

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
SENATE BILL NO. 281, S.D. 2, H.D. 1

April 6, 2011

RELATING TO ANIMAL INDUSTRY

Senate Bill No. 281, S.D. 2, H.D. 1, establishes the Animal Industry special fund into which revenues from the rental of the Division of Animal Industry's properties or facilities shall be deposited to be used for the division's costs including salaries, fringe benefits, operating expenses, equipment, motor vehicles, contracts for livestock handling services, and the operation and maintenance of animal industry facilities.

The department recognizes the benefit of user fees to offset operational expenses and costs. As a matter of general policy, the Department of Budget and Finance expects the creation of any special fund would meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. In regards to Senate Bill No. 281, S.D. 2, H.D. 1, it is difficult to determine whether there is a clear nexus between the benefits sought and the charges made upon the users or beneficiaries of the program and whether the fund will be self-sustaining.

NEIL ABERCROMBIE  
Governor



RUSSELL S. KOKUBUN  
Chairperson, Board of Agriculture

JAMES J. NAKATANI  
Deputy to the Chairperson

State of Hawaii  
DEPARTMENT OF AGRICULTURE  
1428 South King Street  
Honolulu, Hawaii 96814-2512  
Phone: (808) 973-9600 Fax: (808) 973-9613

TESTIMONY OF RUSSELL S. KOKUBUN  
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON FINANCE  
WEDNESDAY, APRIL 6, 2011  
3:00 P.M.  
ROOM 308

SENATE BILL NO. 281, S.D. 2, H.D. 1  
RELATING TO ANIMAL INDUSTRY

Chairperson Oshiro and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 281, S.D.2, H.D. 1 that amends Chapter 142, Hawaii Revised Statutes. An amendment to section 142-3.5 would allow the animal quarantine property or facilities to be used for general commercial purposes. In addition, a new section to Chapter 142 is proposed to establish an animal industry special fund, identify the source of funds deposited into the special fund, and designate uses for such moneys. The Department supports this bill.

The HDOA favors the general commercial use of the animal quarantine property, the establishment of an animal industry special fund, and usages of funds as provided, to supplement the Division's general fund appropriation. Upon further review, the Department respectfully suggests that the word "All" in proposed Section 142- (line 3 of the section) be removed as it is in conflict with language contained in Section 142-28.5. To clarify possible language conflicts and allow more flexibility in terms of possible uses of revenue sources, the Department also recommends removing the word "All" in Section 142-28.5, HRS, as indicated below.

With respect to the proposed deletion of the word "All" in paragraph 142-28.5 and the proposed section relating to the animal industry special fund, it is critical that funds derived from the lease of the parcel be distributed according to the needs of the animal industry division, animal quarantine program, and the resource management and planning programs as determined by the Board of Agriculture.

The Department is examining ways to become more self-sufficient through establishing revenue sources other than general funds. A 5.5-acre parcel zoned industrial, representing an underutilized portion of the animal quarantine station, is envisioned as a potential important revenue source to supplement animal industry and department of agriculture programs and restore essential positions lost in the 2009 reduction-in-force.

Thank you for your consideration of Senate Bill No. 281, S.D. 2, H.D. 1, as the Department recognizes that we must continue to look for ways to generate funding from alternate sources.

Proposed Amendment to Section 142-28.5, HRS

**§142-28.5 Animal quarantine special fund.** There is established the animal quarantine special fund to be administered by the board of agriculture. ~~All moneys~~ Moneys received by the board of agriculture from:

- (1) Fees for the quarantine of cats, dogs, and other carnivores pursuant to this chapter;
- (2) Moneys received for the use of animal quarantine property or facilities pursuant to section 142-3.5; or
- (3) State appropriations or other moneys made available, agriculture from: