

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 120, S.D. 1, PROPOSED H.D. 1

April 5, 2011

RELATING TO STATE FUNDS

Senate Bill No. 120, S.D. 1, Proposed H.D. 1, repeals certain special and revolving funds and transfers those fund balances to the State general fund. This bill also converts certain University of Hawaii revolving funds to special funds; transfers excess balances from certain non-general funds to the State general fund; transfers monies from the Compliance Resolution Fund (CRF) to retroactively and in the future pay all interest payments on general obligation bonds issued for the Department of Commerce and Consumer Affairs' infrastructure improvements; temporarily repeals the requirement that \$2,000,000 of tax revenues from the banking industry be deposited to CRF and instead, deposits the revenues to the State general fund; temporarily suspends the distribution of a portion of the conveyance tax to the Land Conservation Fund; and temporarily redirects portions of the tobacco settlement monies from the Emergency and Budget Reserve Fund and the Hawaii Tobacco Prevention and Control Trust Fund to the State general fund.

In light of the Council on Revenues' recently reduced general fund tax revenue growth rate for FY 11 from 3% to 0.5%, transfers to the State general fund such as those proposed in this measure are needed to assist in addressing the severe budget shortfall facing the State and ensuring that the State is operating within a balanced budget.

However, we also recognize that there may be legitimate need for certain non-general funds to maintain their fund balance and/or status. To that end, we defer to the departments on specific concerns that they may have regarding this measure.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-SIXTH LEGISLATURE, 2011**

ON THE FOLLOWING MEASURE:

S.B. NO. 120, S.D. 1, PROPOSED H.D. 1, RELATING TO STATE FUNDS.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Tuesday, April 5, 2011 **TIME:** 4:30 p.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): David M. Louie, Attorney General, or
Randall S. Nishiyama, Deputy Attorney General

Chair Oshiro and Members of the Committee:

The Department of the Attorney General provides two comments regarding this bill.

S.B. No. 120, S.D. 1, proposed H.D. 1, repeals certain special funds, converts certain revolving funds of the University of Hawaii into special funds, transfers moneys from certain non-general funds to the general fund for fiscal year 2010-2011, amends the Compliance Resolution Fund to require it to pay the interest payments on general obligation bonds used for the benefit of the Department of Commerce and Consumer Affairs and repeals the requirement that tax revenues from the banking industry be deposited into the Compliance Resolution Fund, temporarily suspends the distribution of a portion of the conveyance tax to the Land Conservation Fund, and temporarily redirects a portion of the tobacco settlement moneys from the Emergency and Budget Reserve Fund to the general fund.

First, we note that the transfer of \$2,000,000 from the Wireless Enhanced 911 Special Fund to the general fund for fiscal year 2010-2011 in section 24 of this bill violates federal law, specifically the New and Emerging Technologies 911 Improvement Act of 2008 ("NET 911"), P.L. 110-283. The Wireless

Enhanced 911 Special Fund is funded by a monthly surcharge of sixty-six cents collected from each wireless phone account. Under NET 911, this fee can only be used to support or implement 911 or enhanced 911 services. Enhanced 911 services enable the determination of the location of a 911 call.

Diversion of the 911 surcharge for uses other than 911 purposes is a violation of NET 911, and is punishable by fine of not more than \$10,000 or by imprisonment for a term not exceeding one year, or both.

Further, NET 911 requires the State to report to the Federal Communications Commission any use of 911 funds for non-911 purposes. This information will then be turned over to the Congress. We note that Congress has threatened penalties and fines, and the withholding of federal funds, including funds for non-911 purposes, such as federal highway aid, for the unauthorized use of 911 moneys.

Second, we do not object to the transfer of \$500,000 from the Medicaid Investigations Recovery Fund to the general fund for fiscal year 2010-2011 in section 26 of the bill.

Thank you the opportunity to testify on this bill.

NEIL ABERCROMBIE
GOVERNOR



BRUCE A. COPPA
Comptroller

RYAN OKAHARA
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
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P.O. BOX 119
HONOLULU, HAWAII 96810-0119

WRITTEN COMMENTS
OF
BRUCE A. COPPA, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE HOUSE
COMMITTEE ON FINANCE
ON
April 5, 2011

S.B. 120, S.D. 1, Proposed H.D. 1

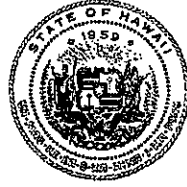
RELATING TO STATE FUNDS

Chair Oshiro and members of the Committee, thank you for the opportunity to provide comments on S.B. 120, S.D. 1, Proposed H.D. 1.

DAGS would like to comment on the proposed transfer of \$2 million from the Wireless Enhanced 911 Fund to the general fund. The Attorney General has previously advised that under Public Law 110-283, 911 funds should only be used for 911 purposes and penalties may be imposed if someone knowingly and willfully commits an act prohibited by this law.

Thank you for the opportunity to comment on this matter.

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



LORETTA J. FUDDY, A.C.S.W., M.P.H.
DIRECTOR OF HEALTH

STATE OF HAWAII
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In reply, please refer to:
File:

House Committee on Finance

Proposed SB 120, SD 1, HD 1 Relating to State Funds Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H. Director of Health

April 5, 2011

1 **Department's Position:** The department opposes this measure except as noted.

2 **Fiscal Implications:** These special funds provide funding for operating expenses and many also fund
3 staffing for these programs. Unless these special funded positions and operating expenses are replaced
4 with general funds, the programs will be severely hampered or cease to operate.

5 **Purpose and Justification:** SB 120, SD 1 proposes to transfer funds from various Department of
6 Health special funds to the State General Fund. The programs impacted by this measure provide critical
7 services to maintain the health and safety of the people of Hawaii.

8

9 Pursuant to section 37-52.3 (1), HRS, Criteria for the establishment and continuance of special funds, a
10 Special Fund serves the purpose for which it was originally established and also reflects a clear nexus
11 between the benefits sought and charges to its users and beneficiaries. Also section 37-62, HRS,
12 Definitions, defines "Special Funds" as "funds which are dedicated or set aside by law for a specified
13 object or purpose. As such, the special funds and the revenues deposited into these special funds from
14 assessed fees or fines, have a clear nexus to the programs that are funded by these special funds.

15

1 Section 40 – Mental Health and Substance Abuse Special Fund

2 The Mental Health and Substance Abuse Special Fund receives its revenue from treatment services
3 rendered by mental health and substance abuse programs operated by the State. The source of revenue
4 includes payments from Medicaid, Medicare, and patients.

5
6 These special funds are used for the provision of community-based outpatient services, case
7 management services, psychosocial rehabilitation services, crisis services, residential services, and
8 treatment services for individuals with severe and persistent mental illness. Allowable expenses are
9 expenses incurred to provide or support the program activities for both State-operated Community
10 Mental Health Centers and contracted purchase of service (POS) providers.

11
12 Section 41 – Drug Demand Reduction Assessments Special Fund

13 The Drug Demand Reduction Assessments Special Fund is intended to “supplement substance abuse
14 treatment and other substance abuse demand reduction programs.” The court imposes monetary
15 assessments in cases involving persons convicted of an offense related to drugs and intoxicating
16 compounds and is applicable to persons who are convicted, or charged with an offense and have been
17 granted a deferred acceptance of guilty (DAG) or no contest plea (DANC). (Prior to payment of the
18 assessment, an offender is required to pay restitution, probation and crime victim compensation fees.)
19 Act 152 Session Laws of Hawaii (SLH) 2004, added “driving under the influence” (DUI) offenses for
20 which drug demand reduction assessments are imposed, which increased the amount of funding
21 generated to *supplement* funding for substance abuse prevention and treatment services. ADAD is
22 working towards increasing the ceiling for the fund.

23
24 Section 42 – Neurotrauma Special Fund

1 The Neurotrauma Special Fund is used to fund safety net programs for stakeholders who would
2 otherwise have little or no means to address rehabilitation. It is noted that \$1 million was transferred
3 from the fund to the general fund by Act 192/SLH 2010. This House draft proposes to transfer an
4 additional \$750,000 from this special fund to the general fund. At this time, based on anticipated
5 revenues for the upcoming biennium and program needs, the program would be able to transfer only
6 \$250,000 to the general fund on June 30, 2011, otherwise, the program would be forced to terminate
7 some of their contracts, including their contract with the University of Hawaii's Pacific Basin
8 Rehabilitation Research and Training Center.

9

10 Section 43 – Emergency Medical Special Fund

11 The Emergency Medical Special Fund is used to fund ambulance service contracts statewide. In Act
12 162, SLH 2009 the legislature changed the means of financing for ambulance service contracts by
13 replacing \$9M in general funds with special funds for FY 2011. Later, to avoid a shortfall, by Act 180
14 SLH 2010, the legislature changed the means of financing for \$4.5M from special funds to general funds
15 for FY 2011. Contracts and MOA for ambulance services and EMT/MICT training are executed
16 annually with a service start date of July 1. The funds for the current year encumbrances are available
17 from the prior year collections and carry-over of unencumbered funds (July 1 through June 30).
18 Contracts must be fully encumbered at the beginning of the contract period.

19

20 Section 44 – Electronic Device Recycling Special Fund

21 The Electronic Device Recycling Fund, pursuant to HRS 339D-10, derives its revenue from registration
22 fees paid by electronic device and television manufacturers that are required to participate in the State's
23 electronics and television recycling program.

24

1 The program has determined that the most beneficial use of program funds would be to establish
2 contracts with the counties to support electronics recycling programs. All counties had previously
3 conducted electronic collections for recycling, but these have all been curtailed due to budget
4 constraints. Use of the EDRF funds would provide a solution for diverting electronics from disposal to
5 recycling.

6

7

8 Section 45 – Environmental Management Special Fund

9 The Environmental Management Special Fund (EMSF) funds a total of 9.00 positions in the Solid and
10 Hazardous Waste Branch. Positions funded by the solid waste tip fee are required to develop and
11 implement departmental rules on solid waste management activities, implement the requirements of the
12 Resource Conservation and Recovery Act (CFR part 258); review and approve or disapprove permit
13 applications for solid waste management, special waste, and materials recycling facilities; inspect and
14 assure compliance of permitted waste management facilities; investigate and initiate enforcement
15 actions against violators and illegal operations; analyzes monitoring data relating to groundwater
16 contamination, ash management and landfill gas generation; respond to complaints regarding illegal
17 dumping or disposal of solid waste, or other special wastes. There are no other state agencies that would
18 be able to provide these services. The position funded by the glass advanced disposal fee provides
19 oversight to contracts for the recycling glass containers in each county. There are no other state
20 agencies that would be able to provide these services. The reduction may have significant impact on
21 funding glass recycling programs and may also result in a warm body reduction-in-force at the county
22 level. Revenues from the advance tire surcharge fee are collected from companies that import new tires
23 into Hawaii (tire wholesalers and new car dealers) and are intended for cleaning up illegal tire dumps
24 throughout the state. The transfer of funds would eliminate the State's ability to initiate a cleanup of any
25 tire piles that pose a risk to human health and the environment. Given the current economic climate, we

1 expect more illegal dumping associated with companies avoiding cost to properly dispose and/or
2 abandoning tires.

3

4 Section 46 – Deposit Beverage Container Special Fund

5 The Deposit Beverage Container Special Fund (DBCASF) would not be able to return deposits to the
6 public without a sufficient available cash balance. It is critical for the Deposit Beverage Container
7 program to retain an available cash balance of \$4-5 million per month to remain operable. The DBCASF
8 cash balance can fluctuate by several million dollars due to the timing of deposits and expenditures of
9 considerable value. Maintaining adequate funds for the program is also critical because the program is
10 drawing on funds collected in the beginning years when the redemption rate was lower. If the
11 redemption rate is at 79% or higher, the container fee will have to be raised in order for the program to
12 continue operations. It is noted that Act 192/SLH 2010 transferred \$1 million from the fund to the
13 general fund.

14

15 The Program reimburses deposits (5-cents/container) and pays handling fees (2-4 cents/container) to
16 certified redemption centers (CRCs) that pay the public. CRCs generally take out loans from lending
17 institutions to pay deposits to the public and demand immediate payment from the Program in order to
18 reduce the finance charges applied to their loans. The Program generates large purchase orders (P.O.s)
19 to expedite payment to reimburse CRCs within two weeks. If the Program does not have an available
20 and adequate cash balance, the Program is unable to pay the CRCs. CRCs also are paid handling fees
21 for DBC material processed and transported for recycling. In general, CRCs need to store material until
22 it is ready for shipment then submit claims for handling fees. The timing of handling fee claims is
23 unpredictable and may be submitted well after the DBC material was originally redeemed. If the
24 Program does not have sufficient funds available, payments on handling fee claims will be delayed.
25 CRCs rely on the handling fees to offset processing and transportation costs.

1

2 CRC managers have stated that, if payments on refund reimbursement and/or handling fee claims are
3 significantly delayed, the CRCs will shutdown. Shutdown of the CRCs will result in CRC worker
4 layoffs (adding to Hawaii's unemployed) and the elimination of DBC redemption centers. An estimated
5 300 people work at CRCs around the state. The public outcry from the closed CRCs will be substantial
6 and may have legal implications, e.g., inequity of paying DBC refunds and fees with no ability to
7 redeem containers, etc.

8

9 An inadequate DBCSF available balance will result in no funding for the counties of Kauai and Hawaii.
10 Without funding, the counties may have to lay off staff (4 warm bodies) and will be forced to terminate
11 contracts with CRC operators. Terminating contracts with CRC operators will eliminate numerous
12 subsidized redemption centers on the Big Island, i.e., ARC of Hilo CRCs, Maui (Hana CRC - remote
13 location) and Lanai (only one CRC exists currently on Lanai).

14

15 An inadequate available DBCSF balance will prevent payments on existing CRC infrastructure
16 improvement contracts with private CRCs. The infrastructure improvement contracts are currently in
17 effect and were executed in response to the Legislature's passage of Act 285, Session Laws 2007 (i.e.,
18 adding HRS section 102.5, which authorized the issuance of such contracts to improve the CRC
19 infrastructure, establish more CRCs, and, improve DBC redemption services). Besides terminating such
20 customer service planned improvements, non-payment on these contracts could result in litigation from
21 the companies' detrimental reliance, e.g., incurring debts and obligations under the contracts, etc.

