

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**

**TESTIMONY BY LAUREL A. JOHNSTON  
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEES ON EDUCATION AND WATER AND LAND  
ON  
SENATE BILL NO. 2919**

**February 14, 2018  
3:15 p.m.  
Room 229**

**RELATING TO PUBLIC LIBRARIES**

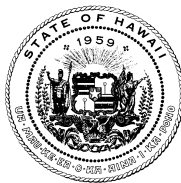
Senate Bill (S.B.) No. 2919 amends Chapter 312, HRS, by adding a new section to establish a pilot program for the lease of public library land, including facilities. The measure specifies that the State Librarian, in consultation with the Board of Education (BOE) and any other appropriate agency, serves as the facilitator of the pilot program. The measure also specifies that the BOE may lease public library land on terms it deems appropriate, including a leaseback of all or a portion of the improvements constructed.

S.B. No. 2919 also establishes the Library Facilities Fund and provides that all proceeds from the leases, permits, interest income generated from public library lands, and other revenues generated from the nonpermanent disposition of public library lands, including facilities, shall be deposited into the libraries facilities sub-account. The measure provides that all moneys in the Libraries Facilities Fund shall be for State Library programs. In addition, the measure makes an unspecified appropriation of general funds for FY 19 for the pilot program to be expended by the BOE.

With regards to S.B. No. 2919, we offer the following comments. The measure is unclear if the Library Facilities Fund is being established as a special fund, and there is an additional reference to the libraries facilities sub-account into which revenues for the fund are to be deposited, which may or may not be attached to the Library Facilities Fund.

The Department of Budget and Finance, as a matter of general policy, does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to S.B. No. 2919, it is difficult to determine if the proposed (special) fund would be self-sustaining.

Thank you for your consideration of our comments.



DAVID Y. IGE  
GOVERNOR

STACIE A. ALDRICH  
STATE LIBRARIAN

STATE OF HAWAII  
HAWAII STATE PUBLIC LIBRARY SYSTEM  
OFFICE OF THE STATE LIBRARIAN  
44 MERCHANT STREET  
HONOLULU, HAWAII 96813

**SENATE COMMITTEE ON EDUCATION  
And  
SENATE COMMITTEE ON WATER AND LAND**

**Wednesday, February 14, 2018  
3:15 p.m.  
Conference Room 229  
State Capitol**

**By  
Stacey A. Aldrich  
State Librarian**

**S.B. 2919 – Relating to Public Libraries**

To: Chair Kidani, Vice-Chair Kahele and Members of the Committee on Education

Chair Rhoads, Vice-Chair Gabbard, and Members of the Committee on Water and Land

Senate Bill (S.B.) 2919 establishes a pilot program to generate revenue through the leasing of public library lands, establishes a libraries facilities fund and makes an appropriation for the pilot program. The Hawaii State Public Library System (HSPLS) supports the intent of S.B. 2919 and provides the following comments.

In general, the HSPLS supports the intent to identify revenue generating programs to meet the mission of the public library system. The HSPLS notes, however, that it currently does not hold title to the lands under which the public libraries sit, nor that it has the expertise necessary to guide the HSPLS through a pilot program which involves the redevelopment, and leasing and management of library lands.

While the bill sets forth an unspecified appropriation to be expended by the Board of Education, the HSPLS respectfully requests that a separate appropriation be made for HSPLS for the public library lands pilot program. Possible redevelopment of up to five public library sites will require dedicated staffing with expertise in the area of real property development.

Thank you for the opportunity to comment on this measure.

**SB-2919**

Submitted on: 2/13/2018 2:17:07 PM

Testimony for EDU on 2/14/2018 3:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying on behalf of OCC Legislative Priorities Committee of the Democratic Party of Hawaii	Support	No

Comments: