



TESTIMONY BY:

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LATE

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

March 9, 2020
1:15 p.m.
State Capitol, Room 225

H.B. 1973, H.D. 2
RELATING TO NON-GENERAL FUNDS

Senate Committee on Transportation

The Department of Transportation (DOT) **supports** H.B. 1973, H.D. 2, which proposes to take recommendations provided by the Office of the Auditor in Report No. 19-05, dated January 2019, to abolish, repeal, or reclassify certain non-general funds of the DOT.

The DOT agrees with the current H.D. 2 version along with recommendations by the Auditor to reclassify certain funds to Trust Accounts and have already complied by establishing these accounts.

Thank you for the opportunity to provide testimony.



DEPARTMENT OF PLANNING
THE COUNTY OF KAUAI

DEREK S. K. KAWAKAMI, MAYOR
MICHAEL A. DAHLIG, MANAGING DIRECTOR

KA'ĀINA S. HULL
DIRECTOR

JODI A. HIGUCHI SAYEGUSA
DEPUTY DIRECTOR

Testimony of Lee Steinmetz
Transportation Planning Officer and County Safe Routes to School Coordinator,
Planning Department

Before the
Senate Committee on Transportation
March 9, 2020 at 1:15 PM
Conference Room 225

LATE

In consideration of
House Bill 1973, HD 2
Relating to Non-General Funds

To the Honorable Chair Lorraine R. Inouye, Vice Chair Breene Harimoto, and members of the Committee:

The County of Kaua'i provides the following comments on HB 1973 HD 2. The County of Kaua'i appreciates the changes in HB 1973 HD 2 from the original Bill. The revised Bill in its current form retains the Safe Routes to School Special Fund, but in the current language, the Legislature would be responsible for fund disbursement instead of HDOT. It is unclear how this would actually work, and therefore is of great concern to the County of Kaua'i, which relies on regular and stable disbursement of these funds for infrastructure improvements around schools. For example, these funds have been used as a local match for the Kawaihau elevated boardwalk in Kapa'a, which links our coastal shared use path with three schools. In addition, these funds were used to construct a new shared use path connecting Wilcox Elementary School in Lihu'e.

The County of Kaua'i relies on these regularly-distributed funds to keep its Safe Routes to School infrastructure improvements moving forward. We can anticipate how much funding we will receive each year, and can program the use of these funds for design and construction. Constructing projects with regular funding sources is already challenging. If this Bill were to pass in its current form, appropriations would need to be requested from the Legislature. This causes a much higher level of uncertainty, and would most likely mean these important safety projects around schools would be delayed or cancelled due to the additional steps required.

HDOT has done an exceptional job in the disbursement of these funds to counties based on formulas established through administrative rule-making, and in providing annual reports to the Legislature. Decisions of how these funds are spent should be at the local (county) level. Each county knows best how to address the pressing safety concerns around schools. The current Bill provides no clarity as to how funds would be disbursed in the future, causing uncertainty for counties, and most likely delaying important projects. The current Bill also appears to be in conflict with HRS §291C-4.

The County of Kaua'i urges you to amend this Bill by deleting Part V Section 18 in its entirety, and to keep the Safe Routes to School Special Fund program functioning as it currently exists. There is simply no need to fix something that isn't broken. Thank you for your consideration.

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TAX FOUNDATION OF HAWAII

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SUBJECT: MISCELLANEOUS, Repeal Non-General Funds

BILL NUMBER: HB 1973, HD-2

INTRODUCED BY: House Committee on Finance

EXECUTIVE SUMMARY: Abolishes, repeals, or reclassifies various non-general funds of the department of transportation.

SYNOPSIS: As it relates to the airports division:

- Reclassifies various administratively created funds as trust accounts.

As it relates to the harbors division:

- Reclassifies various administratively created funds as trust accounts.
- Abolishes the administratively created risk management fire and casualty losses - harbors trust fund.

As it relates to the highways division:

- Repeals the transportation improvement special fund (HRS section 264-19).
- Reclassifies various administratively created funds as trust accounts.
- Abolishes the administratively created highway senior debt service reserve account revolving fund.