22

23 The Deposit Beverage Container Special Fund provides funding for a total of 11.00 budgeted full time
24 positions at a personal services cost of \$613,569/year. Adequate cash balances are needed to ensure that

1 funds are available for ongoing payroll. Unexpected shortages will result in staff uncertainty, turnover,
2 and an accompanying negative effect on the efficiency and effectiveness of the program.

3
4 These positions provide the administrative and technical resources necessary to ensure ongoing efficient
5 operations of the Program. Without these positions, payments to CRCs will not be completed in a timely
6 manner, accounting of revenues and expenditures may not be reconciled, the review and approval of
7 CRC applications will not be completed, the inspection and assurance that facilities maintain compliance
8 will not be completed, the investigations and enforcement of violators and illegal operations will also
9 not be completed.

10

11 Section 47 – Newborn Metabolic Screening Special Fund

12 The Newborn Metabolic Screening Fund is intended to be used for the Newborn Metabolic Screening
13 Program (NBMSF) for “payment of its lawful operating expenditures, including but not limited to
14 laboratory testing, follow-up testing, educational materials, continuing education, quality assurance, and
15 indirect costs” [HRS §321-291(d)]. NBMSF assures that all infants born in Hawai‘i are screened for 32
16 disorders. These disorders may have with serious consequences such as mental retardation or death if
17 not identified and treated early. The disorders screened are very rare, and few primary care providers
18 have the knowledge or expertise for clinical management. The program is responsible for assuring
19 appropriate and timely screening, diagnosis, and treatment. All program income in the special fund is
20 derived from birthing hospital payment for screening kits.

21

22 The fund is used for all NBMSF staff positions and fringe benefits, contract for the centralized
23 laboratory testing, repeat testing, confirmatory testing, specimen collection and handling, and contracted
24 metabolic/hemoglobinopathy clinic follow-up services. The impact of insufficient operating funds is

1 that children with disorders who are not screened and identified may die or have developmental
2 delays/disabilities, growth retardation, and/or severe life-threatening illnesses.

3
4 Section 48 – Community Health Centers Special Fund

5 This section proposes to transfer \$1,000,000 from this fund to the general fund. However, in fiscal year
6 2010 the actual cigarette taxes deposited into the special fund was \$6,753,856. By comparison, in fiscal
7 year 2011, a total of \$6,679,295 has been allocated to Federally Qualified Health Centers (FQHCs) as
8 follows: \$4,081,295 is being allocated for comprehensive primary care services for
9 uninsured/underinsured individuals up to 250% of the Federal Poverty level. In addition, \$1,130,000 is
10 allocated to Hana Health for urgent/primary care services and \$1,468,000 to the Waianae Coast
11 Comprehensive Health Center for emergency services provided between the hours of midnight and 8:00
12 a.m., 365 days a year.

13
14 Further, the DOH must retain reserves in the special fund account which is equivalent to approximately
15 $\frac{1}{4}$ of the amounts being appropriated in the subsequent fiscal year (equivalent to \$1,669,824) to pay for
16 services incurred in the first quarter of the new fiscal year. Therefore, there is no excess of \$1,000,000
17 in relation to the requirements of the fund. If the \$1,000,000 is transferred, the FQHCs will not be able
18 to receive compensation equivalent to 10,526 medical visits. Due to the State's financial crisis, many
19 unemployed and uninsured individuals are seeking medical care at the FQHCs. Transferring \$1,000,000
20 at a time when funds are urgently needed by the FQHCs to serve the State's most vulnerable populations
21 will be detrimental to those most in need.

22
23 Section 49 – Noise, Radiation, Indoor Air Quality Special Fund

24 The DOH-RAD team will be severely impacted by the loss of \$250,000 in funds proposed by the HD 1
25 version. The team is trained to respond to all-hazards emergencies and natural disasters and has worked

1 extensively with first responders (police, fire, DOD) to ensure the health and safety of the people of our
2 state. Without this funding, the program would be incapable of fielding a team, as there will be no
3 capability for: maintaining equipment; collecting and analyzing of samples; and providing provisions for
4 team members. The Department of Homeland Security has invested a large sum of money to make this
5 team operational and the state would lose a significant asset in the event of lost funding. Due to the
6 events occurring with the Japan Nuclear Reactors, the IRHB has been using the special fund as a means
7 for: installing additional monitoring capabilities; traveling to outer islands for monitoring purposes;
8 collection and transmittal of samples for analysis; paying overtime for employees in order to
9 continuously monitor the situation on furlough days, holidays and weekends; ensuring that equipment is
10 properly calibrated and functioning; and providing training and assistance for federal, state and local
11 partners. Taking the special fund away would cripple response capabilities for this event, as well as
12 future events.

13
14 Section 50 – Sanitation and Environmental Health Education Special Fund

15 The amendments in HD 1 will cripple improvements to the Food Safety Program. Act 176/July 2010
16 changed the purpose of the fund to allow the Sanitation Branch's use of the fund for operational costs
17 which primarily funds the restaurant inspection and food safety program. Highly negative media
18 exposure of rats in Chinatown markets and eating establishments caused a 30-50% drop in commerce in
19 the Chinatown district as a result, publicized closing of a popular Korean take out restaurant due to E.
20 coli infections that hospitalized an 8 yr old and left a 72 year old woman with months of hospital care
21 and permanent long term physical damage which now requires 24/7 care, and the recent recall of
22 manufactured food products from a large local manufacturer due to non-compliance with public health
23 controls clearly indicates that the State's budget cuts are not only detrimentally affecting the health of
24 our residents and sooner or later our visitors, but it is now directly affecting commerce due to the
25 inability of the State to carry out core programs and functions. The program's request for five addition

1 Sanitarian positions which will be funded by this special fund is included in the Executive Biennium
2 Budget for FB 11-13 to increase the frequency of inspections to produce lasting and consistent
3 compliance with food safety regulations to protect the State's food supply from contamination and
4 communicable diseases. Its other primary use is the creation of a web based restaurant inspection
5 system that is fully automated and allows public access to our inspections as well as handling electronic
6 payment and permitting for restaurant permits which are presently done on 1950's hand ledgers and four
7 copy carbon paper receipts. Passage of Act 176/July 2010 was a huge step in improving a core DOH
8 program which affects 100% of the residents and visitors in Hawaii.

9
10 Section 51 – Trauma System Special Fund

11 The Department currently has 18 hospitals across the state contracted to provide more trauma centers,
12 trauma support hospitals and pediatric and burn specialty centers. Investments have also been made in
13 the trauma registry (a database that is essential to understand the impact of injuries and improve trauma
14 care) and educating the needed workforce for a successful trauma system. Recognizing the State's
15 financial situation, the program would be able to transfer the proposed \$1 million to the general fund on
16 June 30, 2011. The state trauma system development will be able to continue as planned. However, this
17 proposed transfer may impact the distribution of patient care funds in the future.

18
19 Section 91 – Tobacco Settlement Special Fund

20 Part IX of the proposed House Draft diverts portions of the distribution of the master settlement
21 agreement payments from the tobacco companies. The Department defers to the Department of Budget
22 and Finance on Section 91(b)(1) that diverts the 15% portion of the distribution of the revenue to the
23 emergency and budget to the general fund for fiscal years 2011 and 2012. The Department is concerned
24 about the diversion in Section 91(b)(3) of the 6.5% portion for the tobacco prevention and control trust
25 fund to the general fund. This portion represents the money administered by the DOH. The Department

1 respectfully expresses the concern that reductions to tobacco prevention and control programs have not
2 been reinstated in the past when the economy rebounded. The comprehensive prevention and
3 intervention programs reduce potential costs to Medicaid and Medicare. The Department appreciates
4 the need to resolve the budget deficit. The diversions represented in Section 91(b)(1) and (3) represent
5 approximately \$20M in revenue for fiscal years 2011 and 2012.

6
7 The Department is willing to work with your committee in trying to address the State's budget shortfall.

8
9 Thank you for the opportunity to testify.

NEIL ABERCROMBIE
GOVERNOR



PATRICIA McMANAMAN.
DIRECTOR
PANKAJ BHANOT
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

April 5, 2011

MEMORANDUM

TO: The Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 120, S.D. 1, PROPOSED H.D. 1 - RELATING TO STATE FUNDS**

Hearing: Tuesday, April 5, 2011; 4:30 p.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of this bill is to repeal certain special funds and transfer the balances to the state general fund.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) does not oppose the deletion of the Hawaii Rx Plus Special Fund in Sections 69 and 77 of this bill.

We respectfully request consideration, however, that either section 69 or 77 of this bill be amended to repeal the entire Hawaii Rx Plus program, in sections 346- 311 through 346-319, HRS, because DHS terminated the Hawaii Rx Plus program last year. Although this drug discount program played an important role when established, there are now multiple other drug discount programs available in Hawaii that offer better options for consumers including eligibility and customer service. While it was hoped

that rebates might be obtained, these never materialized because the State never purchased medications through this program.

DHS does have concerns on Sections 70 and 78 of this bill on how the State Pharmacy Assistance Program (SPAP) co-payments required under Medicare Part D are paid. Section 78 deletes the State Pharmacy Assistance Special Fund and DHS supports this.

Section 70 by deleting the phrase "subject to the sufficiency of funds in the state pharmacy assistance program special fund" would eliminate the funding source for the co-payments but does not delete the payment requirement. With the deletion of this phrase, the Department may still have to pay the required co-payments.

This could mean that the State would have to fund the \$1,500,000 State-only funded program by reductions of this amount in other areas that would result in the loss of approximately an additional \$1,500,000 in federal funds.

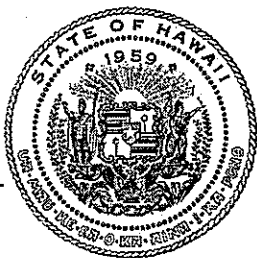
In lieu of repealing the SPAP program in its entirety, DHS respectfully requests that Section 70 of this bill be deleted.

As with the Hawaii Rx Plus program, DHS would also respectfully request the Legislature's consideration of the repeal of SPAP in its entirety by amending section 70 or 78 to delete sections 346-341 through 346-347, HRS. SPAP was established to assist eligible elderly and disabled individuals in defraying their cost of medically necessary prescriptions under the new Medicare part D drug benefit program. SPAP initially served those with incomes 0-100% FPL (i.e. Medicaid eligible) but was expanded 101-150% (Medicaid ineligible).

Currently, over 50% of the Medicare and Medicaid recipients would pay less than \$5 per month and over 95% would pay less than \$15 per month.

All DHS programs provide some use to people. But given the current economic downturn and reductions that DHS has to make, ending SPAP should be given top consideration for elimination because it is state-only funded and no federal funds would be lost.

Thank you for the opportunity to provide testimony on this bill.



NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development & Tourism
before the
COMMITTEE ON FINANCE
Tuesday, March 5, 2011
4:30 PM
State Capitol, Conference Room 308

in consideration of
SB 120 SD1, HD1 Proposed
RELATING TO STATE FUNDS.

Chair Oshiro, Vice Chair Lee, and Members of the Committee.

SB 120 SD1, HD1 Proposed repeals certain funds and transfers balances to the general fund. Part III of this bill transfers what it deemed to be "excess" balances from certain non-general funds into the State general fund to help address the critical budget shortfall in FY 2010-2011. Section 27 authorizes the director of finance to transfer from the energy security special fund to the State general fund the sum of \$500,000 or so much thereof as may be necessary for FY 2010-2011. In addition, the bill also transfers \$2,000,000 from the Aloha Tower Fund to the general fund. These funds are intended to be used to pay the Aloha Tower Development Corporation's obligations to the Department of Transportation (DOT).

DBEDT offers the following comments.

Energy Security Special Fund

DBEDT is very cognizant of the State's enormous fiscal challenges. DBEDT however, is concerned that raiding the energy security special fund is a very short-term fix to the State general fund that could have unintended adverse long term consequences. The energy security special fund was set up to fund the state energy program and personnel situated in DBEDT. For more than three decades, the state energy program and personnel have been subsisting under federal funding. At present, the Hawaii State Energy Office's programs and personnel are funded under the Federal State Energy Program Petroleum Violation escrow Fund (PVE) and the American Recovery and Reinvestment Act of 2009 (ARRA). The PVE and ARRA funds will run out on June 30, 2011 and April 30, 2012, respectively. It is critical and imperative that we establish a sustainable, predictable, and adequate funding source for the State Energy Office if we are to continue our efforts towards energy independence and energy security. The Energy Security Special Fund is the only funding source that will be available for the State Energy Office. It is the lifeline of the agency that is driving the reduction of Hawaii's dependence on imported fossil fuels so that monies will remain in our economy to create jobs, increase income, and increase state tax revenues.

The Hawaii State Energy Office has achieved so much in the last three short years, and has made a difference in effecting Hawaii's clean energy transformation. It has been a catalyst in creating over 11,000 green jobs in 2010, encouraged the flow of renewable investments to Hawaii totaling \$349 million in 2009, and expected to increase to \$1.2 billion in 2011. The Hawaii State Energy Office has also secured several millions of federal funds and grants for Hawaii's energy programs and activities to transform the state to a clean energy economy. Since 2006, the program brought in approximately \$75M in federal funds and grants to the economy. Energy is and will continue to be an economic growth engine for Hawaii. Providing funding to the energy program and personnel will benefit Hawaii's economy, tax revenues, as well as environment. Funding the Hawaii State Energy Office is in Hawaii's best interest. We urge you NOT to raid the appropriated amounts to the Energy Security Special Fund.

Aloha Tower Fund

DBEDT has concerns regarding Section 29 of SB 120 SD1, HD1 Proposed, which would transfer \$2,000,000 from the Aloha Tower Fund to the general fund. These funds are intended to be used to pay the Aloha Tower Development Corporation's obligations to the Department of Transportation (DOT) for the statutorily mandated losses in revenues incurred by the DOT while the ATDC's leases the Aloha Tower project area lands. If the \$2,000,000 is swept from the Aloha Tower Fund, the ATDC will not be able to pay the losses in revenues to the DOT.

Thank you for the opportunity to offer these comments.

NEIL ABERCROMBIE
GOVERNOR



KAREN SEDDON
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
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FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of
Karen Seddon
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

April 5, 2011 at 4:30 p.m.
Room 308, State Capitol

In consideration of
S.B. 120, S.D. 1, Proposed H.D. 1
RELATING TO STATE FUNDS.

