

S.B. NO. 2200

JAN 25 2006

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**A BILL FOR AN ACT**

RELATING TO MONEYS FOR DISASTER PREPAREDNESS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

PART 1

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SECTION 1. Natural disasters appear to be increasing in frequency and intensity. Costs of response and recovery efforts have significantly increased. The Major Disaster Fund was established in 1957 authorizing the Governor to expend up to \$500,000 for immediate relief of any single major disaster. This amount was increased to \$750,000 in 1981 and \$1,000,000 in 1989. The purpose of this part is to raise the ceiling and authorization for the use of the Major Disaster Fund from \$1,000,000 to \$2,000,000 and to bring it in conformity with the amendments provided in the preceding part.

SECTION 2. Section 127-11, Hawaii Revised Statutes, is amended to read as follows:

"§127-11 Major disaster fund. The director shall submit requests to the legislature to appropriate from the general revenues of the State sufficient moneys as may be necessary for expenditure by or under the direction of the governor for

1 immediate relief in the event of the occurrence of any major  
2 disaster or emergency in any part of the State; provided that:

3 (1) The governor may not expend in excess of [~~\$1,000,000~~]  
4 \$2,000,000 for immediate relief of any single major disaster  
5 or emergency; and

6 (2) Provided further that in addition to the funds in paragraph  
7 (1), an additional [~~\$1,000,000~~] \$2,000,000 shall be  
8 available solely for the purpose of matching federal  
9 disaster or emergency relief funds when these funds become  
10 available following a presidential disaster or emergency  
11 declaration.

12 In expending the moneys, the governor may allot any portion  
13 thereof to any agency, office, or employee, federal, state, or  
14 county, for the more speedy and efficient relief of the  
15 conditions created by the disasters. The governor may determine  
16 whether a major disaster or emergency contemplated by this  
17 section has occurred, and any determination shall be conclusive."

18 PART 2

19 SECTION 3. Chapter 128, Hawaii Revised Statutes, is amended  
20 by adding a new section to be appropriately designated and to  
21 read as follows:

S .B. NO. 2288

1        "§128-        Civil defense disaster preparedness special  
2 fund. (a) There is established in the state treasury the civil  
3 defense disaster preparedness special fund, into which shall be  
4 deposited:

5        (1) The moneys provided by the hurricane reserve trust  
6        fund; and

7        (2) Appropriations made by the legislature to the civil  
8        defense disaster preparedness special fund.

9        (b) The civil defense disaster preparedness special fund  
10 shall be administered by the department of defense and may be  
11 used for any of the following purposes:

12        (1) Constructing, improving, and retrofitting buildings  
13        that could serve as public shelters;

14        (2) Purchasing or improving early warning systems;

15        (3) Public education programs on disaster preparedness;

16        (4) Loss mitigation or reduction efforts or programs,  
17        including but not limited to deposits to the loss  
18        mitigation grant fund;

19        (5) Providing around-the-clock alert staff for the civil  
20        defense division of the department of defense;

21        (6) Updating evacuation maps in phone books;

S .B. NO. 2288

- 1        (7) Developing statewide residential safe room design
- 2                standards;
- 3        (8) Disaster or emergency response programs including, but
- 4                not limited to, deposits to the major disaster fund;
- 5        (9) Establishing and maintaining emergency supplies to
- 6                provide immediate relief in the case of a disaster or
- 7                emergency; or
- 8        (10) Improving the readiness of the State or its citizens to
- 9                respond to a disaster."

10        SECTION 4. Section 431:22-102, Hawaii Revised Statutes, is  
11 amended by amending subsection (a) to read as follows:

12        "(a) There is established a special fund to be designated  
13 as the loss mitigation grant fund. Moneys [~~transferred~~]  
14 deposited to the loss mitigation grant fund may be expended by  
15 the commissioner to carry out the commissioner's duties and  
16 obligations under this article. Disbursements from the loss  
17 mitigation grant fund shall not be subject to chapter 42F or 91."

