

Honolulu, Hawaii

Feb 16, 2006

RE: H.B. No. 2325

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2325 entitled:

"A BILL FOR AN ACT RELATING TO MONEYS FOR DISASTER PREPAREDNESS,"

begs leave to report as follows:

The purpose of this bill is to improve Hawaii's disaster preparedness efforts. Among other things, this measure:

- (1) Clarifies that the Major Disaster Fund (MDF) may be used for emergencies in addition to disasters;
- (2) Raises the expenditure ceiling of the MDF to \$2,000,000 for any single disaster or emergency;
- (3) Raises to \$2,000,000 the amount of funds available for matching federal disaster or emergency relief funds that become available following a presidential disaster or emergency declaration;
- (4) Establishes the Civil Defense Disaster Preparedness Special Fund (Disaster Preparedness Fund) administered by the Department of Defense for various disaster preparedness measures and programs;
- (5) Repeals the provision that transfers interest earned from the principal in the Hurricane Reserve Trust Fund (Trust Fund) to the general fund;



- (6) Specifies that in the event the Relief Fund has no policyholders, the annual net investment income earned from Trust Fund principal shall be deposited into the Disaster Preparedness Fund, except that in fiscal years 2006-2007 and 2007-2008, the first \$2,000,000 shall be deposited into the Loss Mitigation Grant Fund (Grant Fund); and
- (8) Repeals the appropriations out of Relief Fund principal for fiscal year 2006-2007, of \$2,000,000 for various tsunami and hurricane preparedness efforts, and \$2,000,000 for the Grant Fund, and instead, appropriates \$4,000,000 out of the Disaster Preparedness Fund for fiscal year 2006-2007 to be expended by the Department of Defense for disaster preparedness.

The Department of Commerce and Consumer Affairs, Department of Accounting and General Services, State Department of Defense, Structural Engineers Association of Hawaii, and the Hawaii Lumber Products Association testified in support of this bill. The Hawaii Association of Realtors supported the intent of this measure.

Your Committee finds that this bill would use Trust Fund interest, rather than principal, to fund disaster mitigation and other preparedness measures.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2325 and recommends that it be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,



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ROBERT N. HERKES, Chair