The HHFDC has the following comments on S.B. 120, S.D. 1, proposed H.D. 1, as it applies to funds within our control. We defer to the appropriate departments and agencies with respect to the remainder of the bill.

Section 30 (page 16, lines 7 through 12) transfers \$1,103 from Waialua Loan Subsidy Program fund into General Fund. This revolving fund was established to provide low-interest emergency loans and rental subsidies to former employees and retirees of the Waialua Sugar Company after closure of the plantation. This fund does have \$1,103 in available funds, so HHFDC has no objections to this proposed transfer to the General Fund.

Section 31 (page 16, lines 13 through 19) transfers \$520,780 from the UH Faculty Housing Project Series 1995 Bond Proceed Special Fund to the General Fund. This fund does have \$520,780 in available funds, so HHFDC has no objections to this proposed transfer to the General Fund.

Section 32 (page 16, line 20 to page 17, line 4) transfers \$474,014 from the Kikala-Keokea Housing Revolving Fund to the General Fund. This fund does have \$474,014 in available funds, so HHFDC has no objections to this proposed transfer to the General Fund.

Thank you for the opportunity to testify.



NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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KEALI'I S. LOPEZ
INTERIM DIRECTOR

EVERETT KANESHIGE
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON FINANCE

TWENTY-SIXTH LEGISLATURE
Regular Session of 2011

Tuesday, April 5, 2011
4:30 p.m.

**TESTIMONY ON SENATE BILL NO. 120, SENATE DRAFT 1
PROPOSED HOUSE DRAFT 1
RELATING TO STATE FUNDS**

TO THE HONORABLE MARCUS R. OSHIRO AND MEMBERS OF THE COMMITTEE:

My name is Keali'i S. Lopez, and I am the Director of Commerce and Consumer Affairs ("DCCA" or the "Department"). The Department respectfully opposes Sections 2, Part VI and Part VII of proposed House Draft 1 of Senate Bill No. 120, Senate Draft 1 and offers comments on Section 33 of the bill.

Section 2

The Department opposes Section 2 of the bill which proposes to transfer monies in the patients' compensation fund to the general fund on June 30, 2011. The rationale of our opposition is provided in the testimony of Gordon Ito, the State Insurance Commissioner. However, DCCA is amenable to the ceasing of the travel agency

recovery fund and the travel agency education fund and the transfer of the funds' remainder to the general fund.

The Department respectfully requests that the portion of Section 2 dealing with the patients' compensation fund be held by the Committee.

Section 33

Section 33 of the proposed HD 1 seeks to transfer \$1.5 million from the business registration fund. Although the Department has concerns, we are amenable to the transfer of \$1.5 million **only if** the maximum amount of the transfer is capped at \$1.5 million since we hope to utilize our available resources to establish a dispute resolution program for mortgage foreclosures.

Part VI

The Department strongly opposes Part VI of SB 120, SD 1, Proposed HD 1 which seeks to amend Section 26-9(o), Hawaii Revised Statutes, to require the DCCA to fund all interest payments on General Obligation ("GO") bonds issued on behalf of the DCCA and to annually collect funds from the Compliance Resolution Fund ("CRF") to pay the interest payments on the GO bonds beginning on July 1, 2011.

Since GO bonds were issued to pay for the King Kalakaua Building ("KKB"), which was purchased by the State in 2002, the Department assumes that the intent of the proposed House draft of SB 120 SD1 is to require the Department to be financially obligated to pay all the interest on the principal on the GO bonds issued for the purchase of KKB for the Department. The Department further assumes that the

rationale is based on the concept of self-funding as it applies to the capital expenditures as well as operational expenses of special-funded departments such as DCCA; that all costs should be funded exclusively through special funds.

While the Department agrees that it is reasonable, if the concept of self-funding is to be meaningful, that DCCA, in addition to operational costs, pays the capital costs associated with its operations, the department has two concerns with this particular proposal:

1. DCCA, arguably, has already paid for the KKB;
2. Even if DCCA did not already pay for the building, the Department has not budgeted funds for this purpose because this was not required of the Department when the expense was first incurred, and paying for it in the proposed manner will very seriously and adversely affect customer services and thereby undermine the Legislature's purpose in establishing the Department as a self-funded agency.

DCCA, arguably, has already paid for the building

By way of Act 177, SLH 2002 (CCA-191, item 2A), the Legislature appropriated \$33 million for the acquisition and renovation of the old federal building (aka the United States Post Office Custom House and Court House), now known as the King Kalakaua Building. The means of financing was "C" funds (general obligation bond funds) rather than "D" funds (general obligation bond funds with debt service costs to be paid from special funds). KKB houses all but two of DCCA's divisions and the bulk of its employees.

S.B. 120, SD 1, Proposed HD1 seeks to require DCCA to pay all the interest on the principal on the GO bonds issued for the purchase of the building. It is the DCCA's position that it has already reimbursed the general fund for the entire cost of the transaction, and that this proposal amounts to DCCA paying twice for the same expense.

DCCA's reimbursement arguably occurred when, simultaneous with the \$33 million CIP appropriation for the building in 2002, the Legislature sought to transfer the same amount out of the CRF and into the general fund (Act 178, SLH 2002, section 39).

Governor Cayetano subsequently reduced the proposed amount to be transferred to \$26 million. However, the next year, the Legislature was successful in requiring the Department to transfer another \$15 million (Act 178, SLH 2003, section 28) out of the CRF. As a result, a total of \$41 million was transferred from the CRF to the general fund in calendar year 2003.

While neither of the 2002 or 2003 transfer bills explicitly tied the CRF transfer to the building purchase, former DCCA director Lawrence Reifurth, in his 2009 testimony indicated that the subject of DCCA's intention to pay for the building purchase was discussed in letters from DCCA to legislative committees in 2001-02, and was mentioned later in legislative hearings. In addition, I recently confirmed with former DCCA director Kathy Matayoshi (1994-2002) that DCCA intended, and understood that the Legislature intended, that the 2002 transfer was for the purpose of reimbursing the general fund for the cost of the KKB.

Even if it is legal for DCCA to pay this expense, DCCA has not budgeted to pay the expense and cannot readily afford to assume this responsibility without comprehensive planning.

The Department continues to experience reduced registration and license renewal revenues and expects that revenues will continue to fall for some time before they rise again. The Department's total revenues are projected to be \$4 million less in FY 2011 compared to FY 2010.¹

Whether or not DCCA paid for the KKB, if the Department is required to pay the estimated \$11.5 million² for historic/current interest expenses as proposed in this measure, the Department will have an FY11 EOY cash balance of approximately \$17 million, or approximately 5.2 months of reserve³. This is significantly below the 9-month cash reserve that the Department believes is the minimum needed in order to operate and provide the services the public needs.⁴

Additionally, if the Department pays \$11.5 million for historic/current interest payments, it will likely not be in a position to assume additional future interest-related obligation. An \$11.5 million transfer would leave the Department with less than \$12 million (3.3 months) in cash reserves EOY FY12 and less than \$6.5 million (1.8 months) in FY13.

¹ Based on the CRF Financial Plan numbers.

² The Department's estimate is based on data provided by the Department of Budget and Finance in 2009 as current data is unavailable at this time.

³ Based on FY11 appropriation (Act 180, SLH 2010), which includes furlough restriction.

⁴ A 9-month cash reserve target was established by the Department which is significantly less than the 24-month and, the 18-month reserve targets adopted previously. The Department requires EOY cash reserves because it is responsible for addressing its own (1) cash flow, and (2) rainy day scenarios. Many of the Department's divisions do not receive any/significant revenues until well into the fiscal year (e.g., CATV: all revenues received in January/February; PVL/RICO: largest revenues received in December/June; DFI: revenues are not received until the end of the fiscal year; and INS: assessments are not usually received until the second half of the fiscal year). The 9-month reserve is reasonable. Any reduction in cash reserves will require corresponding reduction in service and enforcement levels in order to bring expenses into alignment with impacted reserves.

In light of departmental cash flow needs, the Department could not assume this additional responsibility and keep services at existing levels.

Summary of the Department's position

The Department supports the principle of self-sufficiency which is the basis for the establishment of the CRF, and agrees that it is reasonable that the Department pay its own operation-related expenses. The Department is cognizant of the financial challenges facing our state, and is proactively taking steps to determine additional appropriate service payment options with other state departments for operations related services rendered to the DCCA. Additionally, the department has worked to right-size its fees over the past several years, which has resulted in reduced cash reserves. The department is concerned that the effect of this proposal would be to cause the Department to pay for KKB twice and result in significantly reducing the capacity and effectiveness of the Department to provide services.

We respectfully request that Part VI of this bill be held.

Part VII

The Department strongly opposes Part VII of this bill which deposits all taxes collected by the Division of Financial Institutions to the general fund from June 1, 2011 to December 31, 2015 and requests that this portion of the bill be held by this committee. Testimony provided by the Commissioner of Financial Institutions outlines the Department's opposition in detail.

DCCA Testimony of Keali'i S. Lopez
April 5, 2011
S.B. 120 S.D. 1 Proposed H.D. 1
Page 7

We thank this Committee for the opportunity to present testimony on SB 120, SD 1, Proposed HD 1 and respectfully request that this bill be amended to reflect the Department's testimony.



NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR

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KEALI'I S. LOPEZ
DIRECTOR

EVERETT KANESHIGE
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON FINANCE

TWENTY-SIXTH LEGISLATURE
Regular Session of 2011

Tuesday, April 5, 2011 – Agenda #3
4:30 p.m.

TESTIMONY ON SENATE BILL NO. 120, S.D. 1, Proposed H.D. 1 – RELATING TO STATE FUNDS.

TO THE HONORABLE MARCUS OSHIRO, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner (“Commissioner”), testifying on behalf of the Insurance Division, Department of Commerce and Consumer Affairs (“Insurance Division”).

The Insurance Division opposes the Proposed H.D. 1.

Part I, section 2 of the Proposed H.D. 1 transfers moneys in the patients’ compensation fund to the general fund on June 30, 2011.

The statutory authority for the patients’ compensation fund was repealed by Act 232, Session Laws of Hawaii 1984 (“Act 232”), because the fund was insolvent since claims exceeded available funds. Act 232 expressly allowed the Director of Commerce and Consumer Affairs to continue administering the fund until moneys in the fund were exhausted and to make payments for claims for judgments, awards, and settlements against health care providers.

Counsel for the patient compensation fund rendered an opinion in 1984 stating that claims could not be determined for another 24 years based upon the statute of limitations for injured parties who had not reached the age of majority. The statute of limitations ran on May 31, 2008.

The Insurance Division began processing claims and published a notice to claimants about the claims process and distribution of assets. The Insurance Division has made previous distributions to claimants and is currently working on a final determination of all claims.

Known outstanding claims against the fund amount to \$4.8 mil. and the current fund balance amounts to \$4.367 mil.

In Report No. 10-09 dated November 2010, the Legislative Auditor found that the patient's compensation fund meets trust fund criteria, as it continues to serve the purpose for which it was originally created.

Part IV, section 71 of the Proposed H.D. 1 amends HRS § 431:22-103 by deleting the phrase "from the loss mitigation grant fund". The Insurance Division does not object to this change, because the loss mitigation grant program ended on June 30, 2008, since no additional appropriations were authorized.

Part IV, sections 72 and 73 of the Proposed H.D. 1 delete references to the loss mitigation grant fund from HHRF statutes, HRS §§ 431P-16(i) and 431P-16.5. The Insurance Division does not object to this change because the reference to the loss mitigation grant fund is unnecessary.

With respect to section 73 on statutory immunity, the Insurance Division does not object to this deletion because it does not change the substance of the statute. However, the Insurance Division believes the change in section 73 is unnecessary and may not improve the State's position in any potential litigation.

Part V, section 80 of the Proposed H.D. 1 repeals the loss mitigation grant fund in HRS § 431:22-102. Since the loss mitigation grant program was discontinued in 2008, the Insurance Division does not object to the concept of the repeal. If repeal is desired, the Insurance Division suggests repeal of the entire Article 22 of the Insurance Code, HRS chapter 431, since it enables the loss mitigation grant program.

We thank this Committee for the opportunity to present testimony on this matter and respectfully request that this bill be amended to reflect the Insurance Division's testimony.



NEIL ABERCROMBIE
GOVERNOR

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KEALY S. LOPEZ
INTERIM DIRECTOR

EVERETT KANEHIGE
DEPUTY DIRECTOR

TO THE
HOUSE COMMITTEE ON FINANCE

THE TWENTY-SIXTH STATE LEGISLATURE
REGULAR SESSION OF 2011

Tuesday, April 5, 2011
4:30 p.m.

TESTIMONY ON SENATE BILL NO. 120, S.D.1, PROPOSED H.D.1 - RELATING TO
STATE FUNDS

TO THE HONORABLE MARCUS OSHIRO, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Iris Ikeda Catalani, Commissioner of Financial Institutions ("Commissioner"), testifying on behalf of the Division of Financial Institutions ("Division") of the Department of Commerce and Consumer Affairs ("Department") in opposition to Senate Bill No. 120, S.D.1, Proposed H.D.1. The Department opposes Part VII of this bill which would repeal the current requirement that \$2 Million of tax revenues from banks and other financial corporations be deposited into the Compliance Resolution Fund ("CRF") and instead would have those tax revenues deposited into the State's general fund.

TESTIMONY ON SENATE BILL NO. 120, S.D.1, PROPOSED H.D.1

April 5, 2011, 4:30 p.m.

Page 2

Part VII of the proposed measure would take away a significant and critical amount of the funding for the Division of Financial Institutions that it presently collects, through the CRF from these licensees. Without this funding, the Division would need to re-evaluate its staffing as there would not be enough funding to compensate all of the Division's current financial institution examiners. The current Division budget requested for Fiscal Year 2012 and 2013 is \$3.4 million. It collected \$2.4 million in Fiscal Year 2010 from banks and other financial institutions. The other \$0.4 million collected in Fiscal Year 2010 was from the Division's other licensees (escrow depositories, money transmitters, mortgage loan originators, mortgage loan originator companies, and mortgage servicers) which totaled \$2.8 million for Fiscal Year 2010.