18        SECTION 5. Section 431P-16, Hawaii Revised Statutes, is  
19 amended by amending subsection (i) to read as follows:

- 20        "(i) Moneys in the hurricane reserve trust fund may be:
- 21                (1) Used for the purposes of the Hawaii hurricane relief
  - 22                fund;

S.B. NO. 2288

1        ~~[(1)]~~ (2) Disbursed upon dissolution of the Hawaii  
2        hurricane relief fund; provided that [+  
3        (A) ~~The]~~ upon dissolution the net moneys in the  
4        hurricane reserve trust fund shall revert to the state  
5        general fund [~~after payments by the fund on behalf of~~  
6        ~~licensed property and casualty insurers or the State~~  
7        ~~that are required to be made pursuant to any federal~~  
8        ~~disaster insurance program enacted to provide insurance~~  
9        ~~or reinsurance for hurricane risks are completed; and~~  
10       ~~(B) If such moneys are paid on behalf of licensed~~  
11       ~~property and casualty insurers, payment shall be~~  
12       ~~made in proportion to the premiums from policies~~  
13       ~~of hurricane property insurance serviced by the~~  
14       ~~insurers in the twelve months prior to dissolution~~  
15       ~~of the fund]; or~~

16       ~~[(2)]~~ (3) Deposited to the loss mitigation grant fund  
17       established under section 431:22-102 [~~+~~  
18       ~~provided that all interest earned from the principal in the~~  
19       ~~hurricane reserve trust fund shall be transferred and~~  
20       ~~deposited into the general fund each year that the hurricane~~  
21       ~~reserve trust fund remains in existence.] pursuant to  
22       legislative appropriation.~~

1       Prior to dissolution of the Hawaii hurricane relief fund and  
2 in the event that the Hawaii hurricane relief fund has no  
3 policyholders, the annual net investment income earned from the  
4 principal in the hurricane reserve trust fund shall be deposited  
5 to the credit of the civil defense disaster preparedness fund;  
6 provided that the first \$2,000,000 of the annual net investment  
7 income in fiscal years 2006-2007 and 2007-2008 shall be  
8 deposited into the loss mitigation grant fund."

9       SECTION 6. Act 5, Special Session Laws of Hawaii 2005, is  
10 amended by amending section 4 to read as follows:

11       "SECTION 4. There is appropriated out of the hurricane  
12 reserve trust fund the sum of \$2,000,000 or so much thereof as  
13 may be necessary for fiscal year 2005-2006, [~~and the sum of~~  
14 ~~\$2,000,000 or so much thereof as may be necessary for fiscal year~~  
15 ~~2006-2007]~~ for tsunami and hurricane preparedness efforts,  
16 including installing and maintaining new siren systems, updating  
17 evacuation maps in telephone books, constructing additional  
18 shelter space and retrofitting existing public buildings that  
19 could serve as emergency shelters, developing statewide  
20 residential safe room design standards by January 1, 2006,  
21 providing around-the-clock alert staff for the civil defense  
22 division of the department of defense, and expanding public

S.B. NO. 2288

1 education campaigns emphasizing the need for tsunami and  
2 hurricane preparedness.

3 The sum appropriated in this part shall be expended by the  
4 department of defense for the purposes of this part."

5 SECTION 7. Act 5, Special Session Laws of Hawaii 2005, is  
6 amended by amending section 12 to read as follows:

7 "SECTION 12. There is appropriated out of the hurricane  
8 reserve trust fund of the State of Hawaii the sum of \$2,000,000,  
9 or so much thereof as may be necessary for fiscal year 2005-2006,  
10 ~~[and the sum of \$2,000,000, or so much thereof as may be~~  
11 ~~necessary for fiscal year 2006-2007,~~] for the deposit into the  
12 loss mitigation grant fund."

