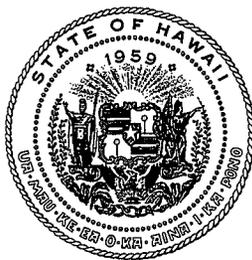


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DEPT. COMM. NO. 353

March 1, 2018

VIA HAND DELIVERY

The Honorable Ronald D. Kouchi
Senate President
415 South Beretania Street
Hawaii State Capitol, Room 409
Honolulu, Hawaii 96813

RE: Analyses of Proposed Special and Revolving Funds 2018

Dear President Kouchi:

Pursuant to Section 23-11, Hawaii Revised Statutes, the Office of the Auditor reviewed 85 Senate and House bills from the 2018 legislative session proposing 64 new special and revolving funds. We previously transmitted our analysis of each proposed fund to the respective committees to which the bill establishing the fund was referred. For your information, we are enclosing a copy of the report compiling our analyses of new special and revolving funds proposed by 2018 legislative bills.

The Auditor's Summary and report may be viewed electronically on our website at:
<http://files.hawaii.gov/auditor/Overviews/2018/18-06AuditorSummary.pdf> and
<http://files.hawaii.gov/auditor/Reports/2018/18-06.pdf>.

If you have any questions about this report, please contact me.

Very truly yours,

Leslie H. Kondo
State Auditor

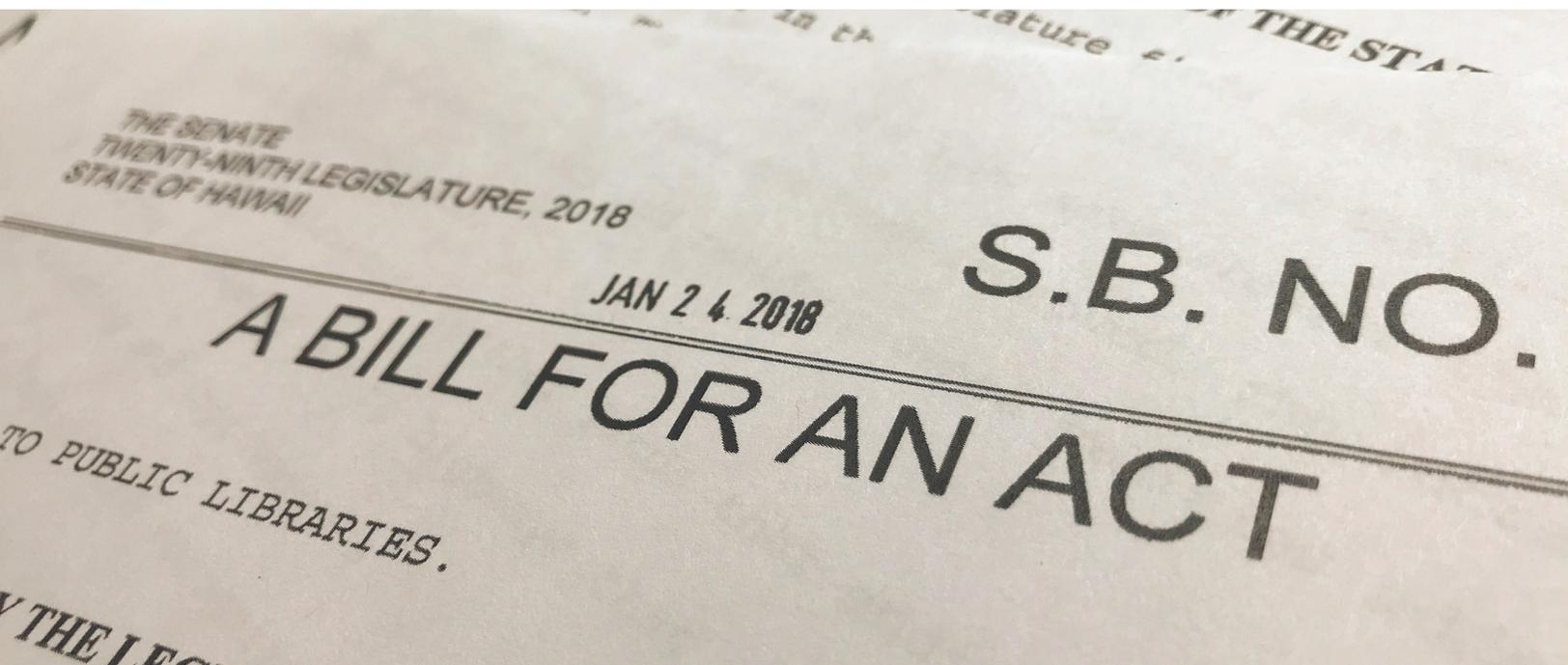
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Enclosure

cc/encl: Legislative Reference Bureau Library
Ben Villaflor, Senate Sergeant-At-Arms
Carol T. Taniguchi, Senate Chief Clerk

Analyses of Proposed Special and Revolving Funds 2018

Section 23-11, Hawai'i Revised Statutes, requires the Auditor to submit no later than 30 days prior to the end of the legislative session an analysis of each new special or revolving fund proposed by legislative bills.

Report No. 18-06
March 2018



OFFICE OF THE AUDITOR
STATE OF HAWAII



OFFICE OF THE AUDITOR STATE OF HAWAII

Constitutional Mandate

Pursuant to Article VII, Section 10 of the Hawai'i State Constitution, the Office of the Auditor shall conduct post-audits of the transactions, accounts, programs and performance of all departments, offices and agencies of the State and its political subdivisions.

The Auditor's position was established to help eliminate waste and inefficiency in government, provide the Legislature with a check against the powers of the executive branch, and ensure that public funds are expended according to legislative intent.

Hawai'i Revised Statutes, Chapter 23, gives the Auditor broad powers to examine all books, records, files, papers and documents, and financial affairs of every agency. The Auditor also has the authority to summon people to produce records and answer questions under oath.

Our Mission

To improve government through independent and objective analyses.

We provide independent, objective, and meaningful answers to questions about government performance. Our aim is to hold agencies accountable for their policy implementation, program management and expenditure of public funds.

Our Work

We conduct performance audits (also called management or operations audits), which examine the efficiency and effectiveness of government programs or agencies, as well as financial audits, which attest to the fairness of financial statements of the State and its agencies.

Additionally, we perform procurement audits, sunrise analyses and sunset evaluations of proposed regulatory programs, analyses of proposals to mandate health insurance benefits, analyses of proposed special and revolving funds, analyses of existing special, revolving and trust funds, and special studies requested by the Legislature.

We report our findings and make recommendations to the Governor and the Legislature to help them make informed decisions.

For more information on the Office of the Auditor, visit our website:
<http://auditor.hawaii.gov>

Foreword

This report compiles our analyses of new special and revolving funds proposed by 2018 legislative bills. The analyses were prepared in accordance with Section 23-11, Hawai‘i Revised Statutes, which requires the Auditor to analyze all legislative bills introduced each session that propose to establish new special or revolving funds. We previously transmitted our analysis of specific proposed funds to the committee or committees to which the bill establishing the fund was referred. Our work was performed from January to February 2018.

Leslie H. Kondo
State Auditor



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Auditor's Summary

Overview of Proposed Special and Revolving Fund Analyses

Report No. 18-06



PHOTO: OFFICE OF THE AUDITOR

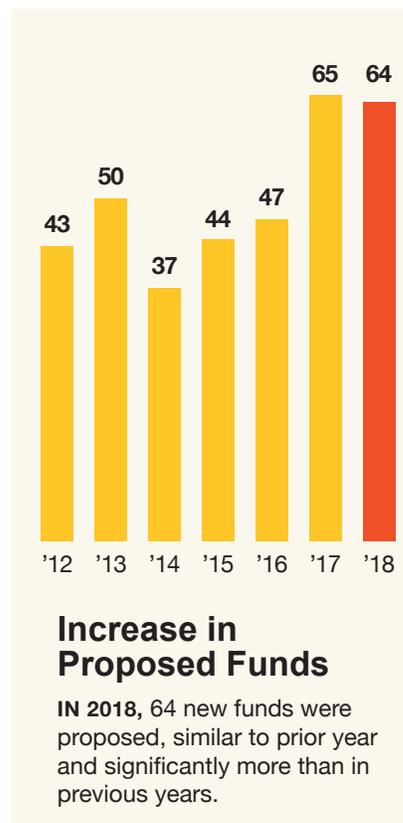
64 funds proposed in 2018 did not meet criteria

We reviewed 85 house and senate bills proposing 64 special and revolving funds during the 2018 legislative session of which none met criteria.