The Division pays for all its staff and expenses from the Compliance Resolution Fund. If the Division does not receive the \$2 million in each of the Fiscal Years 2011, 2012, and 2013, the Division will be required to significantly reduce its operations (including reducing staffing levels) since personnel expenditures comprise approximately 85% to 90% of the Division's expenditures. This would be damaging to Hawaii's consumers and State licensed or chartered financial institutions because:

- Division examinations, investigations, and complaints processing involving State licensed or chartered financial institutions have resulted in administrative enforcement actions that directly benefited Hawaii consumers, with more than \$8 million refunded or returned to consumers and the State since 2006. Should the Division be required to significantly

TESTIMONY ON SENATE BILL NO. 120, S.D.1, PROPOSED H.D.1

April 5, 2011, 4:30 p.m.

Page 3

reduce staffing levels, no resources will be available to examine Hawaii financial institutions in order to enforce compliance with State and federal consumer protection statutes.

- The recent economic situation, which has affected Hawaii's banks for the past two years, has also significantly affected the Division. The Division, along with the federal regulators, increased the frequency and scope of on-site examinations and off-site supervisory oversight. Examinations and supervisory efforts regarding banks and depository financial institutions are most often conducted jointly by the Division and its regulatory colleagues from the Federal Reserve Bank ("FRB") and the Federal Deposit Insurance Corporation ("FDIC"). However, should the Division be required to significantly reduce staffing levels, State resources would not be available to examine Hawaii financial institutions, provide oversight activities with the federal regulators and provide a "local voice" to address the issue of how financial institutions have been affected by the national and global economic situation.
- Reduced staffing levels will also affect the Division's ability to timely respond to consumer complaints and inquiries from institutions and the general public, and to review and process applications from institutions and from applicants for license or charter. For new applicants, the delays in processing applications will impact their ability to begin engaging in

TESTIMONY ON SENATE BILL NO. 120, S.D.1, PROPOSED H.D.1

April 5, 2011, 4:30 p.m.

Page 4

business, and for existing institutions it will impact their ability to open, relocate, or close branches; acquire or engage in new activities; restructure operations including the acquisition of additional capital and renew existing licenses.

- Additional recent federal requirements have added new regulatory programs to the Division's responsibilities. The new mortgage loan originator ("MLO") and mortgage loan originator company ("MLOC") license requirement, effective January 1, 2011, has dramatically increased the Division's workload. Although positions were allocated by the Legislature last year, the Division prudently did not fill all of those positions and instead attempted to shift resources within the Division to process the thousands of new MLO and MLOC license applications. However, since the effective date of the new law, the Division has not been able to process the license requests in the timely manner that licensees expect and now must fill positions using the funding from the Compliance Resolution fund.

It should be noted that a significant reduction in staffing cannot be considered a "temporary" downsizing of the Division since trained and experienced examiners will not be easily replaced when and if the Division is able to hire again. The Division currently employs 27 staff, a significant percentage of whom joined the Division within the past five years.

TESTIMONY ON SENATE BILL NO. 120, S.D.1, PROPOSED H.D.1

April 5, 2011, 4:30 p.m.

Page 5

The Division's financial institution examiners, who comprise the majority of the Division's staff, generally have an undergraduate degree in accounting, finance, or related fields when they join the Division. They are then required, particularly in the case of field examiners, to attend a variety of formal schools, administered by either the FRB or the FDIC, and to undergo on-the-job training under the guidance of either a senior Division examiner or FRB/FDIC examiners, before they are ready to take on independent financial services industry examinations on their own. This formal classroom training process takes from three to five years, with an additional two to three years of on-the-job training before a field examiner is fully qualified in their position. Should funding for the Division's operations be redirected to the general fund, resulting in a significant reduction in the Division's ability to fulfill its mission, the State would have lost more than funding, but the valuable knowledge and training provided those examiners. These examiners could doubtless find employment in the private sector or with the federal government.

As a corollary to the repeal of our budget, the Division does not have any general funds to supplement our budget and the laws must be changed to allow Division to receive funding from general funds if the Division is going to continue to be required to provide services to licensees and the public.

We also note that Section 241-7, Hawaii Revised Statutes was enacted by the Legislature in 1999, to provide a stable, financial services industry-derived source of funding, independent of the general fund, for the operations of the Division, to meet the Accreditation Guidelines of the Conference of State Bank Supervisors ("CSBS"). As part

TESTIMONY ON SENATE BILL NO. 120, S.D.1, PROPOSED H.D.1

April 5, 2011, 4:30 p.m.

Page 6

of the Department's initiative to become fully self-sufficient, the transfer of funds from the taxes paid by banks and other financial corporations to the Compliance Resolution Fund was established in 1999 in order to provide the Division with the necessary revenues to support all of its operations. Self-sufficiency was also part of the Division's continuing efforts to achieve and maintain its accredited status by the Conference of State Bank Supervisors. The CSBS accreditation program, which recognizes those state banking departments that meet the highest standards and practices in state banking supervision, requires that a banking department have adequate funding to supervise and regulate its banks and recommends that a banking department be self-supporting. Consequently, without the independent funding source and the ability to provide services to licensees and the public, the Division would not receive continued CSBS accreditation. Removing this source of funding for the Division's operations, and not replacing it, leaves the Division with uncertain and unpredictable funding.

We strongly believe the funding source should be restored to the Division's budget to allow the Division to continue to fulfill its mission to license, monitor, investigate, and examine its licensees. The Division has demonstrated that it has lived within its means under the present arrangement consisting of the \$2 Million in tax revenues allocated to the CRF in conjunction with the fee-based revenues collected from its licensees.

We thank this Committee for the opportunity to present testimony on this matter and respectfully request that Part VII of the bill be held.



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

IN REPLY REFER TO:

April 5, 2011

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

SENATE BILL NO. 120, PROPOSED H.D. 1

RELATING TO STATE FUNDS

COMMITTEE ON FINANCE

The Department of Transportation respectfully offers comments to Senate Bill 120, Proposed House Draft 1 which repeals certain special funds and transfers balances to the general fund.

The Department of Transportation is especially concerned with Section 29 which determines that there is in the Aloha Tower Special Fund at least \$2,000,000 in excess of the requirements of the fund. On June 30, 2011, the director of finance is authorized to transfer from the Aloha Tower Special Fund to the general fund the sum of \$2,000,000 or so much thereof as may be necessary for fiscal year 2010-2011.

Though the future of the Aloha Tower Development Corporation seems defunct, the Department of Transportation seeks its transfer for administrative purposes.

Currently, there is about \$2,400,000 in the Aloha Tower Special Fund which would be used toward paying down the outstanding debt owed by the Aloha Tower Development Corporation which is approximately \$7,700,000.

Additionally, there have been offers to purchase the Aloha Tower Marketplace and in that regard the Aloha Tower Development Corporation anticipates needing approximately \$400,000 to secure the expert services of a consultant to review the terms of the buy-out to ensure that the best interest if the State are protected.

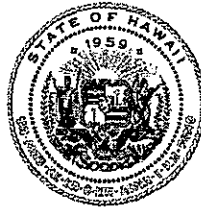
The Aloha Tower Complex is a potentially valuable asset if properly developed. In spite of past mismanagement, the State could potentially realize significant economic value from the sale of the Aloha Tower Complex.

Thank you for the opportunity to consider our comments to Senate Bill 120, Proposed House Draft 1.

Name
Date
Page

Letter Number

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the House Committee on
FINANCE**

**Tuesday, April 05, 2011
4:30 PM
State Capitol, Conference Room 308**

**In consideration of
SENATE BILL 120, SENATE DRAFT 1, PROPOSED HOUSE DRAFT 1
RELATING TO STATE FUNDS**

Senate Bill 120, Senate Draft 1, Proposed House Draft 1 would repeal and adjust certain special funds and transfers balances to the General Fund. The Department of Land and Natural Resources' (Department) comments are restricted to PART VIII of this measure which proposes to temporarily suspend the distribution of a portion of the Conveyance Tax to the Land Conservation Fund (LCF). While the Department is sensitive to the State's economic situation and as such, recognizes the need to access temporary reductions in special funds to help balance the general fund budget, the Department nonetheless opposes this PART (VIII) because it may have the unintended consequence of eliminating the core staffing, structure and ongoing operations for this valuable natural resource conservation program, and set the Legacy Land Conservation Program (LLCP) back many years rather than just during the Biennium.

The LCF supports the LLCP which protects rare and unique cultural, natural, agricultural, and recreational resources from destruction by funding nonprofit, county, and state agencies for the acquisition of fee title or conservation easements, and management of these lands.

Elimination of all revenue going into the LCF may necessitate the elimination of the 2.0 FTE positions funded under this Program, and shutdown or delay the administrative processing and finalization of current and prior year acquisitions; and cessation of the development of administrative rules and procedures for the Program – a high priority for the Department. It would also take the Department 6-9 months to restart the Program on July 1, 2013 and reduce federal, county, and private conservation land acquisition programs during the interim, and in essence, losing those benefits. The elimination of revenue would also prevent the planned transfer of \$400,000 to the invasive species programs from the LCF through June of 2013 as authorized by Act 209, Session Laws of Hawaii 2010.

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

GUY H. KAULUKUKUI
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

An alternative the Department suggests is to maintain a reduced amount of funding to support the basic LLCP structure until the fiscal environment in the State stabilizes. The Department recommends a base amount of revenue of \$500,000 per year be continued to maintain operations of this Program. This level of funding would allow the Department to retain staff, continue with administrative rules, carry-out and complete ongoing acquisition projects, and restart the Program on July 1, 2013. This level of funding would also provide staff capacity that could seek and take advantage of federal funding for acquisitions where county or private matching funds are available or state funds to leverage and match federal funding that is available annually to assist the State with acquisition.

Maintaining annual revenues of \$1,000,000 would allow the LCF to continue to support the \$400,000 transfer to the invasive species programs from the LCF until 2013.

For additional information on the LLCP, please link to <http://hawaii.gov/dlnr/dofaw/lhcp>

NEIL ABERCROMBIE
GOVERNOR
STATE OF HAWAII



ALBERT "ALAPAKI" NAHALE-A
CHAIRMAN
HAWAIIAN HOMES COMMISSION
ROBERT J. HALL
DEPUTY TO THE CHAIRMAN

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS

P.O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF ALAPAKI NAHALE-A, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEE ON FINANCE ON

SB 120 SD 1, RELATING TO STATE FUNDS

April 5, 2011

Aloha Chair Oshiro, Vice-Chair Lee and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) is aware of the serious fiscal constraints in the State, however, we are concerned with the intent of the proposed H. D. 1 of this measure to divert DHHL special funds into the general fund.

In 1959, the Admission Act provided that ownership of Hawaiian Home Lands be transferred from the United State to the Territory of Hawaii. The Admission Act also provided that Hawaiian home lands, as well as proceeds and income therefrom were to be held by the State in trust for native Hawaiians and administered in accordance with the Hawaiian Homes Commission Act (HHCA). Use of Hawaiian Home Lands and its related income for any other purpose would constitute a breach of trust for which suit may be brought by the United States. The Admission Act further stipulated that the Hawaiian Homes Commission Act of 1920, as amended, be adopted as a provision of the constitution of the State of Hawaii. Congress continues to have oversight over the

Hawaiian Homes Commission Act and certain amendments that affect its funds and programs may be made only with the consent of Congress.

SB 120, H.D. 1, Section 38, proposes transferring three million dollars (\$3,000,000) from the Hawaiian Homes Administration Account, a DHHL special fund, to the general fund. The source of receipts for the Hawaiian Home Administration Account is from general lease revenues and other land dispositions derived from Hawaiian home lands.

The application of this bill would violate the provisions of the Hawaiian Homes Commission Act, the Hawaii Admissions Act, and the Hawaii State Constitution. DHHL funds are assets of the Hawaiian Home Lands Trust and can be used only in the interest of native Hawaiian beneficiaries of the trust.

We believe in the sincerity of your committee's action to address the budget shortfall. However, the State must not ignore its trust responsibilities over the Hawaiian Homes Commission Act through the provisions of the Admissions Act of 1959. These trust responsibilities remain in effect today.

Thank you for the opportunity to provide these comments.

Date: 04/05/2011

Committee: House Finance

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 0120, SD1,HD1 Proposed RELATING TO STATE FUNDS.

Purpose of Bill: Repeals certain special funds and transfers balances to the general fund. Converts certain revolving funds of the University of Hawaii into special funds. Effective 7/01/50. (SD1) (\$)

Department's Position: The Department of Education (DOE) has serious concerns about one of the provisions in the proposed HD 1 of this bill: Section 35 would take up to \$3 million from the School Food Service Special Fund. This fund is the repository of school cafeteria funds collected from students and adults. This fund is one of three sources of support for the school food service program, the other two being United States Department of Agriculture reimbursements for the school breakfast and lunch programs and the state general fund. If funds are removed from the special fund, they will need to be made up in the general fund.

There are two other sections that would take balances in other DOE funds:

1) Section 36 would take up to \$1 million from the Community Use of School Facilities Special Fund. These funds are used to reimburse costs incurred by DOE for utilities, custodial time, refuse collection, administrative costs, and wear and tear on school facilities incurred when community groups use school facilities.

2) Section 37 would take up to \$500,000 from the Federal Grants Search, Development, and Application Revolving Fund. These funds are a portion of the indirect cost reimbursement component of federal grants, and are used by DOE for a variety of administrative purposes.

Thank you for the opportunity to provide this information.

NEIL ABERCROMBIE
GOVERNORLYNN HAMMONDS
EXECUTIVE DIRECTOR

STATE OF HAWAII
HAWAII TEACHER STANDARDS BOARD
650 IWILEI ROAD, SUITE 201
HONOLULU, HAWAII 96817

TESTIMONY BEFORE THE HOUSE COMMITTEE ON FINANCE
Re: SB 120, SD1, HD1: Relating to State Funds

Hearing Date: Tuesday, April 5, 2011

Lynn Hammonds, Executive Director, Hawaii Teacher Standards Board

Chairperson Oshiro, Vice Chair Lee and Members of the Committee:

The Hawaii Teacher Standards Board (HTSB) **STRONGLY OPPOSES** SB120 proposed HD1: Relating to State Funds. In Section 34 of the bill it proposes HTSB's special fund be raided \$1,200,000. If this is done, HTSB would only have a balance to fund three months of expenditures in the new FY2012. HTSB revenue stream is extremely erratic such that projected revenues from the start of the new FY are not envisioned to be sufficient to fund HTSB from the fourth month forward. With no special funds, all services and personnel supported by this fund will cease starting the fourth month of the FY2012. While HTSB also receives general fund monies, the GF personnel and operating budget would not be able to maintain the HTSB's regulatory responsibilities on a monthly basis. Therefore, there will no longer be any mechanism to license and renew teacher licenses and ensure quality teacher preparation programs. The impact to the DOE and its Race to the Top award will be negatively impacted. We believe this proposal is counterproductive to the State's high priority on qualitative education.

