of Mauna Kea is public land held in trust for the people of Hawai'i. HRS §171-17 and -18 requires leases for the use of any public lands be based on the market-value of the land and that proceeds be deposited in the general fund. Unfortunately, the foreign entities that currently own and operate the telescopes on the summit have leases with that require only $1 a year for the use of these lands. The "public purpose" exemption to the market-based rent requirement does not apply foreign entities. While the actual appraised value of public lands used for telescopes is not known, based just on the recent deal between Caltech and Yale, it is clear that the market-value of these lands is far more than $1 a year.

> *"Under the $12 million deal with the California Institute of Technology, one of the Big Island observatory's partner institutions, Yale astronomers will get 15 nights of observing time annually over 10 years. ... Access to the telescopes is highly prized...." - Honolulu Advertiser, March 4, 2009.*

The State should renegotiate these illegal lease-contracts to ensure the people of Hawaii are adequately compensated for the use of their public lands. In doing so, the Legislature can avoid drastic budget cuts and raiding special funds.

Mahalo,

Marti Townsend

Marti Townsend
Program Director

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mrksrecycle@hawaii.rr.com

Mr. K's Recycle & Redemption Center

Date: April 6, 2009

To: Committee on Finance; Chair: Marcus R. Oshiro; Vice-chair: Marilyn B. Lee

Re: SB 884: Relating to non-general funds

Aloha,

This testimony is in regards to SB884, which is related to SB243, and HB574. These acts have the potential to dramatically change the face of the redemption program here in Hawaii. This bill seeks to transfer the "excess balance" from the deposit beverage container program deposit special funds into the general fund. This will eliminate resources needed to operate an effective deposit beverage container program here in Hawaii.

HB574 seeks to spend additional funds expanding the redemption program. Meanwhile, SB884 seeks to place these much needed funds into the general fund. How can the state be looking at taking away from the deposit beverage container special fund (SB884), and ask the redemption program to expand at the same time (HB574)? These two measures juxtapose each other. Measures such as HB574 are not plausible with out the funds from the Deposit Beverage Container Deposit Special Fund. Why not leave the program alone. It's educating the keiki, and malama the 'aina

Mr. K's Recycle & Redemption Center in Hilo is a small independently owned and operated redemption center in Downtown Hilo. We opened our doors this past January, 2009. Between SB884 and HB574, smaller redemption centers such as Mr. K's will not survive. In the actualization of economic stimulus, please recognize that these bills are not good for the local economy. As a new business, it's hard to survive, and now these small redemption operations may have to compete with large supermarkets for customers. The big will get bigger, and the small will fold

We spend our days disbursing cash into the community. Not too many state or county programs give money back to the people. It's the people's money, there to repay individuals for their recycling efforts, as well as to provide incentives for redemption centers. In addition, it's a good way of teaching our keiki how important it is to reduce, reuse, and recycle. The 'aina is finite, and irreplaceable, and the economy ebbs and flows. In closing, please take the time to recognize that the bottle bill program is good for the local economy. To take money from this program will be to cut the legs of something good you've created.

Thanks for your time and attention to this matter

Thomas T. Kadota LTD, owner

Mr. K's Recycle & Redemption Center

AMERICAN BEVERAGE ASSOCIATION

Written Testimony of
David Thorp
Director, Government Affairs
American Beverage Association
1101 16th Street, N.W.
Washington, D.C. 20036

Before the House Committee on Finance
Subject: S.B. 884 SD2 HD1, Relating to Non-General Funds

April 7, 2009; 3:30 p.m. (Agenda #2)

Chair Oshiro, Vice Chair Lee, and Members of the Committee,

Thank you very much for the opportunity to present comments on S.B. 884 SD2 HD1 (proposed), which transfers excess balances from certain special funds to the general fund to address the budget shortfall in fiscal biennium 2009-2011. **The American Beverage Association (ABA) is testifying in strong opposition to the diversion of $20 million from the deposit beverage container deposit special fund.**

ABA is the trade association representing the non-alcoholic beverage industry. Founded in 1919, ABA represents hundreds of beverage producers, distributors, franchise companies and supporting businesses that employ more than 217,000 people across the country. The beverage companies throughout Hawaii directly employ over 500 workers and indirectly impact the jobs of thousands of others across the state.

ABA members offer consumers myriad brands, flavors and packaging choices and a full range of drink options including soft drinks, diet soft drinks, ready-to-drink teas, bottled waters, water beverages, 100 percent juice, juice drinks, sports drinks and energy drinks.

Beverage Container Deposit Law's 5-cent deposit and 1-cent fee (tax)

S.B. 884 SD2 seeks to transfer at least $10 million from the deposit beverage container deposit special fund to the state's general fund. Hawaii's Beverage Container Deposit Law imposes a five-cent refund value and a one-cent deposit fee (tax) on beverage containers.

Hawaii Act 176 (the 2002deposit law) impacts beverage containers made of glass, metal, PET, and HDPE containing 68 ounces or less of "beer, ale, or other drink produced by fermenting malt, mixed spirits, mixed wine, tea and coffee drinks..., soda, or noncarbonated water, and all nonalcoholic drinks in liquid form..." Wine and spirits as well as concentrates, flavorings, medicines, nutritional supplements, powders, milk, and dairy-derived products are exempt.

According to Act 176, revenues from the five-cent refund value and one-cent deposit fee (tax) are for payment of refunds and handling fees; administrative, audit, and compliance activities by the state; recycling education and demonstration projects; market development for recyclables; subsidies for handling and transporting beverage container materials to end-users; and periodic management and financial audits of the program.

S.B. 884 is a hidden tax on consumers

Hawaii consumers have been paying the five-cent refund value and one-cent deposit fee (tax) for several years and have been led to believe that the unclaimed refund value and the deposit fee (tax) are to be used for running the deposit program and other specific environmental programs.

The many millions of dollars currently in the deposit special fund should be used for its stated purposes of the deposit program and beyond, including funding environmental programs such as recycling education.

Hawaii's taxpayers have spoken out in the past about the Legislature's attempt to raid other revenue generating programs, such as the Hurricane Fund. This latest attempt to take away taxes already paid by consumers is no different and should not be allowed.

Re-evaluate the deposit program or provide refunds for Hawaii consumers and businesses

Hawaii's deposit program costs consumers and businesses tens of millions of dollars every year to address about two percent of the waste stream and about 9% of all litter. We need to pursue a better way to address waste and litter that is more convenient and efficient than the deposit program – a way that consumers, businesses, and lawmakers can support, such as comprehensive recycling. Rather than the discriminatory tax imposed only on beverage consumers by the deposit program, what should be considered is a comprehensive recycling program in Hawaii as exists in 40 other states that would provide convenient recycling access to all residents and businesses for all recyclables – not just the small fraction contributed by beverage containers.

In the meantime, ABA respectfully suggests that, instead of raiding the deposit program of millions of excess tax dollars already paid by consumers and businesses, the Legislature should lessen the tax burden on these same businesses and consumers by lowering or eliminating the deposit program's one-cent deposit fee (tax).

We encourage the Committee to reject the proposal to raid the deposit beverage container deposit special fund and ask the Committee to consider immediately lowering or eliminating the one-cent deposit fee (tax) as the State pursues a more comprehensive and economical way to address waste and litter.