ONLY ABOUT HALF OF THE MONEY the State spends each year comes from its main financial account, the general fund. The other half of expenditures are financed by special, revolving, federal, and trust funds. Over the past ten years, the number of these non-general funds and the amount of money contained in them have substantially increased. Much of this upward trend has been caused by an increase in special funds, which are funds set aside by law for a specified object or purpose.

In 2013, the Legislature amended Section 23-11, HRS, after the Auditor recommended changes to stem a trend in the proliferation of special and revolving funds over the past 30 years. Such funds erode the Legislature's ability to control the state budget through the general fund appropriation process.

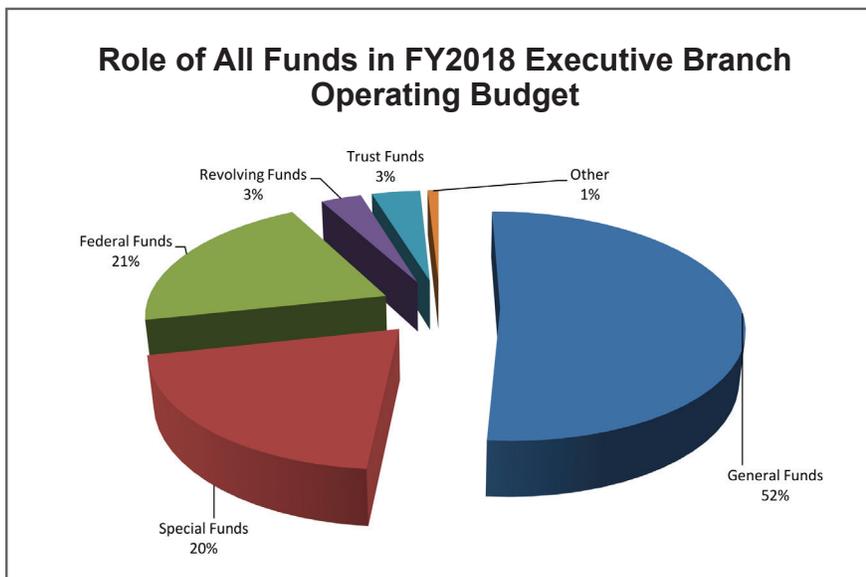
General funds, which made up about two-thirds of state operating budget outlays in the late 1980s, had dwindled to about half of outlays. By 2011,



special funds amounted to \$2.48 billion, or 24.3 percent, of the State’s \$10.2 billion operating budget. Also ballooning were revolving funds, which are used to pay for goods and services and are replenished through charges to users of the goods and services or transfers from other accounts or funds. By 2011, revolving funds made up \$384.2 million, or 3.8 percent, of the State’s operating budget.

Further hampering the Legislature’s control over the budget process was a 2008 court case. In *Hawai‘i Insurers Council v. Linda Lingle, Governor of the State of Hawai‘i*, the state Supreme Court determined that under only certain conditions could the Legislature “raid” special funds to balance the state budget. In 2013, in order to gain more control over the budget process, the Legislature built new safeguards into the criteria for establishing special funds.

Despite the new criteria, special and revolving funds persist: in FY2018, the general fund comprised approximately 52 percent of the State operating budget, with special and revolving funds comprising 23 percent.



The Issue

NON-GENERAL FUNDS, such as special, revolving, federal, and trust funds, exist outside the State’s main financial account, the general fund. Since FY2008, the number of non-general funds and the amount of money contained in them have substantially increased. In FY2018, non-general funds accounted for about half of the State’s \$14.1 billion operating budget, an increase of 32% from FY2008. This proliferation of non-general funds has hampered the Legislature’s ability to direct general fund spending.

The Criteria

SECTION 23-11, HRS, requires the Auditor to analyze all bills proposing to establish new special or revolving funds according to the following criteria:

1. The need for the fund, as demonstrated by:
 - The purpose of the program to be supported by the fund;
 - The scope of the program, including financial information on fees to be charged, sources of projected revenue, and costs; and
 - An explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is a clear nexus between the benefits sought and charges made upon the program users or beneficiaries or a clear link between the program and the sources of revenue, as opposed to serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process.

Affordable Housing Development Loan Revolving Fund

S.B. No. 2560

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the Affordable Housing Development Loan Revolving Fund to be administered by a new Office of Affordable Housing Finance and Development within the Department of Business, Economic Development and Tourism. The purpose of the loan program to be supported by the fund would be to provide loans to authorized private entities to develop, construct, or manage affordable dwelling units for lease or sale to the public. Revenues to the fund would be collected from legislative appropriations; rental lease payments; loan repayments; and all other moneys received by the office. This bill would also provide that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund. Although the bill does satisfy nexus or linkage requirements, evidence is lacking to show that the fund would be needed to support the program.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided.

Nexus or linkage

Nexus or linkage exists between program and legislative appropriations used as seed moneys; rental lease payments; loan repayments; and all other moneys received by the office.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

There is no feasible alternative funding.

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Agriculture Accelerator Special Fund

S.B. No. 2522

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the Agriculture Accelerator Special Fund and program to be administered by the Agribusiness Development Corporation. The purpose of the new program to be supported by the fund would be to provide moneys to existing or new agriculture businesses that engage in farming, aquaculture, or ranching activities in the State. Revenues to the fund would be collected from legislative appropriations; grants; donations; and interest earned. Moneys in the fund would be used for purchasing equipment; improving energy efficiency; studying, planning, and constructing a new process and packaging facility; training in food safety technology; and acquiring branding and marketing support. A similar fund was proposed in S.B. No. 1204 during the 2017 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and grants, donations, and interest earned on fund balance. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Agricultural Enterprise Special Fund

S.B. No. 2839

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Agricultural Enterprise Special Fund to be administered by the Department of Agriculture. The purpose of the program to be supported by the fund would be to plan, design, construct, operate, manage, maintain, repair, demolish, and remove facilities on any lands under the jurisdiction of the department to support and promote agriculture. Revenues to the fund would be collected from legislative appropriations; and lease rents, fees, penalties, and other funds collected from agricultural enterprise lands and agricultural enterprises. This bill would also provide that \$1 million of general funds be appropriated into the fund for fiscal year 2019.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Although partial nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between program and revenues collected from agricultural enterprise lands and agricultural enterprises. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Agricultural Land Acquisition Fund

S.B. No. 2084

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the Agricultural Land Acquisition Fund to be administered by the Agribusiness Development Corporation. The purpose of the fund would be for the acquisition, administration, maintenance, and management of agricultural lands and irrigation systems to improve food security. Revenues to the fund would be collected from legislative appropriations; a portion of the environmental response, energy, and food security tax; and other funding sources. This bill would also provide that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019. Similar funds were proposed in S.B. No. 3098 during the 2016 legislative session; S.B. No. 2514 and H.B. No. 2081 in the 2014 legislative session; and S.B. No. 752 and H.B. No. 1018 during the 2013 legislative session.

Criteria

The Agriculture Land Acquisition Fund is strikingly similar to a special fund and for that reason is analyzed as such. We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activity and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although partial nexus or linkage exists between the sources of revenue and the activities, evidence is lacking to show that the fund is needed to support the activities and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the activities and the environmental response, energy, and food security tax. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Automatic Fire Sprinkler System Revolving Fund

H.B. No. 1822

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Automatic Fire Sprinkler System Revolving Fund to be administered by the Department of Budget and Finance. The purpose of the program to be supported by the fund would be to provide low-interest loans for installation costs associated with the installation of automatic fire sprinkler systems in high-rise residential buildings built before 1975, including common areas. Revenues to the fund would be collected from loan repayments and interest; fees; legislative appropriations; federal grants and subsidies; interest earned; and contributions. This bill would also provide that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund. A revolving fund would not be the appropriate fund type for this financing activity as evidence is lacking to demonstrate that the fund would have the capacity to be financially self-sustaining with means to replenish the fund. The bill also does not satisfy nexus or linkage requirements, and evidence is lacking to show that the fund would be needed to support the program.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs was not provided.

Nexus or linkage

Nexus or linkage exists with loan repayments; fees; legislative appropriations used as seed moneys to establish the revolving fund; federal grants and subsidies; interest earned on fund balance; and contributions. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

There is no feasible alternative funding to this fund.

