

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
ON
HOUSE BILL NO. 702

February 7, 2013

RELATING TO ENVIRONMENTAL REHABILITATION

House Bill No. 702 establishes the Community Environmental Rehabilitation Special Fund into which is deposited ten percent of moneys received from fines and penalties assessed from environmental violations; appropriations by the Legislature; and other gifts, grants and donations. The special fund shall be used to restore, improve or rehabilitate communities affected by environmental violations.

While the Department of Budget and Finance (B&F) appreciates the intent of the bill to assist communities affected by environmental violations, we defer to the Department of Business, Economic Development and Tourism regarding the technical issues and merits of the bill.

As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3 of the HRS. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. In regards to House Bill No. 702, it is difficult to determine whether the fund will be self-sustaining.

I encourage the Legislature to scrutinize the fiscal and operational plan for this program to ensure that it does conform to the requirements of Section 37-52.3, HRS.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
Thursday, February 7, 2013
9:00 a.m.
State Capitol, Conference Room 325

in consideration of

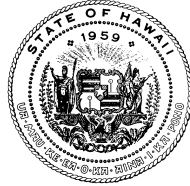
HB 702
RELATING TO ENVIRONMENTAL REHABILITATION

Chair Lee, Vice Chair Thielen, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of this bill that establishes a special fund to collect and administer ten percent of moneys received from fines and penalties assessed from environmental violations for rehabilitation projects, however, we defer to the Department of Health.

While we appreciate the overall concept of this bill as it includes initiatives supportive of our community-based economic development program's goals and objectives, we are concerned that funds would be diverted from the Department of Health's environmental response revolving fund.

Thank you for the opportunity to provide these comments.



STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

H.B. No. 702, RELATING TO ENVIRONMENTAL REHABILITATION

Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Director of Health

February 7, 2013
9:00 a.m.

1 **Department's Position:** The Department of Health **OPPOSES** this bill.

2 **Fiscal Implications:** This bill establishes a community environmental rehabilitation special fund,
3 which would appropriate ten per cent of all moneys received by the State as payment for fines or
4 penalties assessed from environmental violations, among other sources.

5 **Purpose and Justification:** The purpose of this bill is to establish a community environmental
6 rehabilitation special fund from which the Department of Business, Economic Development and
7 Tourism would expend moneys to restore, improve, or rehabilitate communities affected by
8 environmental violations from which the moneys were generated. The Department of Health
9 appreciates the intent of this bill, which would further expand the community-based development
10 program. However, the department opposes this bill because it would divert funds away from the
11 environmental response revolving fund.

12 Payment for fines and penalties for environmental violations assessed by the department are
13 deposited into the environmental response revolving fund established by statute under section 128D-2.
14 This bill creates a conflict with the department's environmentally-related statutes that require payments

1 for fines and penalties to be deposited into the environmental response revolving fund. Fines and
2 penalties for environmental violations cannot be deposited as statutorily mandated into the
3 environmental response revolving fund, and at the same time be deposited as proposed by this bill into
4 the community environmental rehabilitation special fund.

5 The department uses the environmental response revolving fund to respond to and cleanup
6 hazardous material releases to the environment, which may also affect public health. Other uses of the
7 fund include protection of State waters and regulation of solid and hazardous wastes. Over the years
8 there has been a steady decrease in environmental response revolving fund revenues due to various
9 factors such as the global recession, an increase in more fuel efficient and hybrid vehicles, and the trend
10 towards alternative non-petroleum based energy sources. Further reducing the environmental response
11 revolving fund as proposed in this bill would hinder the department's ability to accomplish its statutorily
12 mandated mission of protecting human health and the environment, and its ability to pursue other
13 environmental and natural resource protection programs. For these reasons, the department opposes the
14 proposed appropriation of ten percent of fines and penalties for environmental violations, which would
15 ultimately come from the environmental response revolving fund.

16 Thank you for the opportunity to testify.

thielen3 - Charles

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 05, 2013 9:25 AM
To: EEPtestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB702 on Feb 7, 2013 09:00AM*

HB702

Submitted on: 2/5/2013

Testimony for EEP on Feb 7, 2013 09:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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