Also, we believe the prior Hawaii Supreme Court decision which raided a special fund consisting of revenues from fees paid by licensees is applicable to HTSB as well. Our only source of revenue for our special fund is license fees. The Hawaii Supreme Court ruled that raiding such special funds was unlawful.

In conclusion, we must oppose this bill since it will result in terminating state services that will negatively affect qualitative education in our public school system.

Thank you for the opportunity to testify.



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



KAKA'KO
KALAELOA

Neil Abercrombie
Governor

C. Scott Bradley
Chairperson

Anthony J. H. Ching
Executive Director

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STATEMENT OF

ANTHONY J. H. CHING, EXECUTIVE DIRECTOR
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE

HOUSE COMMITTEE ON FINANCE

TUESDAY, APRIL 5, 2011

4:30 P.M.

State Capitol, Conference Room 308

S.B. 120, S.D. 1, H.D. 1 PROPOSED – RELATING TO STATE FUNDS.

Purpose: Repeals certain special funds and transfers balances from several other funds to the general fund. Section 28 transfers \$500,000 from the Hawaii Community Development Revolving Fund to the general fund for Fiscal Year 2010-2011.

Position: The Hawaii Community Development Authority (HCDA) offers the following comments with respect to Section 28 only. The HCDA defers to the other state agencies and programs with respect to the other provisions of this proposal.

As of February 28, 2011, the HCDA Revolving Fund's unencumbered cash balance is \$509,411. Should Section 28 of this proposal be enacted, transferring \$500,000 to the general fund will leave the HCDA Revolving Fund with less than \$10,000 in unencumbered funds. While the HCDA would prefer to retain the current balance as a safety net for its ongoing programs and projects, the HCDA is aware of the State's fiscal constraints for this and future fiscal years.

Thank you for the opportunity to submit these comments to this proposal.

William P. Kenoi
Mayor



Harry S. Kubojiri
Police Chief

Paul K. Ferreira
Deputy Police Chief

County of Hawai`i

POLICE DEPARTMENT

349 Kapi`olani Street • Hilo, Hawai`i 96720-3998
(808) 935-3311 • Fax (808) 961-2389

April 5, 2011

Representative Marcus R. Oshiro
Chair and Members
Committee on Finance
State Capitol
415 South Beretania Street, Room 308
Honolulu, Hawai`i 96813

Re: Senate Bill 120, HD 1, Relating to State Funds

Dear Representative Oshiro and Members:

The Hawai`i Police Department strongly opposes the passage of Senate Bill 120, Relating to State Funds, as it relates to the transfer of \$2,000,000.00 from the Wireless Enhanced 911 (E911) Fund, into the state general fund.

The Wireless E911 Fund was established exclusively for the purposes of ensuring adequate cost recovery for the deployment of Phase I and Phase II Wireless E911 services in the State of Hawai`i. Due to the ever-changing enhancements in wireless technologies and expanding consumer base, ensuring the deployment of Phase I and Phase II Wireless E911 services in the State is an on-going project for all of the Public Safety Answering Points (PSAP). Note that statistics indicate that throughout the State of Hawai`i at least 60% of the emergency calls received by PSAPs are wireless calls and this number is continuously increasing.

This fund and its intended purpose is to further upgrade Public Safety Answering Point capabilities and related functions in receiving and processing E911 calls in support of the County's Public Safety mission to expeditiously respond to and dispatch emergency service personnel based on E911 caller information. The fund also supports the construction and operation of a ubiquitous and reliable citizen activated system and the continued maintenance of the existing E911 system as identified in Federal Law.

For the record, it must be noted that the E911 system answers and responds to over 1.2 million 911 calls annually within the State of Hawai`i. In order to keep this system operational, the funds are necessary to provide for the delivery and enhancements to the existing E911 network in preparation for Next Generation 911 (NG 911). Interruption of this funding source from its intended purpose will not only cause a financial hardship on an already limited budget for the County of Hawai`i, but also puts the citizens of our County and our visiting tourists at risk of receiving reduced E911 services by our Public Safety responders.

Representative Marcus R. Oshiro
Chair and Members
Committee on Finance
April 5, 2011
Page 2

Re: Senate Bill 120, HD 1, Relating to State Funds

As communication devices continue to be introduced to the public that implement the convergence of communications and information technology services over one device (Smart-phones), the need for improvement to the E911 network cannot be overstated. The PSAPs are already facing the rapidly emerging technology and are required by public law to answer E911 calls being delivered by several different modes of communications such as analog phone, digital voice, Voice over IP (VoIP), text messaging, streaming video messaging, and Telematics from vehicles (i.e., OnStar). All of these technologies are required to access the E911 network to enable callers to call 911 for emergency assistance.

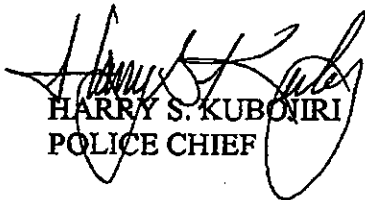
Investment in the E911 systems and focus on data synchronization efforts have enabled first responders to successfully utilize the existing technology to respond to 911 emergency calls. Several success stories have been documented. For example, in December 2010, two hikers were lost on the trail at the Pu'u 'O'o volcano. Fortunately for these hikers, they were able to call 911 from their wireless phone and were rescued within an hour and ten minutes. Both hikers were not injured. In July 2009, Hawaii County Fire personnel airlifted a lost hiker to safety from a forested area in Kalapana. The hiker used his wireless phone to call 911. Fortunately, fire rescuers were able to locate the hiker before nightfall. The hiker had no shirt, water or food. First responders were able to locate the 911 callers, in both cases, using the latitude and longitude provided by the Wireless E911 network and databases.

In addition, the collected wireless funds have been utilized in support of ongoing wireless maintenance activities. In 2010, across all Wireless Service Providers (WSPs) providing wireless services on the island of Hawai'i, seventy-five (75) towers and 200 sectors were tested for accuracy and connectivity to the Wireless E911 network. Maintaining the E911 network and databases on a real-time basis are critical when it comes to saving lives and property.

For the reasons above, we strongly urge this committee to reject Senate Bill 120, HD 1, Relating to State Funds, as it pertains to the Wireless E911 Fund.

Thank you for allowing the Hawai'i Police Department to testify on this bill.

Sincerely,


HARRY S. KUBONIRI
POLICE CHIEF



SB 120

Testimony by Chancellor Virginia S. Hinshaw
University of Hawai'i at Mānoa

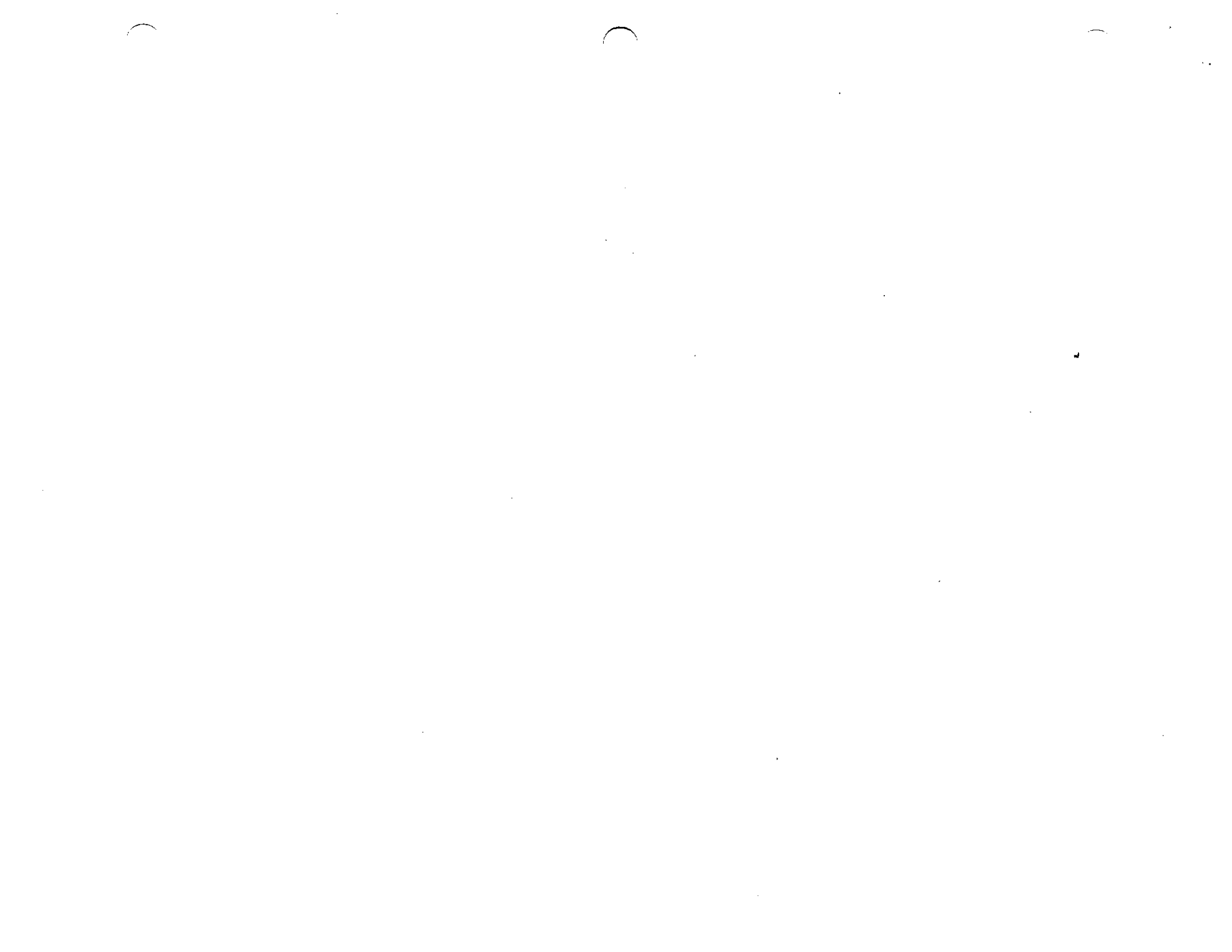
For over 100 years, Hawai'i has built a public higher education system for the people of Hawai'i and the Pacific to provide our people with critically needed educational opportunities. The founders of this university knew that education was the key to the success of our wonderfully diverse population – that was their goal. It is our clear responsibility to fulfill that goal based on the efforts of the past generations but most importantly for the sake of future generations. This bill undermines that goal.

This proposal would repeal certain UH special and revolving funds and transfer their balances to the state general fund. Such an action would be very harmful for UH Mānoa. Serving as a research 1 university requires the flexibility to generate and direct funding for specific purposes, from student-led activities to research programs. Having such funds transferred to the state general fund endangers the ability to meet obligations related to those funds, from bonds to buildings to student organizations, and virtually eliminates the opportunity for planning and prioritization by the institution.

This proposes to take fees and tuition funds that students have paid for specific purposes and for which we have provided financial aid including scholarships, federal grants, and loans, to pay the costs for other agencies. Such actions would potentially damage Mānoa's ability to serve Hawai'i as a research 1 university now and into the future.

Our partnerships throughout the state contribute to the health and well being of our citizens. The UH is a major generator of educated citizens, new knowledge, jobs and resources for Hawai'i. This bill damages the ability of Mānoa to serve in that capacity. Hawai'i has created a leading research 1 university at UH Mānoa--the only one in Hawai'i and one of the few in the nation which serves as a land, sea and space grant institution charged with the responsibility to solve the problems in all of those areas.

We empathize with the financial challenges the Legislature faces and your University has been working hard to be part of the solution. This bill weakens our efforts and reduces our ability to be part of the solution. You would be sending the chilling message that the State of Hawai'i cannot support its public university. Approval of this measure would be detrimental to the State of Hawai'i and I ask you to oppose its passage. Mahalo.





UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
April 5, 2011 at 4:30 p.m.
by
MRC Greenwood
President, University of Hawai'i

SB 120 SD1 Proposed HD1 – RELATING TO STATE FUNDS

Chair Oshiro, Vice Chair Lee and Members of the Committee:

Aloha and thank you for the opportunity to provide testimony and express our concerns on the proposed HD1 of SB 120.

The University of Hawai'i supports the proposed measures contained in Part II of this bill to reclassify or repeal certain special and revolving funds of the University of Hawai'i, which agrees with the proposed measures contained in SB 814 HD1 and HB 1322 SD1 – Relating to Certain Funds of the University of Hawai'i. However, we respectfully request that the following change be made to conform to the wording of SB 814 and HB 1322;

In Part II, SECTION 19, the University requests that all fund balances remaining unencumbered and unexpended as of June 30, 2011, in the University of Hawai'i at Mānoa conference center revolving fund be transferred to the University of Hawai'i commercial enterprises revolving fund established under section 304A-2251, Hawai'i Revised Statutes instead of the general fund as currently drafted. This is the same wording as in SB 814 and HB 1322.

With this recommended change, we support Part II of this bill.

We do, however, have serious concerns over the proposed transfer, in Part III, Sections 56 through 63, of \$8,500,000 from University of Hawai'i special and revolving funds to the state's general fund. Coming on top of over \$200 million of general fund cuts in the current biennium in the University's appropriations, and \$10 million of transfers from University special and revolving funds to the state general fund in those two years, and with the \$16 million annual reduction in general funds from the executive budget which has been proposed in the house draft of HB 200, the budget bill, this additional reduction would have significant negative impact upon the University's ability to maintain core functions, bring in grant revenues and jobs to the state and serve our students.

As a result of the economic downturn, the University experienced \$98 million in reductions to its general funds in the Fiscal Year 2009-10. In Fiscal Year 2010-11 that reduction has been increased to \$108 million, representing a 23% decrease in the University's general fund budget from Fiscal Year 2008-09. That level of reduction in funding is one of the largest in the nation among public universities.