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Alternative Energy Research and Development Revolving Fund H.B. No. 2075 Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Alternative Energy Research and Development Revolving Fund to be administered by the High Technology Development Corporation of the Department of Business, Economic Development and Tourism. The purpose of the program to be supported by the fund would be to promote alternative energy research and development in Hawai‘i by providing matching grants to qualified businesses. This bill would also provide that \$1 million of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used to provide grants to for-profit businesses doing business in Hawai‘i that have at least 60 percent ownership by Hawai‘i residents, and contracted by the Office of Naval Research for research related to alternative energy and energy efficiency technologies. The fund is to be abolished on June 30, 2020. A similar fund was proposed in S.B. No. 1370 and H.B. No. 1513 during the 2015 legislative session, and S.B. No. 680 in the 2017 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund. A revolving fund would not be the appropriate fund type for this financing activity as evidence is lacking to demonstrate that the fund would have the capacity to be financially self-sustaining with means to replenish the fund. The bill also does not satisfy nexus or linkage requirements, and evidence is lacking to show that the fund would be needed to support the program.

Demonstrated need for the fund

The criteria for demonstrating the need for this revolving fund has not been met because the program would be funded with general fund appropriations.

Nexus or linkage

Although nexus or linkage exists with legislative appropriations used as seed moneys to establish the revolving fund, nexus or linkage does not exist between the program and continued support from the legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Biosecurity Emergency Response Special Fund

S.B. No. 2116

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Biosecurity Emergency Response Special Fund to be administered by the Department of Agriculture. The purpose of the program to be supported by the fund would be for supporting multiagency terrestrial and aquatic emergency responses at or beyond ports by emergency task forces to mitigate or eradicate newly detected terrestrial and aquatic biosecurity threats in the State. Revenues to the fund would be collected from legislative appropriations and interest earned on fund balance. This bill would also provide that \$300,000 of general funds be appropriated into the fund for fiscal year 2019.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Nexus or linkage does not exist between the sources of revenue and the program. Also, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage does not exist between the program and continued support from legislative appropriations and interest earned on fund balance.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Building Permit Agency Best-Practices Grant Program Special Fund

S.B. No. 2414

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Building Permit Agency Best-Practices Grant Program Special Fund and Building Permit Agency Best-Practices Grant Program to be administered by the State Building Code Council administratively attached to the Department of Accounting and General Services. The purpose of the program to be supported by the fund would be to assist the counties by providing matching grant funds to finance the associated costs of seeking building permit agency or building department accreditations through the International Accreditation Service. Revenues to the fund would be collected from legislative appropriations. This bill would also provide that \$100,000 of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used to provide matching grant funds under the building permit agency best-practices grant program.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Evidence is lacking to show that the fund is needed to support the program since the fund would be funded solely with legislative appropriations.

Demonstrated need for the fund

The criteria for demonstrating the need for this special fund has not been met because the program would be funded with general fund appropriations.

Nexus or linkage

Nexus or linkage does not exist between the program and general fund appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Cesspool Compliance Grant Program Special Fund

S.B. 2717 and H.B. No. 1722

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Cesspool Compliance Grant Program Special Fund to be administered by the Department of Hawaiian Home Lands. The purpose of the program to be supported by the fund would be to provide grants in an amount no greater than \$10,000 per property to assist beneficiaries of the Hawaiian Homes Commission Act of 1920 to upgrade or convert a cesspool located on Hawaiian home lands to a septic system or aerobic treatment unit system, or connect a cesspool to a sewage system. These bills would also provide that \$50 million of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used to implement the cesspool compliance grant program.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Nexus or linkage does not exist between the source of revenue and the cesspool compliance grant program. Also, evidence is lacking to show that the fund is needed to support the program.

Demonstrated need for the fund

The criteria for demonstrating the need for this special fund has not been met because the program would be funded with general fund appropriations.

Nexus or linkage

Nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Chargeable Transient Quarters Revolving Fund

S.B. No. 2778 and H.B. No. 2351

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Chargeable Transient Quarters Revolving Fund to be administered by the Department of Defense. The purpose of the fund would be to pay for the cost of goods and services furnished to trainees that are accommodated at the Hawai'i Army National Guard's 298th Multi-functional, Regional Training Institute. Revenues to the fund would be collected from lodging and billet fees collected from training attendees and other authorized occupants; any funds appropriated by the State legislature or Federal government; and interest earned

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activity and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a revolving fund. Although partial nexus or linkage exists between the sources of revenue and the activities, a revolving fund would not be the appropriate fund type for this financing activity as evidence is lacking to demonstrate that the fund would have the capacity to be financially self-sustaining with means to replenish the fund. Evidence is also lacking to show that the fund would be needed to support the activities.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided.

Nexus or linkage

Nexus or linkage exists between the activities and lodging and billet fees collected from training attendees and other authorized occupants; Federal funds; and interest earned on fund balance. However, nexus or linkage does not exist between the activities and continued support from State legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for the activities could be provided through direct general fund appropriations.

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Charter Schools Facilities Special Fund

S.B. No. 2907

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Charter Schools Facilities Special Fund to be administered by the State Public Charter School Commission. The purpose of the program to be supported by the fund would be to provide funding for capital improvements to charter school facilities. Revenues to the fund would be collected from grants, donations, and legislative appropriations for facilities. Moneys in the fund would be used for the design, planning, construction, repair, and maintenance of public charter school facilities pursuant to Section 302D-29.5, HRS. Similar funds were proposed in S.B. No.952 during the 2013 legislative session; H.B. No. 2576 during the 2014 legislative session; H.B. No. 49 during the 2015 legislative session; and H.B. No. 2733 during the 2016 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although partial nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

A clear nexus or linkage exists between capital improvements to charter school facilities and grants and donations made for that purpose. However, there is no clear link or nexus between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Collective Bargaining Dispute Resolution Special Fund

S.B. Nos. 2366 and 2899, H.B. No. 2053

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Collective Bargaining Dispute Resolution Special Fund to be administered by the Hawai‘i Labor Relations Board. The purpose of the program to be supported by the fund is to resolve collective bargaining disputes and to carry out the board’s duties, including conducting mediations and investigations. Revenues to the fund would be collected from civil, criminal, and administrative penalties, fines, and other charges; legislative appropriations; interest earned; and gifts, donations, and grants.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Although partial nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and revenues from civil, criminal, and administrative penalties, fines, and other charges; interest earned on fund balance; and gifts, donations, and grants. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Convention Center Emergency Special Fund

S.B. No. 2901 and H.B. No. 2010

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Convention Center Emergency Special Fund to be administered by the board of directors of the Hawai'i Tourism Authority. The purpose of the fund would be to respond to emergencies related to the Hawai'i Convention Center. Revenues to the fund would be collected from a portion of the transient accommodation tax in the amount of \$5 million for fiscal years 2019 to 2022. Moneys in the fund would be used exclusively for convention center emergencies and require an emergency declaration by the governor authorizing expenditure of the funds, and approval of the board.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activity and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Although nexus or linkage exists between the transient accommodation tax and the convention center, evidence is lacking to demonstrate the need for the fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support convention center emergencies. Detailed financial information regarding costs have not been provided. In addition, an explanation of why the emergency response cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the transient accommodation tax and the convention center.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Convention Center Repair and Maintenance Special Fund

S.B. No. 2901 and H.B. No. 2010

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Convention Center Repair and Maintenance Special Fund to be administered by the board of directors of the Hawai‘i Tourism Authority. The purpose of the fund would pay for repair and maintenance, and capital improvements of the Hawai‘i Convention Center. Revenues to the fund would be collected from a portion of the transient accommodation tax; legislative appropriations; interest earned on the fund and the Convention Center Emergency Special Fund; and other funds accepted by the authority. These bills would allocate \$2,000,000 of the transient accommodation tax to the fund for fiscal years 2019 to 2022.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activity and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Although nexus or linkage exists between the transient accommodation tax and the convention center, evidence is lacking to demonstrate the need for the fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the repairs and maintenance, and capital improvements of the convention center. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the transient accommodation tax; interest earned on the fund and the Convention Center Emergency Special Fund; and other funds accepted by the authority and the convention center. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for repair, maintenance, and improvement of the convention center is already provided by the Convention Center Enterprise Special Fund.