Sincerely,

David Thorp

David Thorp
Director, Government Affairs
American Beverage Association

THE PEPSI BOTTLING GROUP

April 7, 2009

Representative Marcus Oshiro, Chair
House Committee on Finance

Hawaii State Capitol, Conference Room 308
Tuesday, April 7, 2009; 3:30 p.m. (Agenda #2)

Re: SB 884 SD2 proposed HD1 - RELATING TO NON-GENERAL FUNDS

Chair Oshiro, Vice Chair Lee, and members of the Committee:

My name is Gary Yoshioka, General Manager of The Pepsi Bottling Group of Hawaii ("Pepsi"), testifying in strong opposition to SB 884 SD2 HD1, which transfers $20 million from the deposit beverage container deposit special fund to the general fund to address the State's budget shortfall.

Pepsi urges the Committee to consider the commitments that were made to consumers, retailers, and the beverage industry during the contemplation of the bottle bill that established the deposit beverage container program. By statute, moneys in the fund shall be used primarily to reimburse refund values and pay handling fees to redemption centers and fund the reverse vending machine rebate and the redemption center and recycling infrastructure improvement programs. In addition, the Department of Health is required to use excess funds to conduct recycling education and demonstration projects and promote recyclable market development activities. If the funds are used for other purposes, they become a tax. Not only does the proposed raid disregard the commitments made to the environmental community, it sets the stage for the diversion of other special funds that serve similarly worthy purposes.

Internationally, nationally, and locally, Pepsi recognizes our responsibility to be a good steward of the environment, both as a corporate citizen and as a way to support the company's goals. We respectfully ask the Committee to stand behind commitments that were made at the inception of this program to Hawaii's consumers, retailers, beverage manufacturers and distributors, and the recycling community, statewide, that recycling initiatives would be funded by unredeemed nickels.

On behalf of The Pepsi Bottling Group Hawaii, thank you for the opportunity to testify.

Coca-Cola Bottling Company of Hawaii

A COCA-COLA ENTERPRISES company

Representative Marcus Oshiro, Chair
House Committee on Finance

Tuesday, April 7, 2009
3:30 p.m. (Agenda #2), Conference Room 308

RE: SB 884 SD2 HD1 (Proposed) - RELATING TO NON-GENERAL FUNDS

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

My name is Dan Whitford, Area Vice President for Coca-Cola Bottling Company of Hawaii (Coca-Cola), **testifying in opposition to SB 884 SD2 HD1** which, in part, proposes to transfer $20 million from the deposit beverage container deposit special fund to the general fund.

As an active participant in the initial legislative discussions on the bottle tax, I sat before this Committee and pledged that Coca-Cola would continue to do its part in keeping empty cans and bottles out of the litter stream. The Department of Health, at the time, committed to using the funds to develop recycling programs and making the redemption of empties easy for the people of the state. I am pleased to report that our company is doing its part. Coca-Cola has engaged in partnerships and launched environmental initiatives and across the globe. The Coca-Cola system is a lead sponsor of the Ocean Conservancy's International Coastal Cleanup (ICC). The ICC is the largest one-day volunteer event in the world devoted to cleaning oceans and waterways. On September 20, 2008, sixty-three members of the Coca-Cola ohana gathered at Kailua Beach Park to collect over 200 pounds of trash threatening to impact the ocean and wildlife.

Unfortunately, we have not seen the recycling programs that the Department committed to implementing. The Hawaii State Auditor's 2005 Audit of the Deposit Beverage Container Program noted that, "Many view the program as an attempt to impose another state tax by forcing consumers to pay the deposit but making it difficult to obtain the refund." It continues, "In the bill's preamble, the Legislature emphasized that recycling is an important element of an integrated solid waste management system, which can protect and preserve environmental resources and reduce economic costs to residents and businesses. The Legislature also noted a need to expand participation in recycling programs and minimize costs to those participating and to government. The purpose of Act 176 is to increase participation in deposit programs, increase recycling rates for specified deposit beverage containers, provide a connection between manufacturing decisions and recycling program management, and reduce litter."

Supporters of the bottle bill successfully argued that passage of the initiative would change the way Hawaii recycles, opponents of the measure saw a raid of the fund from the earliest discussions. If this fund has not been adequately utilized, Coca-Cola respectfully suggests that the Department of Health be urged to comply with their recycling mandate.

We are significantly concerned that even a partial depletion of the deposit beverage container special fund could result in an increase in the handling fee. The beverage industry and consumers will be expected to fund shortfalls in the program.

Coca-Cola respectfully requests that the Committee hold the proposed draft of SB 884 SD2. Thank you for the opportunity to testify.

UNIVERSITY of HAWAI'I®
MĀNOA

April 7, 2009

To: House Committee on Finance
Chairperson Marcus Oshiro
Vice Chair Marilyn Lee
Representatives Isaac Choy, James Tokioka, and Scott Nishimoto

From: Christine Kirk-Kuwaye, Faculty Specialist
Student Life & Development
University of Hawaii at Manoa

Subject: **Senate Bill 884**

As a faculty specialist in Student Life and Development, one of my responsibilities is to provide advising to the Graduate Student Organization (GSO), one of the six chartered student organizations at UHM.

GSO functions as the advocacy body for the 6,000 graduate students at Manoa and has as its central mission, the granting of funding to support graduate student research via its Grants & Awards (G&A) program. This often takes the form of funding students' travel to conferences where they present their research, travel to sites to conduct research, and occasionally fund research materials (such as funding lab analysis of specimens).

When the Board of Regents granted an increase to $15/semester/students to GSO in 2004 it was with the understanding that fully $10 (or 2/3s) of the monies collected from each graduate student each semester would go toward supporting students' research through the G&A program. During the last three years, the need for G&A funding has increased dramatically, particularly as "soft money" continued to dry up and many of UHM's departments have fewer external resources that can be tapped to support their graduate students. Consequently, GSO has increasingly relied on the interest generated from its reserve monies to serve the needs of the graduate students through the G&A program. By scooping interest, the Legislature, in effect, would be eliminating one of the dedicated funding sources for Manoa's graduate students and thereby eliminating what often is a sole source of support for many departments, particularly those not in the sciences and professional areas.

In addition to providing funding, the G&A program is made up of 60 to 80 members of the GSO assembly who monthly meet to review grant proposals. This review process provides them with a valuable and professionalizing experience in peer review, an activity that is unique on the Manoa campus.

I respectfully request that the Committee reconsider scooping the interest income for GSO as well as all chartered student organizations. These organizations not only directly benefit constituents through their programs and services but provide valuable leadership development opportunities to Manoa's students.

2465 Campus Road, Campus Center
Honolulu, Hawai'i 96822-2216
Telephone: (808) 956-8178
Fax: (808) 956-4810

An Equal Opportunity/Affirmative Action Institution

Aloha Chairperson Marcus Oshiro,

This fax is in regards to my testimony in opposition to Senate Bill 884. I have sent my testimony as an attachment. I hope that you will consider my testimony in your decision making process. Thank you so much for this time and opportunity to have my voice listen to.

