

# LATE TESTIMONY

## Testimony of Gerald Peters and The Hawaii Lumber Products Association

(CPC) House Consumer Protection & Commerce Committee; Monday February 4, 2008.  
Room 325. 2:00 pm RE: HOUSE BILL 3091 -- RELATING TO LOSS MITIGATION

Chair Herkes, Vice Chair McKelvey, and Members;

My name is Gerald Peters. I am testifying on behalf of The Hawaii Lumber Products Association, as well as myself as an individual, in **strong opposition** to this legislation. In my opinion, this bill as written, will probably derail 13 years of Legislative, State and County Civil Defense, and private sector work on loss mitigation. It should be held, or, at a minimum, be amended to change from a non refundable tax credit to a refundable one in order to help the retirees, seniors, and the huge numbers of "house rich-on-market value but cash poor".

The current program is not broken and does not need to be entirely scrapped, but rather be re-authorized, earthquake protection added as an eligible item, limits raised for window glass protection and safe rooms, and then properly brought to the public's attention. The original authorization for 36 months is running out of time and half of the 30 months to date was spent setting it up, but virtually no public awareness efforts to date despite announcements to do so due to sequestered funds.

The bill herein is not an improvement for, or in the widest public interest and consumer protection. If approved, it would, in my opinion, make it appear the Legislature took finally took all the rest of the hurricane relief fund money. I believe this policy change will become a major set back for individual citizen responsibility, particularly for the poorer and older members of society who will lose the financial ability and incentive to take action to protect their houses and condos. While other coastal states like Florida are taking global warming seriously and ramping up cash grant programs and awareness, **Hawaii, under this bill, would instead move backwards.**

This bill as written basically gives up on loss mitigation in its infancy, and essentially throws away over a million dollars invested in this current loss mitigation program, including the \$640,000 feasibility study mandated 76-0 by the 2000 Legislature, the nearly complete UH/Civil Defense/Private sector In Residence/Community Center Safe room testing facility at Diamond Head crater—thus setting back State Civil Defense's formalized priority to address the serious shortage in shelter capacity.

**It helps only the rich or well to do** with tax liability and plenty of disposable cash. And, even the well to do would prefer not having to lay out and then waiting for the average \$1000 credit.

**It hurts the fixed income and poor and even the so called house rich/cash poor vast middle** and upper middle class. It is not a refundable tax credit, so the poor and elderly cannot use the tax credit since many or most have no state tax liability. Our seniors usually have the oldest and weakest plantation type houses which can be helped/strengthened with the devices approved in the program, but who are dropping hurricane insurance coverage in droves because it cost \$1000 to \$1500 a year for single wall now.

So under this bill, seniors and poor get hurt by both the insurance companies and now the State too, and we could face a calamity of immense proportions like Katrina where many older people/extended families under one roof lose their lives, are injured, lose their houses and have no insurance, nor place to stay. This risk is not necessary nor advisable. It is not well considered in depth; it is simpler and cheaper and safer to merely re-authorize.

It was proven in Kauai with their tax credit for safe rooms that Hawaii homeowners do not respond to tax credits for disaster preparedness investment...only two or three people I am told took advantage of the credit program there in several years.

It derails State Civil Defense's job/problem number one: Shortage of shelter spaces for the general public, visitors and special needs people numbering over 100,000 space short which the current program addresses, particularly through the safe room component.

It threatens to scuttle and waste the \$450,000 being spent as we speak to launch the Pacific Basin's first and only disaster preparedness safe room testing facility at Diamond Head Crater, a product of the Disaster Emergency Preparedness (Override) Act of 2005—a joint venture co-operative of the UH School of Civil Engineering, State Civil Defense, the private sector including my assn HLPAA, Building Industry Assn of Hawaii, Structural Engineers Assn of Hawaii, and major private sector companies such as Simpson Strong Tie Company, and Weyerhaeuser Lumber Company, and many others.

Rewriting all the technical and administrative rules from scratch under the tax department means another long and arduous delay. It is well known that people in general have "Disaster Amnesia" between storms, earthquakes, and other mother nature or hurricane or flood insurance debacles in the news. And, if a hurricane hits this election year, right in the middle of trying to kick this program from DCCA to the Tax Division, then 1)unlike currently, the state will not be able to gear up; 2)there is no telling what the revenue impact will be; and, 3)the media and the public will be asking why oh why was this done?

It appears that this proposed legislation serves only to help the Insurance Division bail out of the program responsibility and the need to work each year on re authorization of funding. The current program's wording to "spend \$6 million over three years" means that the time is running out this coming July 2, despite the Insurance Division spending half of that time trying to get the program started.

Fortunately, Representative Wakai, a past Conference Chair on mitigation, has introduced this session HB3292 to re-authorize/extend the program.....AND, add earthquake loss mitigation devices. Meanwhile, the Ins Div has only introduced this bill and its companion and we are being warned that if this bill doesn't pass, then the program gets suspended just in time for this coming hurricane and election season, unless another re-authorization passes. We should not play risky unnecessary musical chairs with the public safety and moreover with the public's money. The hurricane relief fund and its millions of dollars of annual interest is the public's—not the State's. The subject of disaster preparation and loss mitigation and public safety requires a sustained 20 year and more effort, as Chairman Herkes has been trying to do for a decade already. Thank you for your patience and consideration of this testimony.