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County Infrastructure Development Loan Revolving Fund

S.B. No. 2215

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the County Infrastructure Development Loan Revolving Fund to be administered by the Director of Finance. The purpose of the fund would be to provide no-interest loans to the counties for infrastructure improvements to expedite the building of transit-oriented development, particularly those involving affordable housing. Revenues to the fund would be collected from legislative appropriations; private contributions; loan payments; and moneys from the federal government and other sources. Moneys in the fund would be used for planning, design, land acquisition, costs of options, agreements of sale, or other infrastructure-related services or activities. A similar fund was proposed in S.B. No. 1026 and H.B. No. 276 during the 2015 legislative session.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the projects (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the projects cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund.

Although partial nexus or linkage exists between the sources of revenue and the activities, a revolving fund would not be the appropriate fund type for this financing activity as evidence is lacking to demonstrate that the fund would have the capacity to be financially self-sustaining with means to replenish the fund. Evidence is also lacking to show that the fund would be needed to support the program.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the projects. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the projects cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between loans to counties for infrastructure development and private contributions; federal funds; and loan payments. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

There is no feasible alternative funding.

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Drug Treatment Special Fund

S.B. No. 2537

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Drug Treatment Special Fund to be administered by the Department of Health. The purpose of the fund would be to support drug treatment programs in the State. Revenues to the fund would be collected from 50 percent of the general excise tax revenues collected on gross proceeds from the sale of cannabis products.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the programs (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the programs cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the programs and sources of revenue—as opposed to providing the programs with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although nexus or linkage exists between the sources of revenue and the programs, evidence is lacking to show that the fund is needed to support the programs and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the programs. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the programs cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between drug treatment programs and the general excise taxes on the sale of cannabis products.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for drug treatment programs could be provided through direct general fund appropriations.

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East Kapolei Community Development Revolving Fund

S.B. No. 2525

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the East Kapolei Community Development Revolving Fund to be administered by the Hawai'i Community Development Authority. The fund would be for the authority's governance of the East Kapolei community development district. Revenues to the fund would be collected from all revenues, income, and receipts for the east Kapolei community development district including grants, gifts, awards, donations, and assessments of landowners for costs to administer and operate the east Kapolei community development district; legislative appropriations; and investment earnings.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund. Although partial nexus or linkage exists between the sources of revenue and the program, a revolving fund would not be the appropriate fund type for this financing activity as evidence is lacking to demonstrate that the fund would have the capacity to be financially self-sustaining with means to replenish the fund.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the authority's governance of the east Kapolei community development district and all revenues, income, and receipts of the authority for the east Kapolei community development district; and investment earnings on fund balance. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Education Special Fund

S.B. No. 2261

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Education Special Fund to be administered by the Department of Education. The purpose of the fund would be to fund public education. Revenues to the fund would be collected from 25 percent of the general excise tax revenue. A similar fund was proposed in H.B. No. 449 during the 2017 legislative session.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Although partial nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Partial nexus or partial linkage exists between public education and general excise tax revenues.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Emergency Hazard Flood Mitigation Special Fund

H.B. No. 2096

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the Emergency Hazard Flood Mitigation Special Fund to be administered by the Hawai‘i Emergency Management Agency. The purpose of the fund would be to implement emergency flood mitigation measures, including but not limited to the acquisition of emergency flood mitigation equipment. Revenues to the fund would be collected from legislative appropriations; gifts, donations, and grants; and interest earned. This bill would also provide that \$1 million of general funds be appropriated into the fund for fiscal year 2019 to purchase water pumps, generators, and heavy equipment.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activity and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although partial nexus or linkage exists between the sources of revenue and the activities, evidence is lacking to show that the fund is needed to support the activities and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the activities and gifts, donations and grants; and interest earned on fund balance. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Family Self-Sufficiency Program Revolving Fund

S.B. No. 2212

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Family Self-Sufficiency Program Revolving Fund and program to be administered by the Hawai‘i Public Housing Authority. The purpose of the program is to assist tenants in state public housing transition into permanent housing. The purpose of the fund is to hold trust accounts of the tenants and to provide matching funds to assist tenants who rent certain dwelling units in the purchase of a housing unit. Revenues to the fund would be from rental payments collected from participating program tenants; matching funds deposited by the authority; moneys collected from former participants on the authority’s share of the net appreciation of the value of real property to be sold; interest earned; and legislative appropriations. This bill would also provide that \$1.38 million of general funds be appropriated into the trust accounts within the revolving fund for fiscal year 2019. Trust account moneys would be the authority’s funds until the tenant vacates the unit and a purchase and sale agreement of a housing unit is signed and provided to the authority. The authority would then transfer the funds from the trust account of the tenant into the designated escrow account of the tenant to assist in the purchase of the housing unit. A similar fund was proposed in S.B. No. 1106 and H.B. No. 1557 during the 2017 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund. Although partial nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund would be needed to support the program.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and rental payments; matching funds; moneys collected from former participants; and interest earned on fund balance. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Farmers' Market Matching Incentive Program Special Fund

S.B. No. 2398 and H.B. No. 2670

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Farmers' Market Matching Incentive Program Special Fund and the Farmers' Market Matching Incentive Program administered by the Department of Agriculture. The purpose of the program to be supported by the fund would be to provide beneficiaries of the Supplemental Nutrition Assistance Program with matching funds up to \$20 for purchases at a farmers' market. Revenues to the fund would be collected from grants, awards, gifts, and legislative appropriations. These bills would also provide that \$300,000 of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used to administer the program and provide matching funds to beneficiaries. A similar fund was proposed in H.B. No. 1400 during the 2015 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Although nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

There is a clear nexus or linkage between the program and grants, awards, and gifts. However, there is no nexus or linkage between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Filipino-American Veterans of World War II Burial Assistance Program Special Fund

H.B. No. 1944

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Filipino-American Veterans of World War II Burial Assistance Program Special Fund and the Filipino-American Veterans of World War II Burial Assistance Program to be administered by the Office of Veterans' Services. The purpose of the program to be supported by the fund would be to provide burial grants for Filipino-American veterans of World War II. Revenues to the fund would come solely from general fund appropriations. This bill would also provide that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used for operating expenses of and burial grants provided by the program to cover the cost of returning the veterans' remains to the Philippines for burial and other funeral costs.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. There is no clear nexus or linkage between the sources of revenue and the program. Further, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with direct general fund appropriations.

Demonstrated need for the fund

The criteria for demonstrating the need for this special fund has not been met because the program would be funded with general fund appropriations.

Nexus or linkage

There is no clear nexus or linkage between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Fish Misbranding Special Fund

H.B. No. 1899

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Fish Misbranding Special Fund to be administered by the Department of Health. The purpose of the program to be supported by the fund would be for the director of health to effectively enforce safe seafood consumption. Revenues to the fund would be collected from the fines imposed for the misbranding of fish or fish products resulting in consumer illness; legislative appropriations; interest earned; and moneys from other sources. Moneys in the fund would cover the costs of imposing administrative fines upon any person whose misbranding of fish or fish products results in consumer illness. A similar fund was proposed in H.B. No. 641 during the 2013 legislative session and H.B. No. 1888 in the 2014 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although partial nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and fines imposed on the misbranding of fish or fish products resulting in the illness of the consumer of the product, and interest earned on fund balance. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Genetically Modified Food Labeling Special Fund

S.B. No. 2251

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Genetically Modified Food Labeling Special Fund and the Genetically Modified Food Labeling Subsidy Program to be administered by the Department of Agriculture. The purpose of the program to be supported by the fund would be to provide subsidies to food retailers to label genetically modified food sold to consumers. Revenues to the fund would be collected from surcharges imposed on fees related to the sale and use of pesticides, fines for violations of the labeling requirement, and interest earned on the fund balance. Moneys in the fund would be used to award genetically modified food labeling subsidies to food retailers. A similar fund was proposed in S.B. No. 3084 during the 2014 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. There is no clear nexus or linkage between the sources of revenue and the program. Further, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

There is no clear nexus or linkage between the program to provide subsidies to food retailers and surcharges imposed on fees related to the sale and use of pesticides or fines for violations of the proposed food labeling requirement.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Grid Resiliency Capital Investment Special Fund

S.B. No. 2910 and H.B. No. 2249

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Grid Resiliency Capital Investment Special Fund to be administered by the Department of Business, Economic Development and Tourism. The purpose of the program to be supported by the fund would be to ensure that the State is prepared to withstand natural disasters and other emergencies by making investments in grid resiliency to protect the State's critical infrastructure and its citizens. Revenues to the fund would be collected from legislative appropriations. These bills would also provide that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used to fund rebates to resiliency facility owners for the purchase and installation of critical infrastructure.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Although nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program since the fund would be funded solely with legislative appropriations.

