DATELINE: June 30, 2025, Honolulu, Hawai`i
CONTACT: Tom Yamachika, (808) 536-4587, tom@tfhawaii.org

Lawsuit Challenges "Dam Special Fund" Used to Undermine Constitutional Expenditure Controls

HONOLULU, HAWAII–June 30, 2025–The Tax Foundation of Hawaii, a nonprofit taxpayer watchdog organization, has filed suit against the State of Hawaii to invalidate a Special Fund used to repair dams and similar improvements. The lawsuit alleges that the Special Fund was intended to be, and is, used to circumvent expenditure controls that are in the Hawaii Constitution for the protection of taxpayers.

According to Tom Yamachika, President of the Tax Foundation of Hawaii: "There are several provisions in the Hawaii Constitution that are designed to protect taxpayers. One of them places a time limit on appropriations of taxpayer funds, so that legislatures and agencies cannot tie up taxpayer money forever. Future legislatures must have the right to respond to problems and needs that are important to the people at that time. The Special Fund that we are challenging was designed to get around this time limit and tie up millions of taxpayer dollars.

"We are not challenging the ability of the Legislature to create a program to assist dam owners in need, as they did when they enacted the program in 2023. However, in 2024, millions of dollars were squirreled away in a special fund for the explicit purpose, as stated in that Act's preamble, of evading the constitutional requirement that appropriations of taxpayer funds must lapse after a certain amount of time has passed. If funds are tied up and cannot be used for future needs, future lawmakers may respond to these needs by enacting more taxes and fees to separate taxpayers from their hard-earned dollars.

"In addition, our constitution requires our lawmakers to come up with standards for granting public money or property. Thus, we have laws expressly providing standards for the creation or maintenance of special funds. The State Auditor, in its Report No. 24-03 issued in the middle of the 2024 legislative session, found that the Dam Special Fund did not meet these standards. Yet the bill passed anyway and was signed into law. The fund still does not come close to complying with these standards, and thus should not be holding taxpayer money."

A copy of the complaint is available on the Tax Foundation of Hawaii website, http://www.tfhawaii.org/wordpress/.

###

Contents of this press kit:

- **Complaint**
- **Act 134, Session Laws of Hawaii 2023**
- **Act 232, Session Laws of Hawaii 2024**
- **"Dam Special Fund" article by the Foundation, June 23, 2025**

For more information, please contact the Tax Foundation of Hawaii at (808)536-4587 or email tfh@tfhawaii.org.

About the Tax Foundation of Hawaii:
The Tax Foundation of Hawaii, a private nonprofit, nonpartisan, educational organization has, for the past 60 years, encouraged efficiency and economy in government and has promoted an equitable tax system that encourages and maintains economic growth and stability in Hawaii. Read more about us at http://www.tfhawaii.org.