

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
ON
HOUSE BILL NO. 314

February 6, 2013

RELATING TO FUNDING

House Bill No. 314 creates a Crowdfunding website and establishes a Crowdfunding Trust Fund within the Department of Accounting and General Services (DAGS) into which is deposited appropriations made by the Legislature and moneys received from the general public as pledge donations to fund specific public capital improvement program (CIP) projects. The funds may be used for CIP projects that will establish, construct, improve, restore, repair, or maintain a State property.

While the Department of Budget and Finance appreciates the intent of the bill to establish the Crowdfunding website that will allow the general public to donate money to fund specific CIP projects and to monitor the progress of the project until completion, we defer to DAGS regarding the technical issues and merits of the bill.

However, the department is concerned that the establishment of a trust fund requires a significant level of accountability and financial structure to ensure that funds are managed to the fiduciary standards and trust objectives as defined by Sections 37-40 and 37-62, HRS. The administration of a trust fund consisting of many pledges and numerous CIP projects that takes several years to complete may be problematic.