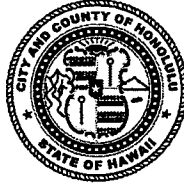


DEPARTMENT OF BUDGET AND FISCAL SERVICES
KA 'OIHANA MĀLAMA MO'OHELU A KĀLĀ
CITY AND COUNTY OF HONOLULU

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April 1, 2024

The Honorable Radiant Cordero, Chair
and Members
Committee on Budget
Honolulu City Council
530 South King Street, Suite 202
Honolulu, Hawai'i 96813

Dear Chair Cordero and Councilmembers:

SUBJECT: Testimony on Bill 20 – Relating to Fines, Fees and Other Revenues
of the Department of Planning and Permitting
Committee on Budget: April 2, 2024 at 9:00 a.m.

The Department of Budget and Fiscal Services has concerns regarding Bill 20 (2024) which establishes a special fund for the activities of the Department of Planning and Permitting (DPP).

FY 2025 revenues for DPP in the Detailed Statement of Revenues are estimated to total \$30.5 million. These revenues are deposited to the General Fund. DPP's revenues are lower than the \$32.2 million in FY 2025 funding from the General Fund for the DPP budget. In addition, there are General Fund appropriations for fringe benefits for DPP staff which are included in the Miscellaneous function of the budget.

Creation of a separate fund for DPP revenues would not provide additional revenue for the department because additional General Fund appropriations would be needed to meet all of the expenses of the department. Also, creating a new special fund would result in higher administrative costs to the City. Similar to other special funds, the new special fund would pay a 5% CASE (Central Administrative Services Expense) charge to the General Fund, which would reduce the amount in the special fund.

Another concern is the reduction in flexibility of budgeting if DPP revenues are deposited to a special fund instead of to the General Fund. The special fund can only

The Honorable Radiant Cordero, Chair
and Members
April 1, 2024
Page 2

be used for DPP expenses, whereas the General Fund can be used for all city expenses. The growing number of special funds results in reduced flexibility in budgeting, as each special fund has limited purposes.

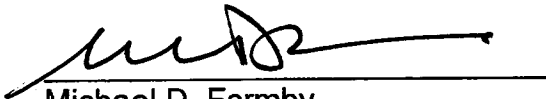
Thank you for the opportunity to submit testimony regarding this measure.

Sincerely,



Andrew T. Kawano
Director

APPROVED:



Michael D. Formby
Managing Director