With an all-time high enrollment exceeding 60,000 students in Fall 2010, as compared to approximately 50,000 students in Fall 2007, we are serving many more students with far fewer general funds. We have managed this by various means throughout our campuses. These include executive, faculty and staff wage cuts (with no loss of instructional days), enrollment management, fewer classes at certain campuses, larger class sizes, deferred hiring and/or hiring of lecturers to fill instructional positions, campus closures during winter and spring breaks, and deferral of spending.

These reductions have impacted the University's ability to deliver academic programs by restricting the filling of positions, reducing class offerings, and increasing class sizes at certain campuses. A significant number of lecturers have not been renewed. Other critical program areas, such as financial aid and student services, have also been adversely impacted. All our state-funded employees are taking pay cuts and we have reduced our workforce in a number of areas. Campuses have been closed for the winter holidays and spring break, reducing utility costs for those periods of time. Despite the severe impact on our budget, we have worked diligently to minimize the impact on students, and we have done so without interruption to instructional days.

We would not have been able to manage this economic crisis without tuition revenue and other non-general funds. At our community colleges, for example, our Fall 2010 enrollment of 34,203 students represents a 20.2% increase over Fall 2008 and a 35.4% increase over Fall 2006. We have been able to serve those students only because we have tuition dollars.

As stated previously, in the current biennium, the Legislature has already swept \$10 million from the University's special and revolving funds to the state general fund. The proposed HD1 of SB 120 now would sweep an additional \$8.5 million from these funds. Most of these funds are being taken from tuition and fees, research and training revolving funds and revenue bond project funds. Tuition and fees are collected from students and are needed to pay for a significant part of our instructional costs which general fund appropriations are not sufficient to cover, the majority of which are for personnel. Research and training revolving funds are indirect overhead recoveries received from extramural contracts and grants – which are critical to bringing in revenues (\$452 million in FY 2010) and jobs to the state. Revenue bond project funds are generated by and are pledged to pay for the operations of projects that have been funded by University of Hawai'i revenue bonds such as student housing and the campus center, and for the payment of those bonds.

Moreover, it is important to recognize that the balances reflected at any point in time in special and revolving funds are cash balances which change daily based on timing of collection of revenue streams and when expenditures are paid. They do not take into account amounts payable for bills that have been received but are still in the process of being paid, nor do they reflect commitments that have previously been made or future requirements for the funds. Accordingly, such balances are not an accurate indication

of available resources. Furthermore, specifically with respect to the funds from which the proposed HD1 would sweep \$8.5 million more, \$4.9 million which was swept by Act 79 last session is still in the process of being transferred by the state Budget and Finance Department. So effectively, this represents a compounding of cuts that were already made last session.

In summary, the sweeping of University of Hawai'i special and revolving funds in Part III of SB 120 SD1 Proposed HD1, coming on top of all the previous cuts the University has suffered and other prospective reductions being proposed would certainly impair our ability to pursue our strategic outcomes and would have a serious negative impact upon our ability to continue to serve our students and generate revenues and jobs for the state.

Finally, if the Legislature determines that it absolutely must sweep special funds from the University, we ask that it be in such a way as to provide maximum flexibility to determine where the funds will come from so that we can minimize the impact on students and our core functions.

Thank you for this opportunity to testify on this draft proposal.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Repeal special and revolving funds

BILL NUMBER: SB 120, Proposed HD-1

INTRODUCED BY: House Finance Committee

BRIEF SUMMARY: Repeals various special funds and transfers the balances from the special funds into the general fund on June 30, 2011:

- Travel agency recovery fund
- Travel agency education fund
- Patients' compensation fund
- Western Governors University special fund (HRS 304A-2158)
- UH housing assistance revolving fund (HRS 304A-2258)
- Conference center revolving fund; UH Manoa (HRS 304A-2264)
- International exchange healthcare tourism revolving fund (HRS 304A-2265)
- Education laboratory school summer programs revolving fund (HRS 304A-2266)
- Community college and UH at Hilo bookstore revolving fund (HRS 304A-2269)
- Interagency federal revenue maximization revolving fund (HRS 29-24)
- Irrigation water development special fund (HRS 167-22.5)
- Irrigation and maintenance special fund (HRS 167-24)
- Rx plus special fund (HRS 346-318)
- State pharmacy assistance program special fund (HRS 346-345)
- Long term care benefits fund (HRS 346C-5)
- Loss mitigation grant fund (HRS 431:22-102)

Transfers the following amounts, which are found to be in excess of the program requirements, into the general fund:

State risk management revolving fund	\$1,000,000
Wireless enhanced 911 special fund	2,000,000
Stadium special fund	500,000
Medicaid investigations recovery fund	500,000
Energy security special fund	500,000
Hawaii community development revolving fund	500,000
Aloha tower fund	2,000,000
Waialua loan subsidy program	1,103
UH Faculty Housing Project Series 1995 bond proceeds special fund	520,780
Kikala-Keokea Housing Revolving Fund	474,014
Compliance resolution fund	1,500,000
Hawaii teachers standards board special fund	1,200,000

SB 120, Proposed HD-1 - Continued

School food service special fund	3,000,000
Community use of school facilities special fund	1,000,000
Federal grants search, development, and application revolving fund	500,000
Hawaiian home administration account fund	3,000,000
Health care revolving fund	100,000
Mental health and substance abuse special fund	4,000,000
Drug demand reduction assessments special fund	700,000
Neurotrauma fund	750,000
Emergency medical services special fund	3,000,000
Electronic device recycling fund	350,000
Environmental management special fund	1,500,000
Deposit beverage container deposit special fund	1,000,000
Newborn metabolic screening special fund	300,000
Community health care centers special fund	1,000,000
Noise, radiation and indoor air quality special fund	250,000
Environmental health education fund	200,000
Trauma system special fund	1,000,000
State health planning and development fund	100,000
Employment and training fund	700,000
Special unemployment insurance administrative fund	1,500,000
Premium supplemental fund	500,000
Tuition and fee special fund	1,000,000
University revenue-undertakings fund	1,000,000
Research and training revolving fund	1,000,000
Campus center operations fund	500,000
Outreach college summer session and CCECS fund	1,000,000
Housing assistance revolving fund	2,000,000
Community college special fund	1,000,000
UH risk management special fund	1,000,000

Changes the following revolving funds into special funds:

- Child Care Programs revolving fund (HRS 304A-2252)
- Discoveries and inventions revolving fund (HRS 304A-2254)
- UH alumni revolving fund (HRS 304A-2259)
- UH at Manoa intercollegiate athletics revolving fund &
UH at Hilo intercollegiate athletics revolving fund (HRS 304A-2261)
- Animal research farm, Waialeale, Oahu revolving fund (HRS 304A-2262)
- UH-Hilo theatre revolving fund (HRS 304A-2271)

Amends HRS 26-9 to provide that beginning on June 1, 2011, the director of finance shall transfer moneys from the compliance resolution fund to retroactively fund all interest payments on general obligation bonds issued for the purposes of assisting the operations of the department of commerce and consumer affairs through infrastructure improvements and shall collect payment for the interest on the general obligation bonds from the fund each year thereafter.

Amends HRS section 241-7 to repeal the deposit of \$2 million into the compliance resolution fund each fiscal year and provide that all taxes collected under this chapter (financial institutions tax) shall be deposited into the general fund between June 1, 2011 and shall be repealed on December 31, 2015.

Amends HRS section 247-7 to suspend the distribution of a portion of the conveyance tax revenues to the land conservation fund between June 30, 2011 and June 30, 2013.

Amends HRS section 328L-2 to provide that the master settlement agreement money shall be deposited into the general fund rather than the emergency and budget reserve fund for fiscal years 2011 and 2012. The master settlement agreement moneys that are appropriated into the Hawaii tobacco prevention and control trust fund shall be deposited into the general fund for fiscal years 2011 and 2012.

On July 1, 2011 the director of finance shall: (1) transfer any remaining balances as of June 30, 2011 to the credit of the state general fund; (2) identify any special funds that are repealed in this act that contain or receive deposits from any federal funding source and transfer the portions of those balances consisting of federal funds into corresponding separate special accounts within the general fund to enable the continuation of the purposes funded by the federal funding sources.

EFFECTIVE DATE: Upon approval

STAFF COMMENTS: This measure repeals various special and revolving funds and transfers excess balances in various special funds into the general fund. Due to the state budget shortfall, lawmakers are searching for moneys to cover that shortfall and are tapping the various non-general funds of the state.

It should be noted that the transfer of moneys from special funds to the general fund was found to be unconstitutional. In Hawaii Insurers Council v. Lingle, Hawaii Supreme Court, No. 27840, December 18, 2008, the court found that the transfer of moneys held in a special fund to the general fund was unconstitutional under the separation of powers doctrine. The court determined that the assessments that were deposited into a special fund were regulatory fees since they were imposed because they were: (1) imposed by a regulatory agency; (2) the agency placed the moneys in a special fund; and (3) the money was not used for a general purpose but to defray expenses generated by the insurers. The transfer of moneys from the special fund to the general fund was unconstitutional because it made the fees collected by the agency for a specific purpose as if they were derived from general tax revenues. The court found that the legislature's bills to transfer the moneys from the special fund to the general fund resulted in an "impermissible blurring of the distinction between the executive power to assess regulatory fees and the legislative power to tax for general purposes." In a preliminary opinion from the state attorney general, transfers from the compliance resolution fund may be unconstitutional, since the transfer of moneys from that fund was the basis for the Hawaii Insurers Council case.

That said, what this measure underscores is the growing problem of "hiding" sums of money in various funds, other than being deposited into the general fund. Prior to the 1990's special funds were a rarity, limited largely to the transportation activities where special funds had to set those revenues from the highways and airports aside to qualify for matching federal funds. Even the regulatory fees of the department of commerce and consumer affairs went into the state general fund and then were doled out through the appropriation process to cover the operating costs of the various regulatory activities.

However, once specific special funds were created, like those for the insurance industry, funds collected from the industry had to be used to benefit that particular industry. This is where the courts stepped in and ruled in favor of the Hawaii Insurers Council. Had the money gone into the general fund and then be appropriated back to cover the activities, the courts would not have ruled as they did. That's because the oversight was provided by the legislature in determining the appropriateness of not only the fees charged but the expenses of running the program.

It should be remembered that the 1990 legislature directed the State Auditor to evaluate all special and revolving funds as of July 1, 1990 and recommend whether they should be continued or eliminated. The Auditor is also to examine any new or proposed special or revolving funds which would decrease general fund revenues. While the Auditor had a completion date of 1995, the review was completed in 1992. The Auditor's report noted that, "Special funds give agencies full control of these unappropriated cash reserves, provide a way to skirt the general fund expenditure ceiling, and over time erode the general fund. Many experts say that special funds are likely to hamper budget administration. And from a legislative perspective, they are less desirable because they are not fully controlled by the appropriation process."

Given the findings of the Auditor and the current financial crisis, it is quite clear that the creation of numerous special funds has eroded the integrity of state finances. Moneys in special funds are neither subject to the general fund expenditure limitation nor to the close scrutiny that general funds are subject to in the budgeting process. Special funds which earmark general fund revenues cannot be justified as they restrict budget flexibility, create inefficiencies, and lessen accountability.

There is no doubt that carving out portions from the general fund has created the lack of funds lawmakers face each year. Such a shortfall will inevitably lead to a call for tax increases even though money abounds in these special funds. One only has to review the measures introduced each year that set up numerous new special funds or add new fees or charges, the receipts of which are earmarked for special funds, to see the prolific establishment of special funds.

As has been consistently noted, these fees were increased or approved and earmarked for totally irrelevant programs. The result has been this mismatch of either not enough funds to carry out the program or, as in these cases, an excess of funds that then become the target for a raid. Lawmakers should learn a lesson and repeal many of the earmarked sources and their special funds and cease from creating any more new special funds or earmarking any more revenues for such worthy causes.

Finally, these numerous special funds create an even more serious legal problem and that is the circumvention of the state general fund spending ceiling. Inasmuch as many of the programs which have set up their own special funds used to be beneficiaries of the state general fund, funding of these programs is no longer subject to the general fund spending limit, but had they remained funded with general funds, the growth of these programs would have been measured against the spending limit yardstick. Thus, by spinning these programs off into special fund financing, the growth of government that the constitutional limit was supposed to have measured has become obscured, contributing to the problem that the administration and legislators are trying to address. The bottom line is that state government has grown faster than the economy that is being called upon to support that growth, a formula for self-destruction.

Returning many of these programs to general fund funding will allow lawmakers flexibility in moving resources among programs as priorities dictate, and indeed it will allow lawmakers to set priorities among the various state programs. No doubt there will be gnashing of teeth as program beneficiaries plead for the salvation of their various special funds, but if lawmakers are to resolve the serious budget shortfall, they need to begin with bringing many of these programs back under the control and review of the legislature. If lawmakers continue to condone such special funds, then they might as well earmark all revenues of the state and vote themselves out of existence as there would then be no need for a legislative body to appropriate state funds.

Thus, adoption of this measure is the first step in regaining control over state finances. While some of these funds are being sapped for what is called resources in excess of their needs, these funds should be repealed unless administrators can submit a good legal reason why they should not be repealed. Those programs that have been so blessed in the past will now have to come back each and every year to report about their stewardship of the funds they have been given to run their programs. Lawmakers will have every right to demand evaluation of the program's performance before doling out even more money. This is the very least lawmakers owe their taxpaying constituencies. Returning these programs to general fund financing will improve accountability and transparency.

As this measure emphasizes, there are numerous special funds with balances in excess of the designated program needs. Just the transfer from some of the special funds amounts to nearly \$45 million which is deemed excess. And while the beneficiaries of these special funds like to think of these balances and these funds as "their" money, those dollars really belong to the taxpayers of this state. While the administration and legislative leaders have called for the restructuring of state government, they can begin with the repeal of special funds as a first step in that direction. As the State Auditor subtitled her first report on special funds nearly two decades ago, special funds represent a "loss of fiscal control."

While this measure also suspends dispositions of revenue to the various special funds and diverts them into the general fund, it should be remembered that while these revenue enhancement provisions are a temporary measure and unless government spending is controlled, the state may be in the same situation next year with all creative financing schemes exhausted.