Sincerely,

Cassandra Harris

csharris@hawaii.edu

619.632.8682

Aloha,

I would like to begin my testimony by stating that I believe the primary purpose of any university, especially a state university, is to provide all students with the education, leadership opportunities, and skills needed to become active educated members in their communities. Student activities, like those supported by student activity fees, are vital to the sustainability and enrichment of student life. Although scooping student activity fees may seem like a simple solution to the States financial crisis, I would suggest that its long term effects will be devastating for student life. Through the scooping of student fees from such organizations the State will not only be taking away from the students of the University of Hawaii at Manoa, it will be taking away from Hawaii's future leaders, citizens, and international friendships.

These funds are used by students who are simply trying to plan for their future, help their community, and grow as leaders. This money is provided by the students for the students and should not be used for any other means other than supporting student investments. The scooping of student activity fees will certainly contribute to a decreased student trust of the Legislature's perceived infringement of the CSOs' right to expend funds as the CSOs see fit from their (the CSOs) accounts. As I am learning in my Communication 660 class and in life, "the effects of all present decisions will be in the future." Please consider what the effects of taking student funds, paid and used by students, will have on the future of each individual student, the campus community, and the State of Hawaii.

Before you decide to scoop any student activity fees it is imperative that you understand exactly what you will be putting at risk. Through the scooping of activity student fees you will be running the possible risks of penalizing CSO's ability to provide effective long-range planning and sound fiscal management, possibly encourage CSOs in the future to maintain low to no fund balances for fear of future scoops, trigger an increase of student fees, risk the possibility of eliminating leadership positions and opportunities which require stipends, affect the quality of campus and student life, lower student and staff morale, and minimize student empowerment, involvement, and participation in institutional governance. Articles have suggested that 2009 will be amongst the largest student enrollment that the system of the University of Hawaii has had.

The student body attending UHM should be seen as an economic boost for the State. If the State takes away money saved for student activities I fear that the student quality at the university will drop and students will develop less trust in the State. The seeds of future leadership and participation in governance are often blossomed at the university level. Please consider the risk of your decision before when deciding to approve Senate Bill 884.

Through my experience at the University of Hawaii at Manoa, as an alumnus of the University of Hawai'I at Manoa Athletics' Department, a past student staff member for Campus Center, a current graduate student member of the Board of Publications, and a full-time staff for The Department of Student Life and Development, I have grown as student, a team member, and an individual. It is my hope to take all of my experiences from this great University and be able to give back to the community that made it all possible. My experience at the University has been amazing and fruitful. I cannot imagine going through college without the support that student organizations and activities have provided me, nor would I want to imagine what such an experience would be like for my fellow student body.

Sincerely,

Cassandra S. Harris

619.632.8682

csharris@hawaii.edu

TESTIMONY TO THE HAWAIʻI STATE HOUSE COMMITTEE ON FINANCE

Senate Bill 884, Senate Draft 2, House Draft 1: Relating to Non General Funds
Monday, April 6, 2009

Dear Senator Representative Marcus R. Oshiro-Chairperson, Representative Marilyn B. Lee-Vice Chairperson & Members of the House Committee on Finance:

Today, I write this letter in **firm opposition to sections 35 and 54, subsection (b), of Senate Bill 884, SD2, HD1: Relating to Non General Funds.**

Should this Bill pass in its current state, section 35 will allow the director of finance to scoop the $4 million from the University Revenue Undertaking Fund, which is retained by the University of Hawai□i Campus Center Board and needed for planned future projects. Such a scoop penalizes the student group, Campus Center Board, for long-range planning, prohibits the completion of the Campus Center renovation and repair projects, and deeply impacts the repairs and maintenance budget for Campus Center and Hemenway Hall on the UH Mānoa campus. Furthermore, section 54, subsection (b) of this Bill requires the President of UH Mānoa to transfer any and all interest earned from student activity fees beginning fiscal years 2010 and 2011 to the director of finance, once again threatening to confiscate students' money that is intended to be spent on the students attending the University of Hawai□i.

In May of 1980 the State of Hawai□i implemented Act 184, which established the student activities revolving fund to allow University of Hawai□i Certified Student Organization's (CSO's) to expend monies for purposes it deems necessary and proper. Considering that the Campus Center does not receive G-Fund's for its operations, and is instead funded by student activity fees as well as revenues from leases, food service commissions, and service fees, this proposed scoop will confiscate students' money that was intended for specific purposes. More specifically, this money is intended for phases two and three of the Campus Center Expansion Project. Removing any portion of this reserve will prohibit Campus Center from realizing this renovation and repair project as well as further defer the maintenance of the building which will only cost the State of Hawai□i more money in the future. Additionally, removing the interest that is earned on student fees will deeply impact our campus' CSO's, whereas they rely on this interest to provide needed money to their operating budget. Furthermore, moving forward with this proposed scoop will eliminate the student's trust in the Legislature as a result of this violation of Act 184 intended to ensure the CSO's right to expend funds from their own accounts.

As the President of the 11,000 full-time undergraduate population at the University of Hawai□i at Mānoa, I can say with confidence that such an act as this will threaten the future success of our students and the campus CSO's. Although I understand the immediate financial difficulties the state is currently facing, I firmly believe that taking student money from the students sets a horrible precedent for the tough future circumstances the university and state will face.

Therefore, **I respectfully request that sections 35 and 54, subsection (b), of Senate Bill 884, SD2, HD1: Relating to Non General Funds, are struck from the bill.**

Sincerely,

Jaime M. Sohn
President, 96th Senate
Associated Students of the University of Hawai□i, Mānoa
808-956-4824
jmsohn@hawaii.edu

Testimony of Christine Ogura
Opposing SB884 Relating to the Conveyance Tax
House Finance Committee, Room 308
April 7, 2009, 3:30PM

I oppose SB884. The conservation programs which are beneficiaries of the Natural Area Reserve Fund protect the natural infrastructure which is the economic backbone for the state's tourism, agriculture, businesses, and island communities.

- **Can the state afford to have another 200 people out of jobs?** These programs also employ close to 200 people (not to mention supporting local businesses where supplies are purchased).
- **Can the state afford at this time to turn away an additional $20 million in funding leveraged by these programs?** These programs also easily leverage state funding 1:1 by bringing in federal, county, and private funding.
- **Can the state afford to pay $14 billion to replace such services provided by our forested watersheds that are managed and protected by the NARF funded programs?** A UH study economically valued the Ko'olau Mountains forests at $7-14 billion dollars with respect to the ecosystem services it provided by way of recharging water supplies, controlling soil erosion to keep oceans clean for swimming and fishing, mitigating flooding, providing habitat for native species found no where else but in Hawai'i, serving as cultural, recreational and educational areas, protecting public health with clean air and water, mitigating climate change affects, and creating jobs and supporting local businesses.
- These programs, as a result of falling conveyance tax revenues, are already at a 50% budget cut and have laid off workers and cut back on protection activities. To add on top of this a further reduction in the NARF percentage would cripple many of these programs to the point of leaving them inoperable and non-functioning.
- If this happens, it will cost the state and its tax payers millions more in the future to gain back the progress made in forested watershed protection and invasive species control.
- It could also cripple the state's water supply, just as it did over 100 years ago when feral cattle degraded our forests and sugar plantation and ranchers noticed streams and wells drying up. Their response was to fence forested areas and take out feral cattle and other ungulates, create a forest reserve system, and restore forests by outplanting to restore island water supplies. This is the work carried on by the programs funded under the NARF.