Demonstrated need for the fund

The criteria for demonstrating the need for this special fund has not been met because the program would be funded with general fund appropriations.

Nexus or linkage

Nexus or linkage exists between the program and continued support from legislative appropriations since all taxpayers would benefit from the protection of grid resiliency following the aftermath of natural disasters and other emergencies.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Grid Resiliency Rebate Special Fund

S.B. No. 2910 and H.B. No. 2249

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Grid Resiliency Rebate Special Fund to be administered by the Public Utilities Commission. The purpose of the program to be supported by the fund would be to provide rebates for the purchase and installation of battery storage devices paired with an electrical generation system powered by renewable energy. Revenues to the fund would be collected from legislative appropriations and an allocation of the public benefits fee collected pursuant to Section 269-121, HRS. Moneys in the fund would be used to provide rebates to owners of eligible resiliency facilities.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Although partial nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus exists between the moneys from the public benefits fee and the rebates paid to owners who install eligible resiliency facilities. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Hawai'i Aerospace Development Corporation Special Fund

S.B. No. 2702

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Hawai'i Aerospace Development Corporation Special Fund to be administered by the new Hawai'i Aerospace Development Corporation to be administratively attached to the Department of Business, Economic Development and Tourism. The purpose of the corporation to be supported by the fund would be to grow investments and job opportunities in the aerospace industry. The Office of Aerospace Development and Pacific International Space Center for Exploration Systems will be repealed under this bill with all rights, powers, functions, duties transferred to the new corporation. Revenues to the fund would be collected from legislative appropriations; and moneys, fees, and equity from tenants, qualified persons, or other users of the corporation's industrial parks, projects, other leased facilities, and other services and publications. Moneys in the fund would be used for the operation, maintenance, and management of its industrial parks, projects, facilities, service, and publications, and to pay the expenses in administering special purpose revenue bonds of the corporation or to carry out its project agreements.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although partial nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and moneys, fees, and equity collected from users of the corporation's facilities and projects. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Hawai'i Beach Preservation Special Fund

H.B. No. 2468

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the Hawai'i Beach Preservation Special Fund to be administered by the Office of Planning. The purpose of the program to be supported by the fund would be to ensure the preservation of Hawaii's beaches for future generations by purchasing lands threatened by sea level rise or beach erosion for the protection of adjacent public beaches. Revenues to the fund would come from legislative appropriations; interest earned on fund balance; and gifts, donations, and grants. This bill would also provide that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

There is no clear nexus or link between the sources of revenue and the program. Moreover, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and interest earned on fund balance, and gifts, donations and grants. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Hawai'i Biofuel Production Special Fund

H.B. No. 2064

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Hawai'i Biofuel Production Special Fund to be administered by the Hawai'i Technology Development Corporation. The purpose of the program to be supported by the fund would be to provide loans to establish biofuel projects in advancing the State's goal of achieving 100 percent renewable energy consumption by 2045. Revenues to the fund would be collected from an allocation of funds from the environmental response, energy, and food security tax pursuant to section 243-3.5(a)(5), HRS; private contributions; interest earned; federal grants and loans; and moneys from other sources. Moneys in the fund would be for loans made to public or private entities in accordance with the Hawai'i Biofuel Production Loan Program established pursuant to section 196-A, HRS.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the interest and fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Partial nexus exists between the loan program and the environmental response, energy, and food security tax proceeds because the loans are for biofuel projects that could significantly advance the State's clean energy goals.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Hawai'i Community College Promise Program Special Fund H.B. No. 2501 Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Hawai'i Community College Promise Program Special Fund and the Hawai'i Community College Promise Program to be administered by the University of Hawai'i Board of Regents. The purpose of the program to be supported by the fund would be to provide scholarships for the unmet direct cost needs of qualified students enrolled at any community college campus of the University of Hawai'i. Revenues to the fund would be an unspecified amount of general funds to be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used to provide for a qualified student's direct costs, including tuition, educational fees, and the costs of books, supplies, and transportation between the student's dwelling and the student's campus.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. There is no clear nexus or linkage between the sources of revenue and the program. Further, evidence is lacking to show that the fund is needed to support the program since the fund would be funded solely with legislative appropriations.

Demonstrated need for the fund

The criteria for demonstrating the need for this special fund has not been met because the program would be solely funded with general fund appropriations.

Nexus or linkage

There is no clear nexus or linkage between the program and general fund appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Hawaii Hope Card Program Special Fund

H.B. No. 2532

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Hawaii Hope Card Program Special Fund and the Hawaii Hope Card Program to be administered by the Department of the Attorney General. The purpose of the program to be supported by the fund would be to issue “hope cards” to allow law enforcement to quickly verify the existence of and obtain information regarding long term protective orders. Revenues to the fund would be collected from fees charged to individuals who apply for a hope card; gifts, donations, and grants from public agencies and private persons; and legislative appropriations. This bill would also provide that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used for staff positions; materials and equipment to produce hope cards; internet and telephone access to the confidential hope card database; public information materials; and other administrative and operational costs of the program. Similar funds were proposed in H.B. No. 1839 during the 2014 legislative session and H.B. No. 580 and S.B. No. 471 during the 2015 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although partial nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

There is a clear nexus between the benefits sought and the charges made upon the program users. There is also a clear link between the program and the fees, gifts, donations, and grants collected by the program. However, there is no link between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Hawai'i Promise Program Special Fund

S.B. Nos. 2206, 2250 and H.B. No. 2165

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Hawai'i Promise Program Special Fund and the Hawai'i Promise Program to be administered by the University of Hawai'i Board of Regents. The purpose of the program to be supported by the fund would be to provide scholarships for the unmet direct cost needs of qualified students enrolled at any campus of the University of Hawai'i. While S.B. No. 2206 and H.B. No. 2165 do not state an explicit source of revenue for the fund, S.B. No. 2250 would collect fund revenues from resident and nonresident tuition fees charged pursuant to Section 304A-401(a), Hawai'i Revised Statutes (HRS). All bills would provide that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used to provide for a qualified student's direct costs, including tuition, educational fees, and the costs of books, supplies, and transportation.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. In S.B. No. 2206 and H.B. No. 2165, it is unclear whether nexus or linkage exists between the sources of revenue and the program. In S.B. No. 2250, there is no clear nexus or linkage between the sources of revenue and the program. Finally, all bills lack evidence to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

It is unclear whether nexus or linkage exists because S.B. No. 2206 and H.B. No. 2165 do not provide an explicit source of revenue other than an unspecified amount of general fund appropriations for fiscal year 2019. In S.B. 2250, there is no clear nexus or linkage between the program and tuition fees.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Hawai'i Retirement Savings Plan Administrative Fund

S.B. No. 2333

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the Hawai'i Retirement Savings Plan Administrative Fund and a Hawai'i Retirement Savings Board to administer the Hawai'i retirement savings plan for private sector employees. The Director of Finance shall be the treasurer and custodian of the fund. The purpose of the fund would be to support the new Hawai'i Retirement Savings Board, administratively attached to the Department of Budget and Finance, in administering the Hawai'i retirement savings plan for private sector employees. Revenues to the fund would be collected from interest collected by the plan; legislative appropriations; application, account, administrative fees; and other moneys from the federal government, other state agencies, or local governments. This bill would also provide that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used for administrative and operating expenses of the board and the plan.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although partial nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the administration of the plan and interest, fees, and other moneys. However, there is no nexus or linkage between the plan and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Hawai'i Spay/Neuter Special Fund

S.B. No. 2929

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the Hawai'i Spay/Neuter Special Fund and the Hawai'i spray/neuter grant program to be administered by the Department of Commerce and Consumer Affairs. The purpose of the program to be supported by the fund would be to provide grants to counties or animal welfare organizations to facilitate and promote the provision of spay and neuter services for dogs and cats. Revenues to the fund would be collected from fees imposed on pet foods and products, interest payments, and penalties. This bill would also provide that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used for the implementation, coordination, and support of the grant program.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and fees imposed on pet foods and products, penalties, and interest earned on fund balance.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Hawai'i Teacher Stipend Program Special Fund