Digested 4/4/11



Testimony Presented Before the
House Finance Committee
April 5, 2011 at 4:30 pm

by
Donna Vuchinich
President and CEO, University of Hawai'i Foundation

SB 120 SD1 Proposed HD1 – RELATING TO STATE FUNDS

Chair Oshiro, Vice Chair Lee and Members of the Committee:

Aloha and thank you for the opportunity to provide testimony and express our concerns on the proposed HD1 of SB 120.

The University of Hawai'i Foundation has serious concerns over the proposed transfer, in Part III, Sections 56 through 63, of \$8,500,000 from University of Hawai'i special and revolving funds to the state's general fund. These cuts, on top of the more than \$200 million of general fund cuts in the current biennium in the University's appropriations, will severely impact key programs and operations and adversely affect the University of Hawai'i's ability to fulfill its mission as a resource for our state, and as a builder of our future. These additional cuts will further impede our University's ability to maintain core functions, bring in grant revenues and jobs to the state and serve our students.

Now more than ever, our University plays a pivotal role in shaping our State's future. Our unique integrated university system educates our workforce for sectors as diverse as the trades, healthcare, education and hospitality and tourism. Our alumni are not only the workers but the innovators who create future industry and economy. Now is the time to maintain funding or increase investment in our education system. To cut now, would decimate the great strides our University has made and continues to make.

The revenues and fees were collected for the purpose of supporting public higher education through funding programs that support students and help them succeed. We do not support the transfer of these monies to the State general fund.

Thank you for the opportunity to present our concerns on this draft proposal.



HOUSE COMMITTEE ON FINANCE
Rep. Marcus Oshiro, Chair

Conference Room 308
April 5, 2011 at 4:30 p.m.

Opposing Sections 42, 43, 48, and 51 of SB 120 SD 1.

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. Our members employ more than 40,000 people statewide, delivering quality care to the people of Hawaii. Thank you for this opportunity to testify in opposition to Sections 42, 43, 48, and 51 of SB 120 SD 1.

Section 42 of the bill transfers \$750,000 out of the Neurotrauma Fund to the general fund. This transfer will set back the Department of Health's efforts to support and provide services of neurotrauma injuries. For example, the Queen's Medical Center Statewide Stroke Network project will be impacted, along with the University of Hawaii Concussion Management project that will affect approximately 90,000 high school student athletes statewide.

Section 43 of the bill transfers \$3,000,000 out of the Emergency Medical Services Special Fund to the general fund. This Fund provide funds for the operation of an enhanced and expanded state comprehensive emergency medical services system. It also addresses shortage of paramedics and need for the training of emergency medical personnel on the Neighbor Islands. The Fund receives revenue from such sources as the cigarette tax and motor vehicle registration fees. This transfer of funds will reduce the ability of the Department of Health to contract for the current level of service. Some ambulance stations may need to be closed, and Neighbor Island EMS training programs may be terminated.

Section 48 of the bill transfers \$1,000,000 from the Community Health Centers Special Fund to the general fund. Community health centers are mandated to provide comprehensive primary care and preventive care, including health, oral and mental health/substance abuse services to persons of all ages, regardless of their ability to pay. The recession and its aftermath have resulted in a 48% increase in the number of community health center patients in the past five years. 72% of them are below the poverty line, and 24% of them are uninsured. Community health centers served 125,000 patients in 2009. This special fund is the only source of dedicated state funding that community health centers have to provide care for the uninsured and for their operations.

Section 51 of the bill transfers \$1,000,000 from the Trauma System Special Fund to the general fund. The Trauma System Special Fund was created in 2006 to develop and operate a statewide trauma system for trauma patients throughout the state. It will reduce the number of deaths and disabilities resulting from traumatic injuries. The Fund receives money from a portion of the tax on cigarettes and a surcharge on fees for traffic violations. The loss of funds would set back the development of a statewide trauma system.

Thank you for this opportunity to testify in opposition to Sections 42, 43, 48, and 51 of SB 120 SD 1.



April 5, 2011

COMMITTEE ON FINANCE
Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair

Re: SB 120, SD1 - Relating to State Funds
Hearing: Tuesday, April 5, 2011 at 4:30 pm in Conf. Room 308

Aloha mai kākou:

Aloha 'Āina 'O Kamilo Nui strongly opposes SB 120, SD1 which proposes to zero out the Legacy Land Conservation Fund for two years. We are a non-profit community organization dedicated to the protection and preservation of the land, natural and cultural resources of Kamilo Nui Valley and the East Honolulu area. Aloha 'Āina 'O Kamilo Nui embraces the Hawaiian values of "aloha 'āina" and "mālama 'āina" (love and care for the land) and strives to protect and perpetuate the 'āina and its cultural resources for the benefit of future generations.

East O'ahu has long had significance in the history and mythology of the islands, yet it has lost more ancient sites to development than any other part of the island. At least two dozen heiau were located in this area and had close to a dozen fishponds at one time, including the 523 acre Keahupua-o-Maunaloa Pond, the largest fishpond in Polynesia. Van James, author of Ancient Sites of O'ahu, states:

Between the O'ahu Club and the Hawai'i Kai Post Office, where Mariners Ridge comes down to near sea level, is one of the few remaining areas in

COMMITTEE ON FINANCE

April 5, 2011

Page 2

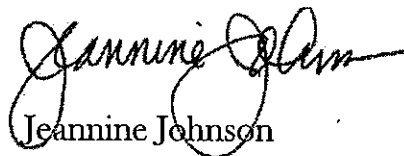
Hawai'i Kai where remnants of ancient Hawaiian history can still be observed. In amongst the brush of this undeveloped property is a small swampy area surrounded by a stand of mature coconut trees. Below the swaying palms is an ancient spring and an old lava rock well. The circular well is in good condition, having been restored with cement in the early twentieth century, and the water from the spring, though not drinkable keeps the adjacent wetland active year-round with visits by the endangered 'alae 'ula.

About fifty feet east of the old well and twenty feet up the gently sloping lava rock of Mariners Ridge, Kaluanui in Hawaiian, lies the petroglyph of a fish. Carved in typical outline fashion, this single rock engraving seems most appropriate for an area so close to a major fishpond. It might indicate the kind of offerings that were made at the nearby heiau or temple, now destroyed. Hāwea Heiau, originally located near the petroglyph, may have been named for the famous drum brought by La'amai Kahiki from the South Pacific home of early Hawaiians.

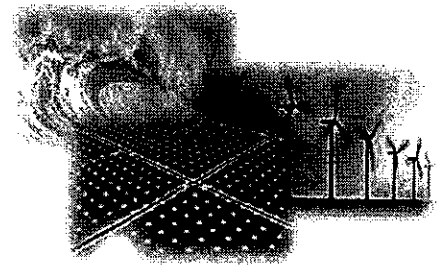
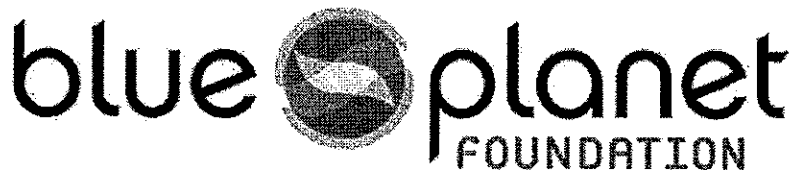
According to Patricia Price-Beggerly and J.R. McNeill who surveyed the area in 1985, the "wholesale loss of cultural resources tends to accentuate the value of the few remaining sites in an area important to Hawaiian culture as reflected in its traditions and history. This makes it even more important that the cultural resources which are left be recovered or preserved." The acquisition of the Hāwea Heiau Complex and Keawāwa Wetlands by the Trust for Public Lands and the Livable Hawai'i Kai Hui with \$325,000 from the Legacy Land Conservation Fund will preserve some of the very last remaining cultural resources in our community.

Please do not pass SB 120, SD1. Many communities are depending on you to help preserve our cultural and historic resources. Mahalo for your kōkua.

'O au iho nō me ke aloha,



Jeannine Johnson



HOUSE COMMITTEE ON FINANCE

April 5, 2011, 4:30 P.M.

Room 308

(Testimony is 1 page long)

TESTIMONY IN OPPOSITION TO SB 120, PROPOSED HD1

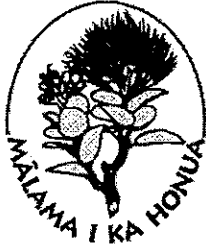
Chair Oshiro and members of the Committee:

The Blue Planet Foundation respectfully opposes SB 120 proposed HD1, a measure reducing the amount of funding for Hawaii's transition to clean energy. Our position and testimony on SB 120 pertain only to Section 27 regarding funding for the Energy Security Special Fund.

The Energy Security Special Fund (ESSF) is dedicated to the state planning and implementation of Hawaii's clean energy future. The ESSF currently receives 15% of the revenue generated by the tax on imported petroleum. This money is directed to the state Energy Office housed within the Department of Business, Economic Development, and Tourism (DBEDT). The Energy Office is currently funding primarily by federal stimulus funding—funds that will expire completely in 2012. Unless general fund monies are appropriated, the State Energy office and its staff lack dedicated funding. The nexus between a barrel tax and the state energy office is clear: tap the source of Hawaii's energy problems to fund its solutions.

Blue Planet Foundation respectfully asks that this special fund remain intact, as they help Hawaii's transition to clean energy and help leverage federal and private capital for clean energy research, development, and implementation.

Thank you for the opportunity to testify.



Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803

808.538.6616 hawaii.chapter@sierraclub.org

SENATE COMMITTEE ON FINANCE

April 5, 2011, 4:30 P.M.
(Testimony is 1 page long)

TESTIMONY IN STRONG OPPOSITION TO SB 120, SD1, PROPOSED HD1

Aloha Chair Oshiro and Members of the Committee:

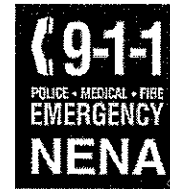
The Hawai'i Chapter of the Sierra Club, with 8,000 dues-paying members and supporters, *strongly opposes* SB 120, which would drastically reduce or eliminate funding for the Legacy Lands Conservation Fund.

Hawai'i's stunning environment inspires us, nurtures us, and sustains us. Protection of important cultural, natural, and historic sites is critical for the state's longterm future and economic growth.

That's why so many different supporters came together to pass the Legacy Lands Fund program in 2005. This program has successfully leveraged federal, state, county, and private dollars to acquire significant sites like Ma'o Farms, Lapakahi State Historical Park, and Honouliuli Forest Reserve.

Elimination of the Legacy Lands program would have an manini impact on our budget -- most of these funds are fairly small in the big picture -- but would have a major negative impact on the program. All of the staff would lose their jobs, the volunteer commissioners would be disbanded, and all progress made over the past few years would be lost. This is a penny wise, pound foolish concept.

Please hold SB 120. Mahalo for the opportunity to testify.



April 5, 2011

Rep. Marcus Oshiro, Chair
 Committee on Finance
 State Capitol, Room 306
 Honolulu, Hawaii 96813

Marilyn B. Lee, Vice Chair
 Committee on Finance
 State Capitol, Room 434
 Honolulu, Hawaii 96813

Dear Chairman Oshiro and Vice Chair Lee:

The wireless industry and the national 9-1-1 community, CTIA¹ and the National Emergency Number Association (NENA)² write today on behalf of Hawaii consumers to express our concern and objection over the proposed diversion, contained in HD1, of \$2 million in revenue collected from consumers of wireless and other communications services to fund 9-1-1 services. Unfortunately, as a result of a diversion of 911 funds to the general revenue in 2009 of \$16 million, Hawaii has a history of raiding public safety dollars. This funding is extremely critical to Hawaii 9-1-1 systems and ensures that 9-1-1 callers can quickly be located in emergency situations and receive an effective emergency response. CTIA and NENA are very cognizant of the critical budget issues that currently face Hawaii. However, in the interest of public safety, this fund needs to be used for its intended purpose.

The U.S. Congress has taken several steps to prevent this practice from occurring. First, through the ENHANCE 911 Act of 2004 (Pub. Law 108-494), Congress made clear that states are ineligible for federal 9-1-1 grant money if the state has misallocated 9-1-1 fees for unintended purposes. In addition, Congress passed the NET 911 Improvement Act, signed by the President on July 20th, 2008, that highlights the need to keep 9-1-1 fees protected for the purposes intended. The language specified in Pub. Law 110-283 addresses the issue of state 9-1-1 fund diversions in two important respects. First the law makes clear that state and local governments have the

¹ CTIA – The Wireless Association® is the international organization of the wireless communications industry for both wireless carriers and manufacturers. Membership in the organization covers Commercial Mobile Radio Service (“CMRS”) providers and manufacturers, including cellular, broadband PCS, ESMR, and AWS, as well as providers and manufacturers of wireless data services and products.

² NENA is *The Voice of 9-1-1*™. NENA promotes implementation and awareness of 9-1-1 as North America’s universal emergency number and the advancement of Next Generation 9-1-1 systems. NENA is the leading professional non-profit organization dedicated solely to 9-1-1 emergency communications issues. NENA serves its nearly 7,000 members in 48 chapters across the U.S., Canada and Mexico through policy advocacy, establishment of technical and operational standards, certification programs and a broad spectrum of educational offerings. Find out more at www.nena.org.

authority to impose 9-1-1 fees on wireless and voice over-IP (VoIP) providers only if the fees are used for their intended purpose:

Nothing in this Act, the Communications Act of 1934 (47 U.S.C. 151 et seq.), the New and Emerging Technologies 911 Improvement Act of 2008, or any Commission regulation or order shall prevent the imposition and collection of a fee or charge applicable to commercial mobile services or IP-enabled voice services specifically designated by a State, political subdivision thereof, Indian tribe, or village or regional corporation serving a region established pursuant to the Alaska Native Claims Settlement Act, as amended (85 Stat. 688) for the support or implementation of 9-1-1 or enhanced 9-1-1 services, provided that the fee or charge is obligated or expended only in support of 9-1-1 and enhanced 9-1-1 services, or enhancements of such services, as specified in the provision of State or local law adopting the fee or charge. For each class of subscribers to IP-enabled voice services, the fee or charge may not exceed the amount of any such fee or charge applicable to the same class of subscribers to telecommunications services.