I understand the state is facing a significant shortfall and cuts need to be made. What I advocate is that the state make smart, strategic decisions in their cuts. **Does it really make sense to cut these special funds which generate money for the state by leveraging millions of dollars and employ so many people?** Keeping the NARF percentage at 25% is a small investment for such large, sustainable, and long-term benefits for our island communities.

JOINT LETTER SUBMITTED BY

THE NATIONAL EMERGENCY NUMBERING ASSOCIATION (NENA)

CTIA – THE WIRELESS ASSOCIATION®

April 7, 2009

On behalf of the wireless industry and the national 9-1-1 community, CTIA[1] and the National Emergency Number Association (NENA)[2] submit the following letter in opposition to SB 884, the "Transfer of Non General Funds", which will take $9 million in revenue collected from wireless consumers under the auspices of 9-1-1 and spend the revenue for general purposes. This funding is extremely critical to our nation's 9-1-1 systems, ensuring that wireless 9-1-1 callers can quickly be located in emergency situations. These wireless calls help to save lives, locate missing children and prevent numerous crimes. CTIA and NENA are very cognizant of the critical budget issues that currently face Hawaii. However, in the interest of public safety, this fund needs to be used for its intended purpose.

Wireless carriers annually collect nearly $2 billion dollars of dedicated taxes, fees and surcharges from wireless consumers for the purpose of supporting and upgrading the capabilities of the 6,174 Public Safety Answering Points (PSAPs) that exist across the country. In addition to the nearly $2

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[1] CTIA – The Wireless Association® is the international organization of the wireless communications industry for both wireless carriers and manufacturers. Membership in the organization covers Commercial Mobile Radio Service ("CMRS") providers and manufacturers, including cellular, broadband PCS, ESMR, and AWS, as well as providers and manufacturers of wireless data services and products.
[2] NENA is *The Voice of 9-1-1*™. NENA promotes implementation and awareness of 9-1-1 as North America's universal emergency number and the advancement of Next Generation 9-1-1 systems. NENA is the leading professional non-profit organization dedicated solely to 9-1-1 emergency communications issues. NENA serves its nearly 7,000 members in 48 chapters across the U.S., Canada and Mexico through policy advocacy, establishment of technical and operational standards, certification programs and a broad spectrum of educational offerings. Find out more at www.nena.org.

billion dollars annually collected from consumers and remitted to state and local governments, wireless service providers have also expended billions to modify their networks to enable them to identify and locate wireless 911 callers.

The capital provided in good faith by wireless consumers through 9-1-1 fees or surcharges has been and continues to be extremely critical in supporting public safety in a given state. However, the taxes and fees collected from wireless consumers at the state and local level under the auspices of E9-1-1 deployment need to be solely dedicated to the advancement of E911 deployment and not used for other revenue purposes. Not only is it the appropriate policy in the best interest of Hawaii's citizens and visitors that depend on an effective 9-1-1 system, but also it is consistent with the direction of the United States Congress.

As a result of other states diverting money from their 9-1-1 Funds, the U.S. Congress has taken several steps to prevent this practice from occurring. First, through the ENHANCE 911 Act of 2004 (Pub. Law 108-494), Congress made clear that states are ineligible for federal 9-1-1 grant money if the state has misallocated 9-1-1 fees for unintended purposes. Currently, the National 9-1-1 Office which will administer the federal 9-1-1 grant program is in the process of drafting grant guidance in advance of seeking grant applications this year. If Hawaii diverts their 9-1-1 fund as directed by SB 884, the state will be automatically ineligible to apply for such funds.

More recently, Congress passed the NET 9-1-1 Improvement Act, signed by the President on July 20th, 2008, that highlights the need to keep 9-1-1 fees protected for the purposes intended. The language specified in PL 110-283 addresses the issue of state 9-1-1 fund diversions in two important respects. First the law makes clear that state and local governments have the authority to impose 9-1-

1 fees on wireless and voice over-IP (VoIP) providers only if the fees are used for their intended purpose:

> *Nothing in this Act, the Communications Act of 1934 (47 U.S.C. 151 et seq.), the New and Emerging Technologies 911 Improvement Act of 2008, or any Commission regulation or order shall prevent the imposition and collection of a fee or charge applicable to commercial mobile services or IP-enabled voice services specifically designated by a State, political subdivision thereof, Indian tribe, or village or regional corporation serving a region established pursuant to the Alaska Native Claims Settlement Act, as amended (85 Stat. 688) for the support or implementation of 9–1–1 or enhanced 9–1–1 services, provided that the fee or charge is obligated or expended only in support of 9–1–1 and enhanced 9–1–1 services, or enhancements of such services, as specified in the provision of State or local law adopting the fee or charge. For each class of subscribers to IP-enabled voice services, the fee or charge may not exceed the amount of any such fee or charge applicable to the same class of subscribers to telecommunications* services.

The law also requires the Federal Communications Commission (FCC) to monitor the practice of state implementation and collection of 9-1-1 fees:

> *To ensue efficiency, transparency, and accountability in the collection and expenditure of fees for the support or implementation of 911 or E-911 services, the Commission[FCC] shall submit a report within 1 year after the date of enactment of the 911 Modernization and Public Safety Act of 2007, and annually thereafter, to the Committee on Commerce, Science and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives detailing the status in each State of the collection and distribution of 911 fees, and including findings on the amount of revenues obligated or expended by each State or political subdivision thereof for any purpose other than the purpose for which any fee or charges are specified. (H.R.3403 Sec 6(f)(20).*

On Friday, February 6, 2009, the FCC announced that it is beginning the process of developing this report. The FCC release is available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-09-205A1.pdf.

Recognizing these developments, in recent correspondence to the Florida E9-1-1 Board, the Office of the Attorney General of Florida noted the concerns the Attorney General's office has with transferring money from the Florida 9-1-1 trust fund to general revenue:

Section 365.172 was enacted, in part, to provide funds to counties to pay costs associated with their E911 or 911 systems. §365.172(2)(b), Florida Statutes. It appears that expenditure of the funds in the E911 Trust Fund for purposes other than the payment of costs associated with Florida's 911 system could result in the loss of the authority to impose and collect those fees.[3]

The wireless industry and the national 9-1-1 community are committed to working together with states to ensure emergency 9-1-1 services is a coordinated and collaborative operation between the public and private sectors and provided at a reasonable cost. The capital provided to state governments by wireless consumers through taxes, fees or surcharges is extremely critical in supporting the acquisition of the necessary tools to receive and act on wireless calls in order to save a life, locate a missing child or prevent a crime.

Therefore, the wireless industry and the National Emergency Number Association urge the Hawaii Senate to oppose SB884 and not divert critical public safety funds for general revenue purposes.

Patrick Halley

Government Affairs Director

National Emergency Number Association

K. Dane Snowden

Vice President of External and State Affairs

CTIA- The Wireless Association

[3] Letter from Lee Ann Gustafson, Office of the Florida Attorney General, to John Ford, Chairman of Florida 911 Board, dated Jan 16, 2009, regarding NET 911 Improvement Act of 2008.

FINTestimony

From:	Angel Prince [amprince2000@yahoo.com]
Sent:	Monday, April 06, 2009 9:01 AM
To:	FINTestimony
Subject:	Please Oppose HB 1741/SB 884 and HB 1174

The Land Conservation Fund, Natural Area Reserve Fund, and Rental Housing Trust Fund are supported by and for the people. They were established because the legislature could not be counted on to adequately fund these programs in the budget on a regular basis. Now, after a broad coalition of concerned citizens, organizations, and elected officials worked so hard to establish these funds and increase support for these programs, some legislators want to eliminate or raid these funds. Auwe!