S.B. No. 3070

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the Hawai'i Teacher Stipend Program Special Fund to be administered by the Department of Education. The purpose of the program to be supported by the fund would be to address the shortfall of licensed teachers in the department's schools. Revenues to the fund would be collected from legislative appropriations and repayment from students due to a breach in contractual agreements under the program. This bill would also provide that \$600,000 of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used to provide scholarships to qualified students.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although partial nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between program and repayments from students due to a breach in contractual agreements under the program. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Hawai'i Zero-Emissions Vehicle Infrastructure Special Fund H.B. Nos. 2213 and 2273 Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Hawai'i Zero-Emissions Vehicle Infrastructure Special Fund to be administered by the Department of Transportation. The purpose of the program to be supported by the fund would be to provide competitive grants in the development of fueling infrastructure for zero-emission vehicles throughout the State. Priority will be given to proposals that facilitate the large-scale integration of zero-emission vehicles into rental motor vehicle fleets. Revenues to the fund would be collected from rental motor vehicle emission surcharges levied upon lessors. H.B. No. 2213 also provides that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used to develop, administer, and market the grant program. A similar fund was proposed in S.B. No. 1187 and H.B. No. 1259 during the 2017 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Nexus or linkage does not exist between the sources of revenue and the program. Evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage does not exist between the grant program and rental motor vehicle emission surcharges because the lessors paying the fees do not benefit from the development of fueling infrastructure for zero-emission vehicles throughout the State.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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High-Growth Grant Program Special Fund

S.B. No. 2695 and H.B. No. 2174

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the High-Growth Grant Program Special Fund and the High-Growth Grant Program to be administered by the Department of Business, Economic Development and Tourism. The purpose of the new program to be supported by the fund would be to assist qualified businesses by providing grants to expand business operations; improve business productivity; or invest in food safety and quality control programs. Revenues to the fund would come from legislative appropriations. These bills would also provide that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019. A similar fund was proposed in H.B. No. 2545 during the 2016 legislative session, and H.B. No. 521 and S.B. No. 767 in the 2017 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Nexus or linkage does not exist between the sources of revenue and the program, and evidence is lacking to show that the fund cannot be implemented with general fund appropriations.

Demonstrated need for the fund

The criteria for demonstrating the need for this special fund has not been met because the program would be funded with general fund appropriations.

Nexus or linkage

Nexus or linkage does not exist between the program and legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Home Ownership Housing Revolving Fund

S.B. No. 2472

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the Home Ownership Housing Revolving Fund to be administered by the Hawai'i Housing Finance and Development Corporation. The purpose of the fund would be to provide loans or grants for affordable homeownership housing projects. Revenues to the fund would be collected from legislative appropriations, private contributions, loan repayments, interest earned, moneys from other sources. This bill would also provide that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund provides loans or grants for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of housing units. A similar fund was proposed in S.B. No. 1202 during the 2015 legislative session and in S.B. No. 2543 during the 2014 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activity and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund. A revolving fund would not be the appropriate fund type for this financing activity as evidence is lacking to demonstrate that the fund would have the capacity to be financially self-sustaining with means to replenish the fund. The bill also does not satisfy nexus or linkage requirements, and evidence is lacking to show that the fund would be needed to support the program.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the activities and the loan repayments, interest earned on fund balance, and moneys from other sources. Although nexus or linkage exists with legislative appropriations used as seed moneys to establish the revolving fund, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

No alternate funding sources have been identified.

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Homelessness Special Fund

H.B. No. 2408

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the Homelessness Special Fund to be administered by the Department of Human Services. The purpose of the program to be supported by the fund would be to establish community shelter commissions within each county to select public property to be used for providing homeless facilities, shelters, and programs. Revenues to the fund would be collected from any net proceeds from the operation, sale, lease, or other disposition of certain homeless housing projects; an unspecified percentage of the conveyance tax; and moneys from other sources. Moneys in the fund would be used for experimental and demonstration projects for the homeless, including payment of infrastructure, construction, and operational costs. A similar fund was proposed in H.B. Nos. 1440 and 1441 during the 2017 legislative session, and H.B. No. 2429 during the 2016 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between program and net proceeds from the operation, sale, lease, or other disposition of homeless housing projects, the conveyance tax, and moneys from other sources.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Housing Support Program Special Fund

S.B. No. 2024

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the Housing Support Program Special Fund and the Housing Support Program to be administered by the Hawai'i Public Housing Authority. The purpose of the program to be supported by the fund would be to provide housing support payments to participating landlords on behalf of eligible persons or families. Revenues to the fund would be collected solely from legislative appropriations. This bill would also provide that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used for housing support payments.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Human Resources Development Special Fund

S.B. No. 3100

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the Human Resources Development Special Fund to be administered by the Department of Budget, Finance, and Human Resources as consolidated by this bill. The purpose of the fund would be to pay for the administration and support of the department's entrepreneurial initiatives, training activities, and programs. Revenues to the fund would be fees collected from participants for in-service training; legislative appropriations; and other money sources including gifts, grants, and awards.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activity and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although partial nexus or linkage exists between the sources of revenue and the activities, evidence is lacking to show that the fund is needed to support the activities and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the activities and participant fees for in-service training. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Illegal Vacation Rental Enforcement Revolving Fund

S.B. No. 2280

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the Illegal Vacation Rental Enforcement Revolving Fund to be administered by the Department of the Attorney General. The purpose of the fund would be to make rental deposits in investigations of persons operating illegal vacation rental units. Revenues to the fund would be collected from legislative appropriations and 50 percent of the moneys recovered by counties in the course of illegal vacation rental enforcement investigations. This bill would also provide that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activity and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund. A revolving fund would not be the appropriate fund type for this financing activity as evidence is lacking to demonstrate that the fund would have the capacity to be financially self-sustaining with means to replenish the fund. The bill also does not satisfy nexus or linkage requirements, and evidence is lacking to show that the fund would be needed to support the program.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between investigations of persons operating illegal vacation rental units and moneys recovered in the course of illegal vacation rental enforcement. However, nexus or linkage does not exist between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Industrial Hemp Special Fund

S.B. Nos. 2556 and 2731 and H.B. No. 2304

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Industrial Hemp Special Fund to be administered by the Department of Agriculture. The purpose of the fund would be to support the Agriculture Hemp Pilot Program. Revenues to the fund would come from legislative appropriations; fees collected in relation to the program; and interest earned. Moneys in the fund would be used to hire employees, specialists, and consultants to complete projects related to the program. A similar fund was proposed in S.B. Nos. 773 and 884, and H.B. Nos. 1018 and 1474 during the 2017 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Although partial nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and fees collected by the department in relation to the program, and interest earned on fund balance. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Intellectual and Developmental Disabilities Medicaid Waiver Administrative Claiming Special Fund

S.B. No. 2798 and H.B. No. 2371

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Intellectual and Developmental Disabilities Medicaid Waiver Administrative Claiming Special Fund to be administered by the Department of Health pursuant to a memorandum of agreement with the Department of Human Services. The fund will support administrative costs relating to the Home and Community-Based Services waiver program for people with intellectual and developmental disabilities pursuant to Medicaid Section 1915(c) of the Social Security Act. The waiver allows people who meet certain federal guidelines to receive long-term care services in their home or community rather than in an institutional setting. Revenues to the fund would be from Medicaid administrative claiming designated for operating the program; legislative appropriations; income earned on the fund; and other grants and gifts. These bills would also provide that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used to pay for fiscal management services, training, quality management, information technology system, rate methodology studies, and assessment services.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Although partial nexus or linkage exists between Medicaid funds and the administrative costs of the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and Medicaid funds. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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King Kamehameha Celebration Commission Special Fund

S.B. Nos. 3036 and 3045

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the King Kamehameha Celebration Commission Special Fund to be administered by the Department of Accounting and General Services. The purpose of the fund would be to pay for expenses arising out of the annual King Kamehameha Day celebrations events. Revenues to the fund would be collected from gifts, donations and grants; legislative appropriations; and interest earned. S.B. 3036 would also provide an unspecified amount of general funds to be appropriated into the fund for fiscal year 2019. A similar fund was proposed in S.B. No. 601 during the 2017 legislative session.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Although partial nexus or linkage exists between sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and gifts, donations and grants, and interest earned on fund balance. However, nexus or linkage does not exist between program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Labor Law Enforcement Special Fund

S.B. No. 2801, and H.B. Nos. 2374 and 2421

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Labor Law Enforcement Special Fund to be administered by the Department of Labor and Industrial Relations. The purpose of the fund is to provide for sufficient operating costs to collect civil penalties assessed by the department. Revenues to the fund would be collected from penalties, legislative appropriations, and income and capital gains earned by the fund. These bills would also provide that \$98,163 of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used for personnel and operating expenses, staff development and training, and litigation expenses.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund.