Amends the safe routes to school special fund (HRS section 291C-3 and -4) to provide that the legislature shall appropriate funds from the safe routes to school program special fund to the counties to be used for the implementation of county level projects.

Makes technical and conforming amendments.

EFFECTIVE DATE: July 1, 2050.

STAFF COMMENTS: The 1989 Tax Review Commission noted that use of special fund financing is a “departure from Hawaii’s sound fiscal policies and should be avoided.” It also noted that special funds are appropriate where the revenues to the funds maintain some direct connection between a public service and the beneficiary of that service. The Commission found that special funds which merely set aside general funds cannot be justified as such actions restrict budget flexibility, create inefficiencies, and lessen accountability. It recommended that such programs can be given priority under the normal budget process without having to resort to this type of financing.

Because of the spotlight of monies in special funds, HRS section 23-12 requires the State Auditor to review all existing special, revolving, and trust funds beginning in 2014 and at five-year intervals. This bill was the result of Auditor's Report No. 19-05.

Digested 3/6/2020

March 7, 2020

Comments on HB1973 HD2

RELATING TO NON-GENERAL FUNDS

To the Honorable Chair, Vice Chair, and members of the Committee:

Peoples Advocacy for Trails Hawaii (PATH) would like to provide the following comments on HB 1973 HD1. While PATH sincerely thanks the legislature for preserving Safe Routes to School special fund, we are concerned that the current language in the bill changes the mechanism for the allocation from DOT to the legislature. HDOT has done an exceptional job in the disbursement of these funds to counties based on formulas established through administrative rule-making, and in providing annual reports to the Legislature. Decisions of how these funds are spent should be at the local (county) level. The current Bill provides no clarity as to how funds would be disbursed in the future, causing uncertainty for counties, and potentially delaying important projects.

We strongly support SRTS programs and we ask that the current Special Fund and the current process for distributing funds to the counties be continued. In lieu of that, we are asking for clarification on the funding distribution and mechanism before we can support this bill.

The current process has been working effectively since 2014. It creates a fair and equitable distribution of funds to each county on an annual basis. This allows each county the ability to budget SRTS expenditures and schedule accordingly. If this Bill were to pass in its current form, appropriations would need to be requested from the Legislature. This causes a much higher level of uncertainty, and would most likely mean these important safety projects around schools would be delayed or cancelled due to the additional steps required.

It should also be noted that the Bill as currently proposed was not the intent of the original SRTS Special Fund. At that time, the fund was conceived to provide counties with a reliable stream of funds for SRTS projects and programs, with each county determining how to use these funds to best meet its needs.

PATH urges you to amend this Bill by deleting Part V Section 18 in its entirety, and to keep the Safe Routes to School Special Fund program functioning as it currently exists.

Tina Clothier

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Healthy Eating Active Living
Community Coalition
of Kauai County

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County of Kauai Planning Dept.

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Bev Brody, PT
Coalition Director

March 9, 2020

Senate Committee on Transportation
March 9, 2020 at 1:15 P.M.
Conference Room 308

In consideration of
House Bill 1973, HD 2
Relating to Non-General Funds

To the Honorable Chair Inouye, Vice Chair Harimoto, and members of the Committee:

Get Fit Kauai, the Healthy Eating Active Living (HEAL) Community Coalition of Kauai County, provides the following **COMMENTS** on HB 1973 HD 2.

Get Fit Kauai appreciates the changes in HB 1973 HD 2 from the original Bill. The revised Bill in its present form retains the Safe Routes to School Special Fund, but in the current language, the Legislature would be responsible for fund disbursement instead of HDOT. It is unclear how this would actually work, and therefore is of great concern to Get Fit Kauai's Countywide Safe Routes to School Task Force. Get Fit Kauai works closely with the County of Kauai, who rely on regular and stable disbursement of these funds for infrastructure improvements around schools. For example, these funds have been used as a local match for the Kawaihau elevated boardwalk in Kapa'a, which links our coastal shared use path with three schools. In addition, these funds were used to construct a new shared use path connecting Wilcox Elementary School in Lihue.