Would be better if all the foreign telescopes on Mauna Kea paid their fair share to use our state lands. Why not force the State Land Board to renegotiate those illegal leases? Hawaii could easily make $50 million a year from collecting fair rent payments.

Please do not raid these important special funds to balance the budget. Oppose HB 1741... and HB 1174 to transfer authority for Mauna Kea to the University of Hawaii. Neither of these bills make sense for the long-term benefit of Hawaii's people and public trust resources.

Angel Prince
PO Box 1991
Honokaa, HI 96727

FINTestimony

From: Garid Faria [garid@hawaii.edu]
Sent: Monday, April 06, 2009 8:46 AM
To: FINTestimony
Subject: Saving the NAR fund saves us money. Make the telescopes pay instead

The NAR fund helps protect our environment, create affordable housing, and save us all money. Did you know that the Koolau Mountains on Oahu provides at least $14 billion in water production and filtering, culture, recreation, ecotourism, and educational opportunities, protection of native habitats and species, and other benefits, according to a UH study. Could we afford to pay $14 billion to replace the services provided by this one watershed?

And why would we, when there is at least $50 million a year owed to the state for the use of state lands on Mauna Kea? The Legislature should make sure the state collects a fair rent for the use of state conservation lands on Mauna Kea before cutting programs that protect our long-term health.

Please do not take money away from the NAR fund or the Legacy Lands Fund to balance the budget. Oppose HB 1741/SB 884!

Garid Faria
2605 La'au St.#101
2605 La'au St., Apt 101
Honolulu, HI 96826

FINTestimony

‾rom: Jane Rubey [honua-aloha@earthlink.net]
ent: Monday, April 06, 2009 8:08 AM
To: FINTestimony
Subject: Save the NAR Fund, Save Jobs

Please do not support HB 1741/SB 884 or any attempt to raid the NAR Fund. Close to 200 people are directly employed by these programs, which contribute over $10 million to local businesses. Many of these programs leverage state dollars 1:1 and bring in additional federal, county, and private funds into the state.

There is no need to take away these existing jobs and additional funds they bring to state, when there is "new" money that the state is legally entitled to available from the use of state lands on Mauna Kea. Make the foreign telescopes pay rent before cutting essential programs.

Mahalo!

Jane Rubey
75-5719B Old Mamalahoa Hwy
Holualoa, HI 96725

FINTestimony

¯rom: Teri Skillman-Kashyap [Hautree77@aol.com]
ent: Monday, April 06, 2009 8:21 AM
To: FINTestimony
Subject: Please Don"t Raid NAR Fund! Oppose HB 1741/SB 884. Collect rent on Mauna Kea, instead.

I support the NAR Fund and Legacy Lands Fund because I know conservation cannot wait. Important open spaces are protected from development for the public to enjoy as cultural, recreational, agricultural, and watershed areas by the Legacy Lands Conservation Program. Critical native habitats and species, many found no where else on earth but in Hawai'i, are protected for future generations by the Natural Area Reserves System.

Instead, the State should balance the budget by requiring the foreign telescopes on Mauna Kea to start paying some rent, before you take away money from these important and effective programs.

Teri Skillman-Kashyap
1720 Perry St
HONOLULU, HI 96819

FINTestimony

From: Ravi Grover [avatar11@rediffmail.com]
Sent: Monday, April 06, 2009 6:54 AM
To: FINTestimony
Subject: oppose HB 1741/SB 884

Please do not support HB 1741/SB 884 or any proposal to raid special funds that provide for conservation in Hawaii because it will mean Hawaii's lose much more than just balance in the fund.

In fiscal year 2008, $4.7 million in the Land Conservation Fund leveraged over $14.3 million in ADDITIONAL matching private and federal funds. In addition, $9.6 million in the Natural Area Reserve Fund leveraged an additional $19.2 million in ADDITIONAL matching private and federal funds. And, the Rental Housing Trust Fund leverages additional non-state funds for affordable rental housing programs as well, stretching scarce funds to do even more good.

It does not make good fiscal sense to cut state funds that leverage significant amounts of additional private and federal matching funds.

Especially considering the state could earn as least $50 million a year just by collecting the rent legally owed on the use of state conservation lands by foreign telescope owners. We could balance the budget and even support new conservation programs, if the state just negotiated a legitimate lease with the telescopes.

Ravi Grover
POB 802103
Chicago, IL 60680

FINTestimony

From: Karen Affonso
Sent: Monday, April 06, 2009 6:16 AM
To: FINTestimony
Subject: NAR fund means millions in new money -- don"t raid it!

Please do not support HB 1741/SB 884 or any proposal to raid special funds that provide for conservation in Hawaii because it will mean Hawaii's lose much more than just balance in the fund.

In fiscal year 2008, $4.7 million in the Land Conservation Fund leveraged over $14.3 million in ADDITIONAL matching private and federal funds. In addition, $9.6 million in the Natural Area Reserve Fund leveraged an additional $19.2 million in ADDITIONAL matching private and federal funds. And, the Rental Housing Trust Fund leverages additional non-state funds for affordable rental housing programs as well, stretching scarce funds to do even more good.

It does not make good fiscal sense to cut state funds that leverage significant amounts of additional private and federal matching funds.

Especially considering the state could earn as least $50 million a year just by collecting the rent legally owed on the use of state conservation lands by foreign telescope owners. We could balance the budget and even support new conservation programs, if the state just negotiated a legitimate lease with the telescopes.

Karen Affonso

San Jose, CA 95130

FINTestimony

From: James Lopez [jlopez@topeka.org]
Sent: Monday, April 06, 2009 2:47 AM
To: FINTestimony
Subject: NAR fund means millions in new money -- don"t raid it!

Please do not support HB 1741/SB 884 or any proposal to raid special funds that provide for conservation in Hawaii because it will mean Hawaii's lose much more than just balance in the fund.

In fiscal year 2008, $4.7 million in the Land Conservation Fund leveraged over $14.3 million in ADDITIONAL matching private and federal funds. In addition, $9.6 million in the Natural Area Reserve Fund leveraged an additional $19.2 million in ADDITIONAL matching private and federal funds. And, the Rental Housing Trust Fund leverages additional non-state funds for affordable rental housing programs as well, stretching scarce funds to do even more good.

It does not make good fiscal sense to cut state funds that leverage significant amounts of additional private and federal matching funds.

Especially considering the state could earn as least $50 million a year just by collecting the rent legally owed on the use of state conservation lands by foreign telescope owners. We could balance the budget and even support new conservation programs, if the state just negotiated a legitimate lease with the telescopes.

James Lopez
8525 SW 29th St.
Topeka, KS 66614

FINTestimony

From: Bryan Milne [bryan_cmilne@hotmail.com]
Sent: Monday, April 06, 2009 2:56 AM
To: FINTestimony
Subject: Please Don"t Raid NAR Fund! Oppose HB 1741/SB 884. Collect rent on Mauna Kea, instead.