Although nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and penalties assessed by the department and income earned by the fund. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Law Enforcement Standards Board Special Fund

H.B. No. 2071

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Law Enforcement Standards Board Special Fund and the Law Enforcement Standards Board within the Department of the Attorney General for administrative purposes only. The purpose of the Law Enforcement Standards Board, to be supported by the fund, would be to provide programs and standards for training and certification of law enforcement officers. Revenues to the fund would be collected from legislative appropriations; application fees for law enforcement officer certification; grants; gifts; and interest earned. This bill would also provide that an unspecified amount of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used to defray necessary expenses for the board members to perform their duties. Similar funds were proposed in bills introduced in recent legislative sessions: S.B. No. 2937 and H.B. No. 1803 (2014); S.B. No. 568 and H.B. No. 1210 (2015); and S.B. Nos. 2325, 2755, and H.B. No. 1903 (2016).

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activity and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although nexus and partial linkage exists between the sources of revenue and the board’s activities, evidence is lacking to show that the fund is needed to support the board and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the board's activities. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the board's activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

There is a clear nexus between the board's activities and the application fees to be charged for law enforcement officer certification. Also, there is a clear link between the proposed law enforcement officer certification program and the certification application fees, grants, gifts, and interest earned on fund balance. However, there is no link between the board's activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for the Law Enforcement Standards Board could be provided through direct general fund appropriations.

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Library Facilities Fund

S.B. No. 2919

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the Library Facilities Fund and pilot program for the lease of public library land to be administered by the state librarian in consultation with the Board of Education. The purpose of the program to be supported by the fund would be to lease public library land, including facilities. Revenues to the fund would be collected from leases, permits, and interest income generated from public library lands. Moneys in the fund would be used for State library programs.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

It is unclear whether nexus or linkage exists between State library programs and proceeds from leasing public library lands or facilities. Evidence is also lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

It is unclear whether nexus or linkage exists between State library programs and proceeds from leasing public lands or facilities.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Lipoa Point Management Special Fund

S.B. No. 3105 and H.B. No. 2502

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Lipoa Point Management Special Fund to be administered by the Department of Land and Natural Resources. The purpose of the fund would be to support operations and maintenance costs of the Lipoa Point area, and provide educational awareness to visitors. Revenues to the fund would be collected from visitor fees of \$1 for each paying passenger of a maritime commercial vessel traveling through ocean water near Lipoa Point; legislative appropriations; grants, donations, gifts; and interest earned.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Although nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be collected, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and visitor fees, grants, donations, gifts, and interest earned on fund balance. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Mauna Kea Management Revolving Fund

S.B. No. 3090

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Mauna Kea Management Revolving Fund and the Mauna Kea Management Authority to be administratively attached to the Office of the Governor. The purpose of the authority to be supported by the fund would be to (1) hold title to the lands situated on Mauna Kea and certain other identified lands; and (2) establish access, stewardship, and management policies for Mauna Kea, including policies pertaining to the protection of natural and cultural resources, recreational activities, and commercial uses. Revenues to the fund would be from all receipts and revenues collected by the authority including fees charged to visitors and commercial tour operators. This bill would also transfer all moneys from the Mauna Kea Lands Management Special Fund to the Mauna Kea Management Revolving Fund. Moneys in the fund would be for the administration, capital improvement projects, and other purposes of the authority. In addition, the bill also provides for 20 percent of all revenue to be shared with the Office of Hawaiian Affairs.

Criteria

Although the Mauna Kea Management Revolving Fund is labeled as a revolving fund, it is strikingly similar to a special fund and for that reason is analyzed as such. We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

A special fund would not be the appropriate fund type for this financing activity as evidence is lacking to demonstrate that the fund would have the capacity to be financially self-sustaining with means to replenish the fund. Further, although nexus and linkage exists, evidence is lacking to show that the fund would be needed to support the program.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided.

Nexus or linkage

There is a clear nexus and linkage between the activities of the Mauna Kea Management Authority and the fees from visitors and commercial tour operators who access Mauna Kea and other receipts collected by the authority.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Since the intent of the bill states that the authority shall be self-funded and not requires appropriations from the State's general fund, we find there is no feasible alternate funding.

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Non-commercial Marine Fishing License Special Fund

H.B. No. 1752

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Non-commercial Marine Fishing License Special Fund to be administered by the Department of Land and Natural Resources. The purpose of the program to be supported by the fund would be to provide additional and more robust data to support fisheries management, create a dialogue between fishers and managers, and create a source of funding for effective fisheries management that the existing structure does not provide. Revenues to the fund would be collected from legislative appropriations, fees received for all non-commercial fishing licenses issued in the state, and any interest or other revenue derived from the special fund.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund.

Although nexus or linkage exists between the sources of revenue and the non-commercial fishing license program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and license fees received for all non-commercial marine fishermen in the state.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

No alternate funding sources have been identified.

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Paid Family Leave Special Fund

S.B. No. 2990 and H.B. No. 2598

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Paid Family Leave Special Fund to be administered by the Department of Labor and Industrial Relations. The purpose of the program to be supported by the fund would be to implement a paid family leave framework of laws and policies so that all employees may access leave benefits during times when they need to provide care for a family member. Revenues to the fund would come from legislative appropriations; interest earned; and gifts, donations, and grants. These bills would also provide that \$1.5 million of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used for permanent and temporary staff positions; and to cover administrative and operational costs of implementing legislation to establish paid family leave for all workers in the State.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Although partial nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the program cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and gifts, donations, grants, and interest earned on fund balance. However, nexus or linkage does not exist between the program and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Public Employees Training Fund

H.B. No. 2077

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Public Employees Training Fund and Public Employees Training Program to be administered by the Department of Human Resources Development. The purpose of the program to be supported by the fund would be to create and develop training programs to improve and enhance State employees' understanding of their job duties. Revenues to the fund would be collected from gifts, donations, and grants; legislative appropriations; and interest earned. Moneys in the fund would be used for the development and implementation of training programs for State employees.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Evidence is lacking to show that the fund is needed to support the program since the fund would be primarily be funded with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

It is unclear whether nexus or linkage exists between the program and gifts, donations, and grants from public agencies and private persons. Moreover, nexus or linkage does not exist between the program and continued support from general fund appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Research and Development Special Fund

S.B. No. 3000 and H.B. No. 2556

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills would establish the Research and Development Special Fund and the Research and Development Program to be administered by the Hawai'i Technology Development Corporation, which is placed within the Department of Business, Economic Development and Tourism. The purpose of the program to be supported by the fund would be to help Hawai'i-based small businesses collaborate with commercial partners to further refine and optimize research and development performed in Hawai'i. Revenues to the fund would be an unspecified amount of general funds to be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used to support product development, technology transfer, and commercialization; to support accelerated small business commercialization activities; to sustain high-potential business infrastructure development; help keep technology companies and workers in Hawai'i; and providing grants for product development.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Evidence is lacking to show that the fund is needed to support the program since the fund would be funded solely with legislative appropriations.

Demonstrated need for the fund

The criteria for demonstrating the need for this special fund has not been met because the program would be solely funded with general fund appropriations

Nexus or linkage

Nexus or linkage does not exist between the program and general fund appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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State Commission for Community Investment Revolving Fund S.B. No. 2516 Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the State Commission for Community Investment Revolving Fund to be administered by the new State Commission for Community Investment to be administratively attached to the Department of Business, Economic Development and Tourism. The purpose of the commission to be supported by the fund would be to stimulate, guide, and promote community investment throughout the State. Revenues to the fund would be collected from 2.5 percent of the net proceeds from the sale or disposition of lands held in the public land trust and the net income therefrom. This bill would also provide that an unspecified amount from the Special Land and Development Fund be appropriated into the revolving fund for fiscal year 2019. Moneys in the fund would be used to support the activities of the commission.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activity and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a revolving fund. A revolving fund would not be the appropriate fund type for this financing activity as evidence is lacking to demonstrate that the fund would have the capacity to be financially self-sustaining with means to replenish the fund. Although the bill satisfies nexus or linkage requirements, evidence is lacking to show that the fund would be needed to support the activities.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the activities and proceeds from the sale or disposition of public lands, and seed monies from the Special Land and Development Fund to establish the revolving fund.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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State Highway Enforcement Program Fund