13 SECTION 8. There is appropriated out of the civil defense  
14 disaster preparedness special fund the sum of \$4,000,000, or so  
15 much thereof as may be necessary, for fiscal year 2006-2007 for  
16 the purposes of the civil defense disaster preparedness special  
17 fund. The sum appropriated shall be expended by the department  
18 of defense.

19 SECTION 9. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.

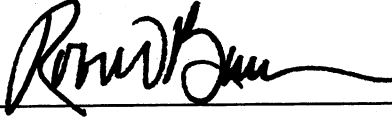
S .B. NO. 2288

1 SECTION 10. This Act shall take effect upon its approval.

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INTRODUCED BY:

  
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BY REQUEST



JUSTIFICATION SHEET

DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO MONEYS FOR DISASTER PREPAREDNESS.

PURPOSE: This bill raises the ceiling on expenditures from the major disaster fund from \$1 million to \$2 million to provide for additional disaster relief. This bill also returns the interest earned on the hurricane reserve trust fund to the hurricane reserve trust fund when the Hawaii hurricane relief fund has policyholders. However, when the Hawaii hurricane relief fund has no policyholders, the interest earned in the hurricane reserve trust fund shall be transferred to the Department of Defense for disaster preparedness efforts; provided that in fiscal years 2006-2007 and 2007-2008, the first \$2 million of interest is to be transferred to the loss mitigation grant fund. This bill creates a civil defense disaster preparedness special fund to build or improve public shelters, improve early warning systems, conduct public education on disaster preparedness, promote loss mitigation efforts, provide around the clock alert staff, update evacuation maps in phone books, develop statewide residential safe room design standards, fund disaster or emergency response programs, establish and maintain emergency supplies, and improve disaster readiness. This bill also deletes a superfluous reference to payments due to the federal government on behalf of Hawaii hurricane relief fund servicing facilities. This bill also amends Act 5, Session Laws of Hawaii 2005, to delete the fiscal year 2006-2007 appropriation out of the hurricane reserve trust fund principal for loss mitigation and Department of Defense disaster preparedness efforts, both of which will now be funded out of interest on the hurricane reserve trust fund.

## MEANS:

Add a new section to chapter 128 and amend sections 127-11, 431:22-102(a) and 431P-16(i), Hawaii Revised Statutes, and sections 4 and 12, Act 5, Special Session Laws of Hawaii 2005.

## JUSTIFICATION:

Raising the ceiling on the major disaster fund will provide for additional relief in the event of a disaster. Interest on the hurricane reserve trust fund is currently going to the general fund. Interest will be used to fund the wind resistive device grant program established pursuant to article 22 of chapter 431, Hawaii Revised Statutes. Encouraging retrofits is advisable to reduce the damage resulting from the next hurricane. There is also a need for disaster preparedness, including building and retrofitting of public shelters. This will make the public safer in preparation for the next hurricane or other disaster. However, if the Hawaii hurricane relief fund resumes issuing policies of insurance, then it will need the interest to provide insurance coverage to its policyholders. While the Hawaii hurricane relief fund has policyholders, it violates the fund's contractual obligations to the policyholders to have money removed from the hurricane reserve trust fund for other purposes.

Impact on the public: There should be a positive impact on the public as civil defense spends money on disaster preparedness efforts and loss mitigation. There will be a positive impact on the Hawaii hurricane relief fund policyholders as interest is used to provide funding for their policies.

Impact on the department and other agencies: The hurricane reserve trust fund is already paying interest to the general fund. The impact of this bill will be to divert these moneys for loss mitigation and disaster preparedness.

GENERAL FUND: None.

OTHER FUNDS: \$4 million from the Civil Defense Disaster Preparedness Special Fund, investment income from the Hurricane Reserve Trust Fund, Major Disaster Fund, Loss Mitigation Grant Fund.

PPBS PROGRAM DESIGNATION: CCA-106.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.