I support the NAR Fund and Legacy Lands Fund because I know conservation cannot wait. Important open spaces are protected from development for the public to enjoy as cultural, recreational, agricultural, and watershed areas by the Legacy Lands Conservation Program. Critical native habitats and species, many found no where else on earth but in Hawai'i, are protected for future generations by the Natural Area Reserves System.

Instead, the State should balance the budget by requiring the foreign telescopes on Mauna Kea to start paying some rent, before you take away money from these important and effective programs.

Bryan Milne
486 Rodney St.
Apt. #2
Brooklyn, NY 11211

FINTestimony

From: Annjulie Vai [annjulie@hawaii.edu]
Sent: Monday, April 06, 2009 9:54 AM
To: FINTestimony
Subject: Please Oppose HB 1741/SB 884 and HB 1174

The Land Conservation Fund, Natural Area Reserve Fund, and Rental Housing Trust Fund are supported by and for the people. They were established because the legislature could not be counted on to adequately fund these programs in the budget on a regular basis. Now, after a broad coalition of concerned citizens, organizations, and elected officials worked so hard to establish these funds and increase support for these programs, some legislators want to eliminate or raid these funds. Auwe!

Would be better if all the foreign telescopes on Mauna Kea paid their fair share to use our state lands. Why not force the State Land Board to renegotiate those illegal leases? Hawaii could easily make $50 million a year from collecting fair rent payments.

Please do not raid these important special funds to balance the budget. Oppose HB 1741... and HB 1174 to transfer authority for Mauna Kea to the University of Hawaii. Neither of these bills make sense for the long-term benefit of Hawaii's people and public trust resources.

Annjulie Vai
2833 Kekaulike Ave.
Kula, HI 96790

FINTestimony

From: Dean Otsuki [dolive2surf@yahoo.com]
Sent: Monday, April 06, 2009 9:05 AM
To: FINTestimony
Subject: Please Don"t Raid NAR Fund! Oppose HB 1741/SB 884. Collect rent on Mauna Kea, instead.

I support the NAR Fund and Legacy Lands Fund because I know conservation cannot wait. Important open spaces are protected from development for the public to enjoy as cultural, recreational, agricultural, and watershed areas by the Legacy Lands Conservation Program. Critical native habitats and species, many found no where else on earth but in Hawai'i, are protected for future generations by the Natural Area Reserves System.

Instead, the State should balance the budget by requiring the foreign telescopes on Mauna Kea to start paying some rent, before you take away money from these important and effective programs.

Dean Otsuki
p.o. box 25284
Honolulu, HI 96825

FINTestimony

From: Cathy Robinson [cathiding@gmail.com]
Sent: Monday, April 06, 2009 9:38 AM
To: FINTestimony
Subject: Protect our drinking water, do not raid NAR fund (SB 884/HB 1741)

I urge you not to take needed funding away from the NAR fund to balance the budget through SB 884/HB 1174 or the budget bill. This fund helps to protect important watersheds. Over 220 billion gallons of clean water per year are produced in areas managed by the Watershed Partnerships Program, which is funded by the NAR fund.

Instead, I encourage you to find new money to cover the state's budget shortfall. In the Honolulu Advertiser a few weeks ago, a front page story explained that academic institutions pay several million dollars a year to use telescopes owned by non-Hawaii-based corporations and institutions for just a few days. Though these telescopes are on state land, no money is paid to the state in these transactions. Why not? How many millions could the state earn without cutting any programs, if it did collect a tax or reasonable rent from these institutions?

Cathy Robinson
774 Willow Springs Drive
Mobile, AL 36695

From: Sharon Fairclo [rsfairclo@earthlink.net]
Sent: Monday, April 06, 2009 8:41 AM
To: FINTestimony
Subject: Please Don"t Raid NAR Fund! Oppose HB 1741/SB 884. Collect rent on Mauna Kea, instead.

I support the NAR Fund and Legacy Lands Fund because I know conservation cannot wait. Important open spaces are protected from development for the public to enjoy as cultural, recreational, agricultural, and watershed areas by the Legacy Lands Conservation Program. Critical native habitats and species, many found no where else on earth but in Hawai'i, are protected for future generations by the Natural Area Reserves System.

Instead, the State should balance the budget by requiring the foreign telescopes on Mauna Kea to start paying some rent, before you take away money from these important and effective programs.

Sharon Fairclo
33 Lokelau Place
Haiku, HI 96708

From:	Shary Crocker [grantcrocker@aol.com]
Sent:	Monday, April 06, 2009 11:24 AM
To:	FINTestimony
Subject:	Protect our drinking water, do not raid NAR fund (SB 884/HB 1741)

I urge you not to take needed funding away from the NAR fund to balance the budget through SB 884/HB 1174 or the budget bill. This fund helps to protect important watersheds. Over 220 billion gallons of clean water per year are produced in areas managed by the Watershed Partnerships Program, which is funded by the NAR fund.

Instead, I encourage you to find new money to cover the state's budget shortfall. In the Honolulu Advertiser a few weeks ago, a front page story explained that academic institutions pay several million dollars a year to use telescopes owned by non-Hawaii-based corporations and institutions for just a few days. Though these telescopes are on state land, no money is paid to the state in these transactions. Why not? How many millions could the state earn without cutting any programs, if it did collect a tax or reasonable rent from these institutions?

Shary Crocker
94-1888 Amepela Rd
Naalehu, HI 96772

FINTestimony

From: Elin Sand [onesand@yahoo.com]
Sent: Monday, April 06, 2009 9:28 AM
To: FINTestimony
Subject: Save the NAR Fund, Save Jobs

Please do not support HB 1741/SB 884 or any attempt to take money from the NAR Fund. Our waters and our lands are essential to our lives. To jeopardize them because of economic ups and downs is indefensibly shortsighted.

In addition close to 200 people are directly employed by these programs, which contribute over $10 million to local businesses. Many of these programs leverage state dollars 1:1 and bring in additional federal, county, and private funds into the state.

There is no need to take away these existing jobs and additional funds they bring to state, when there is "new" money that the state is legally entitled to available from the use of state lands on Mauna Kea. Make the foreign telescopes pay rent before cutting essential programs.

Mahalo!

Elin Sand
HCR 3 Box 10056
Kea''au, HI 96749

FINTestimony

From: Penny Rawlins-Martin [eteruth@yahoo.com]
Sent: Monday, April 06, 2009 10:38 AM
To: FINTestimony
Subject: Please Oppose HB 1741/SB 884 and HB 1174

The Land Conservation Fund, Natural Area Reserve Fund, and Rental Housing Trust Fund are supported by and for the people. They were established because the legislature could not be counted on to adequately fund these programs in the budget on a regular basis. Now, after a broad coalition of concerned citizens, organizations, and elected officials worked so hard to establish these funds and increase support for these programs, some legislators want to eliminate or raid these funds. Auwe!

Would be better if all the foreign telescopes on Mauna Kea paid their fair share to use our state lands. Why not force the State Land Board to renegotiate those illegal leases? Hawaii could easily make $50 million a year from collecting fair rent payments.

Please do not raid these important special funds to balance the budget. Oppose HB 1741... and HB 1174 to transfer authority for Mauna Kea to the University of Hawaii. Neither of these bills make sense for the long-term benefit of Hawaii's people and public trust resources.

