

July 13, 2005

The Honorable Calvin K. Y. Say, Speaker
and Members of the House of Representatives
Twenty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear Mr. Speaker and Members of the House:

Re: Senate Bill No. 1620 SD2 HD2 CD1

On July 12, 2005, Senate Bill No. 1620, entitled "Relating to State Funds" became law without my signature, pursuant to Section 16 of Article III of the State Constitution.

This bill appropriates a total of \$9 million in FY 2006 and \$208,000 in FY 2007 from the Emergency Budget Reserve Fund, also called the Rainy Day Fund, for twenty-five programs.

While a number of these programs have merit, the source of the proposed funds is inappropriate. The intent and purpose of the Emergency Budget Reserve Fund is to fund true emergencies. Section 328L-3, HRS, established the Rainy Day Fund to provide a temporary supplemental source of funding during times of emergency, economic downturn, or unforeseen reduction in revenues to maintain levels of programs determined essential to the public health, safety, and welfare.

By these criteria, many of the proposed grants in this bill would fail to qualify as temporary, emergency funding for essential services. A significant number of these activities are ongoing in nature or the money is being used to purchase additional services, not maintain essential community needs. The more appropriate means of financing for these continuing programs and services would be the general fund.

Further, appropriations made outside of the State budget result in the misrepresentation of program needs and priorities. The appropriations are generally add-ons from the Legislature, providing additional money for a particular group or organization. Specific appropriations made outside of the budget tend to fragment program needs and undermine the setting of funding priorities.

Off-budget appropriations make it difficult to obtain a full assessment of a program and tend to skew the level of funding for legislatively favored programs over those that may deliver greater results in a more efficient manner. Finally, a number of the appropriations included in

The Honorable Calvin K. Y. Say, Speaker
and Members of the House of Representatives
July 11, 2005
Page 2

this bill provide additional funds to the same programs and services already included in the Executive biennium budget.

Therefore, I allowed Senate Bill No. 1620 SD2 HD2 CD1 to become law as Act 236 effective July 12, 2005 without my signature.

Sincerely,

LINDA LINGLE