

Honolulu, Hawaii

MAR 16 2006

RE: H.B. No. 2274
H.D. 1
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Transportation and Government Operations,
to which was referred H.B. No. 2274, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO STATE RISK MANAGEMENT,"

begs leave to report as follows:

The purpose of this measure is to allow the comptroller to deposit money received from the settlement of claims or for losses of the State into a trust account of the affected agency instead of into the state risk management revolving fund.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services and the Department of Education.

The intent of this measure is to allow an affected agency that receives the money from the settlement or claim to receive the funds in a timely manner by means of a direct deposit of those funds into the agency's trust account established for this purpose.

Under current law for example, any insurance proceeds received by the State for a fire loss must be first deposited into the risk management revolving fund and then expended for the agency or department that sustained the loss. In the meantime, the damaged premises is not being repaired because the agency does not have the funds to pay for the repairs.



In October 2004, the University of Hawaii at Manoa campus was flooded and sustained major damage. The insurance proceeds of \$25,000,000 were first deposited into the risk management revolving fund where they remained until later appropriated out of the fund on an emergency basis. The lag in time caused the University of Hawaii to pay for repairs from existing appropriations, causing previously planned projects to be needlessly delayed.

Your Committee finds that this measure would put the insurance proceeds directly into the hands of the agency to proceed immediately with repairs.

Your Committee has amended this measure by changing the effective date to July 1, 2006.

As affirmed by the record of votes of the members of your Committee on Transportation and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2274, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2274, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Transportation and
Government Operations,


LORRAINE R. INOUÉ, Chair