Penny Rawlins-Martin
Lo#28 Kalamaula Hmstd.
P.O.Box 341
Kaunakakai, HI 96748

FINTestimony

From: ka russell [ammas2feet@hawaiiantel.net]
Sent: Monday, April 06, 2009 11:48 AM
To: FINTestimony
Subject: Saving the NAR fund saves us money. Make the telescopes pay instead

The NAR fund helps protect our environment, create affordable housing, and save us all money. Did you know that the Koolau Mountains on Oahu provides at least $14 billion in water production and filtering, culture, recreation, ecotourism, and educational opportunities, protection of native habitats and species, and other benefits, according to a UH study. Could we afford to pay $14 billion to replace the services provided by this one watershed?

And why would we, when there is at least $50 million a year owed to the state for the use of state lands on Mauna Kea? The Legislature should make sure the state collects a fair rent for the use of state conservation lands on Mauna Kea before cutting programs that protect our long-term health.

Please do not take money away from the NAR fund or the Legacy Lands Fund to balance the budget. Oppose HB 1741/SB 884!

ka russell
40 waiahiwi
makawao, HI 96768

FINTestimony

~rom: Alyce Dodge [alycecd@earthlink.net]
ent: Monday, April 06, 2009 11:04 AM
To: FINTestimony
Subject: NAR fund means millions in new money -- don"t raid it!

Please do not support HB 1741/SB 884 or any proposal to raid special funds that provide for conservation in Hawaii because it will mean Hawaii's lose much more than just balance in the fund.

In fiscal year 2008, $4.7 million in the Land Conservation Fund leveraged over $14.3 million in ADDITIONAL matching private and federal funds. In addition, $9.6 million in the Natural Area Reserve Fund leveraged an additional $19.2 million in ADDITIONAL matching private and federal funds. And, the Rental Housing Trust Fund leverages additional non-state funds for affordable rental housing programs as well, stretching scarce funds to do even more good.

It does not make good fiscal sense to cut state funds that leverage significant amounts of additional private and federal matching funds.

Especially considering the state could earn as least $50 million a year just by collecting the rent legally owed on the use of state conservation lands by foreign telescope owners. We could balance the budget and even support new conservation programs, if the state just negotiated a legitimate lease with the telescopes.

Alyce Dodge
1463 kalanikai Place
Honolulu, HI 96821

FINTestimony

From: leilea satori [leilea@lalasun.com]
Sent: Monday, April 06, 2009 11:13 AM
To: FINTestimony
Subject: Please Oppose HB 1741/SB 884 and HB 1174

The Land Conservation Fund, Natural Area Reserve Fund, and Rental Housing Trust Fund are supported by and for the people. They were established because the legislature could not be counted on to adequately fund these programs in the budget on a regular basis. Now, after a broad coalition of concerned citizens, organizations, and elected officials worked so hard to establish these funds and increase support for these programs, some legislators want to eliminate or raid these funds. Auwe!

Would be better if all the foreign telescopes on Mauna Kea paid their fair share to use our state lands. Why not force the State Land Board to renegotiate those illegal leases? Hawaii could easily make $50 million a year from collecting fair rent payments.

Please do not raid these important special funds to balance the budget. Oppose HB 1741... and HB 1174 to transfer authority for Mauna Kea to the University of Hawaii. Neither of these bills make sense for the long-term benefit of Hawaii's people and public trust resources.

leilea satori
po box 1200
honoka''a, HI 96727

FINTestimony

From: Paulette Kaleikini [pkaleikini@hawaii.rr.com]
Sent: Monday, April 06, 2009 12:24 PM
To: FINTestimony
Subject: Please Oppose HB 1741/SB 884 and HB 1174

The Land Conservation Fund, Natural Area Reserve Fund, and Rental Housing Trust Fund are supported by and for the people. They were established because the legislature could not be counted on to adequately fund these programs in the budget on a regular basis. Now, after a broad coalition of concerned citizens, organizations, and elected officials worked so hard to establish these funds and increase support for these programs, some legislators want to eliminate or raid these funds. Auwe!

Would be better if all the foreign telescopes on Mauna Kea paid their fair share to use our state lands. Why not force the State Land Board to renegotiate those illegal leases? Hawaii could easily make $50 million a year from collecting fair rent payments.

Please do not raid these important special funds to balance the budget. Oppose HB 1741... and HB 1174 to transfer authority for Mauna Kea to the University of Hawaii. Neither of these bills make sense for the long-term benefit of Hawaii's people and public trust resources.

Paulette Kaleikini
89-107 Nanaikala Ave
89-107 Nanaikala Ave
Nanakuli, HI 96792

FINTestimony

From: Paulette Kaleikini [pkaleikini@hawaii.rr.com]
Sent: Monday, April 06, 2009 12:26 PM
To: FINTestimony
Subject: Protect our drinking water, do not raid NAR fund (SB 884/HB 1741)

I urge you not to take needed funding away from the NAR fund to balance the budget through SB 884/HB 1174 or the budget bill. This fund helps to protect important watersheds. Over 220 billion gallons of clean water per year are produced in areas managed by the Watershed Partnerships Program, which is funded by the NAR fund.

Instead, I encourage you to find new money to cover the state's budget shortfall. In the Honolulu Advertiser a few weeks ago, a front page story explained that academic institutions pay several million dollars a year to use telescopes owned by non-Hawaii-based corporations and institutions for just a few days. Though these telescopes are on state land, no money is paid to the state in these transactions. Why not? How many millions could the state earn without cutting any programs, if it did collect a tax or reasonable rent from these institutions?

Paulette Kaleikini
89-107 Nanaikala Ave
89-107 Nanaikala Ave
Nanakuli, HI 96792

Dale B. Bonar, Ph.D.
400 Auli`i Drive
Pukalani, Hawaii 96868

Mr. Marcus Oshiro, Chairman
Senate Finance Committee

RE: SB 884 Opposition

I am writing in strong opposition to the reassignment of the Natural Areas Reserve Fund (NARF) and the Legacy Land Conservation Fund (LLCF) to the General Fund.

As Chairman of both the Natural Areas Reserve System Commission and the Legacy Lands Conservation Commission, I have seen the enormously important work done by the many employees and volunteers to protect, restore and enhance our `aina.

For the NARF, the funding which comes to the conveyance fees has dropped by over 50% due to the downturn in the economy. Couple that with the mandated 20% cuts in the current budget AND by the removal of all general funds for the program as proposed in the current bills, and these programs have already taken the biggest hits by far of any state-funded programs.

If we truly believe "The Environment is Our Economy", then removing these funds is suicide. The incremental gains against invasive species, loss of native species and native habitat and water quality protection that these programs have made in the last decade can be eliminated in a single year without baseline funding. Even with the reduced level of funding provided by the decreased conveyance fees, there will be some losses against these environmental challenges.

The proposed decreases or elimination of funding for these programs will result in the loss of up to 170 positions.

Please do not gut the NARS and the LLCF programs. Our future depends on protecting our environment.