H.B. No. 2267

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the State Highway Enforcement Program Fund to be administered by the Department of Transportation. The purpose of the State Highway Enforcement Program to be supported by the fund would be for parking management-related improvements. Revenues to the fund would be collected from surcharges assessed against individuals who commit a violation of any law prohibiting or restricting the stopping, standing, or parking of vehicles along designated portions of State highways. Moneys in the fund would be dedicated to the respective police departments to enforce illegal parking and an unspecified percentage allocated to the department for administrative program costs and parking management-related improvements.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although nexus and linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues, and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

There is both a clear nexus and link between the State Highway Enforcement Program and the proposed illegal parking surcharge assessed against individuals in violation of any law prohibiting or restricting the stopping, standing, or parking of vehicles on state highways in a surcharge eligible zone.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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State Self-Insurance Against Property and Casualty Risks Special Fund

S.B. No. 3046 and H.B. No. 2603

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the State Self-Insurance Against Property and Casualty Risks Special Fund to be administered by the State Comptroller, through the risk manager of the Department of Accounting and General Services. The purpose of the fund would be to provide the State with self-insurance coverage against property and casualty risks. Revenues to the fund would be collected from interest earned by the special fund and money advances from other special funds as needed. This bill would also provide that \$19 million of general funds be appropriated into the fund annually. Moneys in the fund would be used to pay claims to State agencies for losses to State property caused by fire or other casualty, and annual repayment of general fund advancements with interest.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activity and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Although nexus or linkage exists between the sources of revenue and the activities, evidence is lacking to show that the fund is needed to support the activities and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between general fund appropriations and self-insurance to provide the State with coverage against property and casualty risks.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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State Sustainability Fund

S.B. 2709 and H.B. No. 2547

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

Although these bills will establish the State Sustainability Fund (SB2709) and the State Sustainability Special Fund (HB2547), we will analyze both bills as one fund as these bills are for the same purpose. These bills will establish a special fund to be administered by a new Office of Sustainability within the Department of Business, Economic Development, and Tourism. The purpose of the office to be supported by the fund would be to increase economic development while developing and protecting resources in a manner that enables people to meet their needs from the joint perspective of environmental, economic, and community objectives. Revenues to the fund would be collected from investment earnings, gifts, donations, or other income received by the office; rebates, grants, or incentives associated with sustainability measures; and capital appropriations for sustainability measures. These bills would also provide that \$2 million of general funds be appropriated into the fund for fiscal year 2019. Moneys in the fund would be used to support sustainability initiatives, projects, and services.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Although nexus or linkage exists between the sources of revenue and the office, evidence is lacking to show that the fund is needed to support the office and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the office. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the office cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the office and investment earnings on fund balance, gifts, donations, or other income for sustainability measures.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this office could be provided through direct general fund appropriations.

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State Transit Fund

H.B. No. 2457

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the State Transit Fund to be administered by the Department of Transportation. The purpose of the activities to be supported by the fund would be to assist the counties in establishing or expanding county public transit and private shuttle programs to alleviate traffic congestion. Revenues to the fund would be collected from one-half of the surcharge tax collected from lessors of rental motor vehicles pursuant to Section 251-2(a), Hawaii Revised Statutes. Moneys in the fund would be distributed to the counties for new or expanded county public transit and private shuttle programs.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activity and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. There is no clear nexus or linkage between the activities to be supported by the fund and the sources of revenue. Further, evidence is lacking to show that the fund is needed to support the activities and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

There is no clear nexus or linkage between creating or expanding county public transit and private shuttle programs and the surcharge tax levied against lessors of rental motor vehicles.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for these activities could be provided through direct general fund appropriations.

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Telecommunications Carriers and Cable Systems Special Fund H.B. No. 2236 Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the Telecommunications Carriers and Cable Systems Special Fund to be administered by the Commissioner of Telecommunications within the Department of Business, Economic Development and Tourism. The purpose of the fund would create a new regulatory body to ensure that telecommunication services are uniformly provided to all residents and persons in the State. Revenues to the fund would be collected from fees, costs, penalties, and revenues from the regulation of telecommunication carriers and cable systems; and funds transferred from the Compliance Resolution Fund established under Section 26-9(o) that are attributable to revenues derived from the former regulations of telecommunication carriers by the Public Utilities Commission and cable systems by the Department of Commerce and Consumer Affairs. Moneys in the fund would be used to employ hearings officers and attorneys.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activity and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although nexus or linkage exists between the sources of revenue and the activities, evidence is lacking to show that the fund is needed to support the activities and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the activities. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the regulation of telecommunication services and fees, costs, penalties, and revenues from the regulation of telecommunication carriers and cable systems.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for the activities could be provided through direct general fund appropriations.

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Tianxin Zhang Public Education Special Fund

H.B. No. 1964

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill will establish the Tianxin Zhang Public Education Special Fund to be administered by the Department of Education. The purpose of the program to be supported by the fund would be to support educational programs and activities to improve Hawai'i's public schools including an exchange program between high school students from China and Hawai'i; additional teachers to improve educational continuity and experience and teacher to student ratios; special education programs; art programs; and other educational programs or infrastructure improvements to improve the public school system. Revenues to the fund would be an allocation from the conveyance tax for all transfers or conveyance of real property or any interest therein.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process

Analysis

This bill does not satisfy criteria for establishing a special fund.

Nexus or linkage does not exist between the sources of revenue and the program, and evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage does not exist between educational programs and the conveyance tax paid for all transfers or conveyance of real property or any interest therein.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Transient Accommodations Homeless Initiative Special Fund S.B. No. 2967 and H.B. No. 2597 Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Transient Accommodations Homeless Initiative Special Fund to be administered by the Department of Human Services. The purpose of the program to be supported by the fund would be to develop and implement the department's homeless initiatives. Revenues to the fund would be collected from an allocation of the transient accommodations taxes.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a special fund. Nexus or linkage does not exist between the sources of revenue and the program. Evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage does not exist between the homeless initiatives and funding through transient accommodation taxes.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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Universal Service Fund

H.B. No. 2236

Does Not Meet Criteria

Description and Purpose of the Proposed Fund

This bill would establish the Universal Service Fund and Universal Service Program to be administered by the Commissioner of Telecommunications within the Department of Business, Economic Development and Tourism. The purpose of the program to be supported by the fund would be to maintain equitable and affordable access to connectivity in all parts of the State. Revenues to the fund would be collected from contributions of all telecommunications carriers and interest earned on fund balance. Moneys in the fund would be distributed directly to customers based upon need.

Criteria

We used two criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the program cannot be implemented successfully under the general fund appropriation process; and
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

This bill does not satisfy criteria for establishing a special fund. Although nexus or linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented with general fund appropriations.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

Nexus or linkage exists between the program and contributions from telecommunication carriers and interest earned on fund balance.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for the program could be provided through direct general fund appropriations.

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Waiakea Peninsula Redevelopment District Revolving Fund S.B. No. 3058 and H.B. No. 2641 Does Not Meet Criteria

Description and Purpose of the Proposed Fund

These bills will establish the Waiakea Peninsula Redevelopment District Revolving Fund and planning committee to be administered by the Department of Land and Natural Resources. The purpose of the committee to be supported by the fund would be to, among other things, establish and implement guidelines for the redevelopment of the Waiakea peninsula area. Revenues to the fund would come from fifty percent of the revenues from the public lands in the Waiakea peninsula redevelopment district; legislative appropriations; and any gifts, grants, and other funds accepted by the committee. Similar funds were proposed in S.B. No. 1184 and H.B. No. 1310 during the 2017 legislative session.

Criteria

We used the following criteria to analyze the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, sources of projected revenue, and costs), and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activity and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process.

Analysis

These bills do not satisfy criteria for establishing a revolving fund. Although nexus or linkage exists between the sources of revenue and the activities, evidence is lacking to show that the fund is needed to support the activities and cannot be implemented successfully under the general fund appropriation process.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the committee's activities. Detailed financial information regarding the fees to be charged, sources of projected revenues and costs have not been provided. In addition, an explanation of why the activities cannot be successfully implemented with general fund appropriations was not provided.

Nexus or linkage

There is a clear nexus or link between the commission's activities and the revenues from the Waiakea peninsula redevelopment district, as well as from any gifts, grants, and other funds. However, there is no nexus or link between the activities and continued support from legislative appropriations.

Probable Effects

Establishing new special and revolving funds are less desirable because a new fund incurs administrative costs, and from a legislative perspective, the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear less than they are.

Alternate Funding

Support for the committee's activities could be provided through direct general fund appropriations.

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