HDOT has done an exceptional job in the disbursement of these funds to counties based on formulas established through administrative rule-making, and in providing annual reports to the Legislature. Decisions of how these funds are spent should be at the local (county) level. Each county knows best how to address the pressing safety concerns around schools. The current Bill provides no clarity as to how funds would be disbursed in the future, causing uncertainty for counties, and most likely delaying important projects.

Get Fit Kauai urges you to keep the Safe Routes to School Special Fund program functioning as it currently exists. There is simply no need to fix something that isn't broken.

Thank you for your consideration.

BBrody

Get Fit Kauai – Director
H.E.A.L. (Healthy Eating Active Living)
Community Coalition of Kauai County
808-212-4765
www.getfitkauai.com

LATE



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Date: March 6, 2020

To: Senator Lorraine R. Inouye, Chair
Senator Breene Harimoto, Vice Chair
Members of the Senate Committee on Transportation

Re: Comments on HB 1973, HD2, Relating to Non-General Funds

Hrg: March 9, 2020 at 1:15 PM in Conference Room 225

The Obesity Prevention Task Force of the Hawai'i Public Health Institute (HIPHI) provides **Comments on HB 1973 HD2**, which would modify the funding mechanism for the county Safe Routes to School (SRTS) programs and require the counties to submit annual reports to the legislature on the status of their SRTS programs.

HIPHI appreciates the legislature for creating and preserving the SRTS special fund, recognizing the importance of these programs in making environments around schools safer for our keiki to walk or bike. By making walking and biking to school safer and more desirable, SRTS programs encourage a healthy and active lifestyle from an early age. It is critical that these programs have sustainable and reliable funding.

In the current version of HB 1973 HD2, the new process for SRTS program funding and allocation is ambiguous. We are concerned that a new process or change in funding levels may cause confusion and disruption to current SRTS programs, which serve an important role in keeping our keiki safe as they travel to school.

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

Mahalo,

A handwritten signature in black ink, reading "Jessica Yamauchi".

Jessica Yamauchi, MA
Executive Director

ⁱ Created by the legislature in 2012, the Obesity Prevention Task Force is comprised of over 60 statewide organizations, and works to make recommendations to reshape Hawai'i's school, work, community, and health care environments, making healthier lifestyles obtainable for all Hawai'i residents. The Hawai'i Public Health Institute (HIPHI) convenes the Task Force and supports and promotes policy efforts to create a healthy Hawai'i.

Hawai'i Public Health Institute is a hub for building healthy communities, providing issue-based advocacy, education, and technical assistance through partnerships with government, academia, foundations, business, and community-based organizations.

LATE



March 9, 2020

Testimony in Opposition to HB1973 Relating to Non-General Funds

Aloha Chair inouye, Vice Chair Harimoto, and esteemed members of the Senate Transportation Committee:

The Hawaii Bicycling League opposes the section of HB1973 (Part V Section 18) that would change the way Safe Routes to School Special Fund is distributed to the counties. It took a lot of work to establish the fund. The fund is working well between DOT and the counties. Safe streets changes are being implemented. Nothing is broken. The auditor's definition of nexus is far too narrow. Making schools safer to walk and bike to using funds from traffic violations is clearly an appropriate nexus. Nothing needs a fix in this case. Kauai County's suggestion is to delete Part V Section 18. We urge you to do the same.

Safe Routes to School projects make it safer for kids to walk and bicycle to school. In 2012 the legislature created the Safe Routes to School Special Fund to provide a dedicated funding source for these important projects. This fund enables schools, nonprofits, and the counties to work together on local neighborhood solutions. It energizes and involves people. It funds important school-focused projects, like the Fern Elementary School walkways project that will create a safe walking space for hundreds of students. The nexus between funds from traffic tickets to making schools safer is clear and appropriate.

Please keep this program as is. It is having good safety and active transportation results in our grassroots communities.

Ride and Drive Aloha,

Daniel Alexander
Co-Executive Director
Hawaii Bicycling League
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Chad Taniguchi
Director Emeritus
Hawaii Bicycling League
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