Sincerely,

Dale B. Bonar

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 07, 2009 8:47 AM
To: FINTestimony
Cc: richard@mauiwatershed.org
Subject: Testimony for SB884 on 4/7/2009 3:30:00 PM

Testimony for FIN 4/7/2009 3:30:00 PM SB884

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Richard Sylva
Organization: Individual
Address:
Phone:
E-mail: richard@mauiwatershed.org
Submitted on: 4/7/2009

Comments:
I oppose reducing funding for watershed protection.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 07, 2009 10:11 AM
To: FINTestimony
Cc: wichman@ntbg.org
Subject: Testimony for SB884 on 4/7/2009 3:30:00 PM

Testimony for FIN 4/7/2009 3:30:00 PM SB884

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Chipper Wichman
Organization: National Tropical Botanical Garden
Address: 3530 Papalina Road Kalaheo, HI
Phone: 332-7324 ext 201
E-mail: wichman@ntbg.org
Submitted on: 4/7/2009

Comments:
The National Tropical Botanical Garden is strongly opposed to the new language in SB 884 which will 1) change the conveyance tax allocation used to support critical conservation work though out the state of Hawaii and 2) which proposes to raid the $5M in existing balances from the NAR Fund.

As we all struggle to find a way through the economic crisis we are in it is important to remind ourselves what is at stake in the programs that are being cut. Hawaii has one of the most unique flora and fauna anywhere in the world - it is also the most endangered. The world is watching how serious we are about preserving this unique heritage. To cut the funding critical to the perpetuation of these species for even a few years will create irreparable harm that future restored funding can't mitigate. Time is of the essence in our struggle to save our endangered species. On behalf of all of us through out the private sector and federal and state agencies who are engaged in this work, we ask that you do not remove the funding that is the life blood of these programs. Our State's unique heritage is at stake.

Mahalo, Chipper Wichman. Director and CEO - National Tropical Botanical Garden

From: Mariah Bath [mariah.bath@gmail.com]
Sent: Tuesday, April 07, 2009 12:35 AM
To: FINTestimony
Subject: Save the NAR Fund, Save Jobs

Please do not support HB 1741/SB 884 or any attempt to raid the NAR Fund. Close to 200 people are directly employed by these programs, which contribute over $10 million to local businesses. Many of these programs leverage state dollars 1:1 and bring in additional federal, county, and private funds into the state.

There is no need to take away these existing jobs and additional funds they bring to state, when there is "new" money that the state is legally entitled to available from the use of state lands on Mauna Kea. Make the foreign telescopes pay rent before cutting essential programs.

Mahalo!

Mariah Bath
20 Hoaka Rd
Hilo, HI 96720

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 06, 2009 7:55 PM
To: FINTestimony
Cc: jvasco@hawaii.rr.com
Subject: Testimony for SB995 on 4/7/2009 2:00:00 PM

Testimony for FIN 4/7/2009 2:00:00 PM SB995

Conference room: 308
Testifier position:
Testifier will be present: No
Submitted by: Carl Vasconcellos
Organization: Individual
Address: 3148 Kalihi St Hon. Hi 96819
Phone: 808-783-9577
E-mail: jvasco@hawaii.rr.com
Submitted on: 4/6/2009

Comments:
I strongly oppose this bill as it is going counter to the bill we got passed that said there was to beNO luxury development in Kakaako Makai. SB 995 continues to remove protective Chapter 206-E provisions relating to Kaka'ako Makai, including the prohibition on sale of public land and prohibition on residential development, for any and all Kaka'ako Makai land transferred to OHA: keep this land availible to ALL citizens as the lsst open waterfront land on the south side. The developers have already destroyed Waikiki, Stop while we are a head.
Mahalo
Carl Vasconcellos

FINTestimony

From: janice palma-glennie [palmtree7@earthlink.net]
Sent: Monday, April 06, 2009 9:27 PM
To: FINTestimony
Subject: Don"t raid NARS!

As you can imagine, I am writing to ask that you NOT succumb to pressures to raid land protection funding. HB 1741/SB 884 is an outrageously bad piece of legislation, as would be any proposal to raid special funds that provide for conservation in Hawai`i. If HB 1741 would pass, Hawai`i lose much more than just balance in the fund.

In fiscal year 2008, $4.7 million in the Land Conservation Fund leveraged over $14.3 million in ADDITIONAL matching private and federal funds. In addition, $9.6 million in the Natural Area Reserve Fund leveraged an additional $19.2 million in ADDITIONAL matching private and federal funds. And, the Rental Housing Trust Fund leverages additional non-state funds for affordable rental housing programs as well, stretching scarce funds to do even more good.

Please don't support the cut of state funding that helps Hawai`i receive significant amounts of additional private and federal matching funds.

Mahalo for your time.

janice palma-glennie
pobox 4849
kailua-kona, HI 96740

FINTestimony

rom: Calveena Davis [kuupuailima@yahoo.com]
ent: Monday, April 06, 2009 9:20 PM
To: FINTestimony
Subject: Don"t Raid, Make the Telescopes Pay!

Please do not support HB 1741/SB 884 or any attempt take money away from our conservation special funds. These money provide for important and effective programs that protect Hawaii's natural and cultural resources for generations to come.

It is wiser to find new income than steal from existing programs (which means cutting jobs, killing programs). I heard that Yale University just paid $12 million dollars to use one of the telescopes on Mauna Kea for 15 days. Even though that telescope is on state land, the residents of Hawaii won't see a dime of that money. That's not only illegal, it is fiscally irresponsible. Force the foreign telescopes to pay their fair share of the rent for their activities on our state lands before you take away from effective conservation programs like those funded by the NAR fund.

Calveena Davis
84-259 Holt St.
Waianae, HI 96792

From: Michele McKay [mmckay@hula.net]
Sent: Monday, April 06, 2009 9:15 PM
To: FINTestimony
Subject: Protect our drinking water, do not raid NAR fund (SB 884/HB 1741)

I urge you not to take needed funding away from the NAR fund to balance the budget through SB 884/HB 1174 or the budget bill. This fund helps to protect important watersheds. Over 220 billion gallons of clean water per year are produced in areas managed by the Watershed Partnerships Program, which is funded by the NAR fund.

Instead, I encourage you to find new money to cover the state's budget shortfall. In the Honolulu Advertiser a few weeks ago, a front page story explained that academic institutions pay several million dollars a year to use telescopes owned by non-Hawaii-based corporations and institutions for just a few days. Though these telescopes are on state land, no money is paid to the state in these transactions. Why not? How many millions could the state earn without cutting any programs, if it did collect a tax or reasonable rent from these institutions?

Michele McKay
PO Box 11794
Honolulu, HI 96828

FINTestimony

From: Sara McCay [mcnoone@hawaiiantel.net]
Sent: Monday, April 06, 2009 9:03 PM
To: FINTestimony
Subject: Please Oppose HB 1741/SB 884 and HB 1174

The Land Conservation Fund, Natural Area Reserve Fund, and Rental Housing Trust Fund are supported by and for the people. They were established because the legislature could not be counted on to adequately fund these programs in the budget on a regular basis. Now, after a broad coalition of concerned citizens, organizations, and elected officials worked so hard to establish these funds and increase support for these programs, some legislators want to eliminate or raid these funds. Auwe!

Would be better if all the foreign telescopes on Mauna Kea paid their fair share to use our state lands. Why not force the State Land Board to renegotiate those illegal leases? Hawaii could easily make $50 million a year from collecting fair rent payments.

Please do not raid these important special funds to balance the budget. Oppose HB 1741... and HB 1174 to transfer authority for Mauna Kea to the University of Hawaii. Neither of these bills make sense for the long-term benefit of Hawaii's people and public trust resources.

Sara McCay
62-2219 Ouli Street
Kamuela, HI 96743