The law also requires the Federal Communications Commission (FCC) to monitor the practice of state implementation and collection of 9-1-1 fees:

To ensue efficiency, transparency, and accountability in the collection and expenditure of fees for the support or implementation of 911 or E-911 services, the Commission[FCC] shall submit a report within 1 year after the date of enactment of the 911 Modernization and Public Safety Act of 2007, and annually thereafter, to the Committee on Commerce, Science and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives detailing the status in each State of the collection and distribution of 911 fees, and including findings on the amount of revenues obligated or expended by each State or political subdivision thereof for any purpose other than the purpose for which any fee or charges are specified. (H.R.3403 Sec 6(f)(20).

Wireless carriers alone annually collect nearly \$2 billion dollars of dedicated taxes, fees and surcharges from wireless consumers for the purpose of supporting and upgrading the capabilities of the 6,174 Public Safety Answering Points (PSAPs) that exist across the country. In addition to the nearly \$2 billion dollars annually collected from consumers and remitted to state and local governments, wireless service providers have also expended billions to modify their networks to enable them to identify and locate wireless E9-1-1 callers.

The capital provided in good faith by wireless consumers through E9-1-1 fees or surcharges has been, and continues to be, extremely critical in supporting public safety in a given state. However, the taxes and fees collected from wireless consumers at the state and local level under the auspices of E9-1-1 deployment need to be solely dedicated to the advancement of E9-1-1 deployment and not used for other revenue purposes. Not only is it the appropriate policy in the best interest of Hawaii's citizens and visitors that depend on an effective 9-1-1 system, but also it is consistent with the direction of the United States Congress.

The wireless industry and the national E9-1-1 community are committed to working together with states to ensure emergency E9-1-1 services is a coordinated and collaborative operation between the public and private sectors and provided at a reasonable cost. The capital provided to state governments by consumers of wireless and other communications services through taxes, fees or surcharges is extremely critical in supporting the acquisition of the

necessary tools to receive and act on all E9-1-1 calls in order to save a life, locate a missing child or prevent a crime.

Therefore, CTIA – The Wireless Association and the National Emergency Number Association strongly urge you to not divert E9-1-1 funds collected for public safety purposes to general revenue.

Sincerely,



Brian F. Fontes
CEO
National Emergency Number Association



K. Dane Snowden
Vice President, External & State Affairs
CTIA - The Wireless Association®

CC:

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Hawai'i Primary Care Association

345 Queen Street | Suite 601 | Honolulu, HI 96813-4718 | Tel: 808.536.8442 | Fax: 808.524.0347
www.hawaiiPCA.net

House Committee on Finance

The Hon. Marcus R. Oshiro, Chair

The Hon. Marilyn B. Lee, Vice Chair

Testimony in Opposition to Senate Bill 120 SD 1 Proposed HD 1

Relating to State Funds

Submitted by Beth Giesting, Chief Executive Officer

April 05, 2011, 4:30 p.m., Room 308

The Hawai'i Primary Care Association represents all community health centers in Hawaii. **We strongly oppose Section 48 of Senate Bill 120 which transfers \$1 million from the community health centers special fund into the general fund for fiscal year 2010-2011.**

The community health center special fund provides funding for health care for the uninsured. Although the amount of this funding has remained relatively flat from 2005 – 2011, health centers have seen a 48% increase in patients and 18% increase in uninsured patient visits during that same time period. In total, uninsured patients now represent 24% of all community health center clients. This increase in client load is taxing the operational capacity of these organizations. For some community health centers their share of funding from the special fund has already run out for this fiscal year, but they still see many uninsured patients. **If there are any "excess" funds in the community health center special fund, they should be released to the community health centers because there is a demand for medical services for the uninsured.**

Please remove Section 48 from Senate Bill 120 Proposed House Draft 1. Thank you for the opportunity to testify in opposition to this measure.



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April 3, 2011

Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair
Hawaii House of Representatives
Committee on Finance

THE HAWAIIAN ISLANDS LAND TRUST TESTIMONY IN OPPOSITION TO SB120 HD1 AS CURRENTLY PROPOSED

House Committee on Finance

Tuesday April 5, 2011, 4:30pm Rm. 308

My name is Dale Bonar and I am the Executive Director of the Hawaiian Islands Land Trust. In addition for the past 5 years, I have served as the Chairperson of the State Natural Areas Reserve System and the Legacy Land Conservation Fund Commission.

While we understand the severe restrictions on balancing the FY 2012-13 budgets, **we respectfully request a reduction rather than an elimination** of the funding for the Legacy Land Conservation Fund (LLCF) described in Part VIII of this bill for the following reasons:

1. The depressed real estate market provides unparalleled opportunities to acquire and protect lands that are critical to cultural, environmental and agricultural sustainability for Hawaii. Such opportunities once lost are unlikely to ever appear again.
2. The resources provided by the LLCF have allowed eligible state and county agencies and land conservation nonprofits to leverage every LCF dollar with at least three dollars in matching funds from federal, county and private entities. Loss of the LCF funds will effectively block most of the land protection efforts that have been so successful since 2005 when the Legacy Lands program began.
3. Operating the program at a reduced level will allow the program infrastructure, including the very limited staff at DLNR and the Commission membership to remain intact and functional rather than having to be completely restarted after a two-year hiatus. Since there are ongoing projects that have been allocated funding, but have not yet completed the acquisitions, the loss of LLCF staff could hold up, or at worst derail those projects.

Please do not zero out this incredibly successful program. Hawaii's economy, sustainability, sense of place and quality of life all depend on a healthy environment.

Sincerely,

A handwritten signature in black ink, appearing to read "Dale B. Bonar". The signature is fluid and cursive, with the first name "Dale" being the most prominent.

Dale B. Bonar, Ph.D.
Executive Director

Presentation to the House Committee on Finance
Tuesday, March 5, 2011, at 4:30 pm
Testimony on Senate Bill 120 SD1 HD1 Relating to Taxation

To: The Honorable Marcus Oshiro, Chair
The Honorable Marilyn Lee, Vice Chair
Members of the House Committee on Finance

My name is Gary Fujitani testifying on behalf of the Hawaii Bankers Association (HBA), which is the trade organization that represents all FDIC insured depository institutions doing business in Hawaii.

HBA is opposed to Section VII of SB 120 of the proposed HD1 draft, which proposes to shift \$2 million collected from the taxation of banks, presently deposited into the compliance resolution fund, to the general fund. We take no position on any other sections of the proposed HD1 draft.

SB 120 HD1 proposes to divert franchise taxes paid by all banks, whether state or federally chartered, into the state general funds, without any reference to how these funds would be replaced. However, to replace the lost revenue, it would appear that only the six state chartered FDIC insured depository financial institutions will face the possibility of tremendous fee increases. The other three federally chartered Hawaii banks will not be affected by this proposal.

The annual amount being diverted from the compliance resolution fund, over the proposed period, would amount to \$10 million. This is a substantial burden to put on the state chartered banks and the other business regulated by the Division of Financial Institutions, which is unfair.

HRS section 92-28 provides that there be a "reasonable relation" between the fee and the value of the service provided. Due to the tremendous shortfall that may need to be made up, it would appear that there would be no reasonable relation between any fees necessary to make up the difference and the value of the service provided.

We thank you for allow us to testify and for your consideration of this matter.

Rising Up, Inc.



Strengthening Community Potential through Fiscal Sponsorship Services

To: Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
House Finance Committee

Re: STRONG OPPOSITION to Section IX of SB 120 SD 1 Proposed HD 1, Relating to State Funds
Hearing on April 5, 2011 at 4:30 p.m. in Room 308 (Agenda #3)

Thank you for the opportunity to provide testimony in strong opposition to the Proposed HD 1 of SB 120, SD 1. I ask that you eliminate Section IX, which would eliminate funding for tobacco prevention and cessation efforts from the Tobacco Settlement Special Fund.

My name is Cara Sadira, the Executive Director of Rising Up, Inc. which does tobacco treatment outreach to disparate populations, and training for physicians, social service workers, and universities state-wide. This year alone, we have provided training for over 200 key health and social-service workers. We targeted our training for professionals working with disparate populations and high percentages of smokers.

Tobacco prevention works because of long-term consistent funding. Our efforts have reduced tobacco use from one in four youth to nearly one in ten youth. Between 2002 and 2008, our efforts saved 14,100 adults from tobacco-related deaths. This has saved the state more than \$402 million.

Although we have provided a great deal of training, many of these professionals will not get reimbursed for their treatment services, and therefore will not be able to provide the in-depth counseling that is needed to assist their clients in quitting smoking. Grantees of the trust fund have been working to get sustainable treatment for smoking clientele, but that is many years from happening. The trust fund is needed to ensure that clients can receive the life-saving support that they need for many years to come.

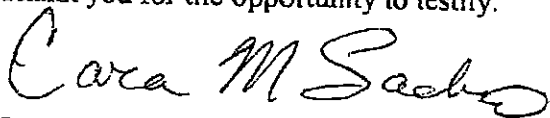
Many of the smoking clients are dually diagnosed with mental illness, chronic illness, and/or drug dependencies. Their tobacco addiction is crippling them, and keeping them in a state of constant addiction, and anxiety, over a product they can no longer afford, but until they get the help, they desperately need it. These clients purchase cigarettes over food and medications for their families.

91% of Hawaii residents want Tobacco Settlement funds to fund tobacco prevention. They understand that we must fund what works. The social service workers, physicians, etc. that all refer to our programs understand that they work.

Rising Up, Inc. is a Registered 501©3 Nonprofit Organization
Providing Umbrella Nonprofit Status to Charitable Community Projects * Tax ID: 41-1731788
Contact: CEO & Board Chair, Cara Sadira, Master of Nonprofit Management * Telephone (808) 557-4838
E-mail cara@risingupinc.org * Website: www.risingupinc.org

I ask that you keep protect funding for tobacco prevention efforts.

Thank you for the opportunity to testify.



Cara Sadira, CEO, Rising Up, Inc.

Castle Medical Center
Wellness & Lifestyle Medicine



Wellness & Lifestyle Medicine Center
The Harry & Jeanette Weinberg
Medical Plaza and Wellness Center
640 Ulukahi Street
Kaliua, Hawaii 96734
Tel 808-263-5050
Fax 808-263-5054
www.castlemed.org

Date: March 4, 2011

To: Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
House Finance Committee

From: Beth Davidann, Director - Castle Wellness & Lifestyle Medicine Center 

Re: STRONG OPPOSITION to Section IX of SB 120 SD 1 Proposed HD 1,
Relating to State Funds
Hearing on April 5, 2011 at 4:30 p.m. in Room 308 (Agenda #3)

Thank you for the opportunity to provide testimony in strong opposition to the Proposed HD 1 of SB 120, SD 1. I ask that you eliminate Section IX, which would eliminate funding for tobacco prevention and cessation efforts from the Tobacco Settlement Special Fund.

My name is Beth Davidann and I serve as the Director for the Wellness & Lifestyle Medicine Center located on Windward Oahu at Castle Medical Center. We provide tobacco treatment programs for patients in the hospital as well as for the general public through groups and individual counseling.

Our community needs funding from the Tobacco Settlement Special Fund to keep kids from tobacco use and to help smokers quit. Eliminating the Tobacco Settlement Special Fund and HRS 328L-2 means that there will be no revenues dedicated for our crucial tobacco prevention and control efforts.

This is alarming. Our efforts have already seen a severe reduction in funding for tobacco prevention and control. In 1999, the Tobacco Prevention and Control Trust Fund received 25% of the Tobacco Settlement Dollars. In 2001, the Trust Fund portion was cut down to 12.5%, and in 2009, it was cut again to 6.5%. We cannot afford to eliminate the funds completely.

Many of our Castle clients are low-income and also have a chronic illness. Some of our clients live in transitional housing or group homes. They report spending money on cigarettes instead of necessary medications and/or good food. We have learned how smoking cripples those with low income and chronic illness. This is the population that needs tobacco treatment programs. It is the population that most of the trust fund grantees serve. Without the tobacco funding, our program may cease to exist, leaving the clients that we serve without assistance in breaking free of an addiction that contributes to them remaining sick and destitute.

Tobacco control and treatment programs work. We have seen strong reductions in youth smoking from almost 25% in 2000 to just above 11% in 2009. Our concern is that this progress will end if funds are further cut. All that stands between our youth starting to smoke and the tobacco industry is our tobacco prevention efforts. These efforts will be gone if funds are stopped.

I ask that you protect funding for tobacco prevention and cessation. Thank you for the opportunity to provide this testimony.



PALALAMA SETTLEMENT

810 NORTH VINEYARD BOULEVARD • HONOLULU, HAWAII 96817 • PHONE 845-3945 • FAX 847-2873

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Executive Director

To: House Committee on Finance
For: Hearing Scheduled for April 5, 2011 at 4:30 pm in Room 308
Re: TESTIMONY IN OPPOSITION TO PART IX, SB 120, Proposed HD 1

Representative Marcus Oshiro, Chair; Representative Marilyn Lee, Vice Chair; and Members of the House Committee on Finance:

I am opposed to all cuts to funding for tobacco prevention and control. I urge you to delete the proposed changes to Part IX (Master Settlement Agreement Money) of SB 120, Proposed HD 1.

Cuts made by the 2009 State Legislature to the amount of dollars going into that Trust Fund have resulted in a significant reduction in smoking cessation and prevention programs in Hawaii. States such as Indiana, Massachusetts, and California that cut tobacco prevention and control funding have seen smoking rates jump back up.

Smoking continues to kill more people that does AIDS, alcohol, car accidents, illegal drugs, murders and suicides combined, while also costing Hawaii over a half a billion dollars in annual health care costs and loss of productivity.

These programs are saving lives and money while fulfilling the purpose of the master tobacco settlement agreement by preventing thousands of children from starting to smoke and helping hundreds of teens and adults stop smoking. To divert any of the funds from this purpose will dismantle the gains we have worked diligently to achieve to support a healthy Hawaii.

Please continue to help all our communities to counter the tobacco industry's predatory tactics and keep our children and future generations tobacco-free. Needing money to combat hard economic times is not a rationale to short circuit the intent of the master tobacco settlement and to marginalize our children's and our future generations' health.

Please do not back down on this promise. We can't afford to have the next generation suffer any burden or harms because of tobacco. Our tobacco prevention efforts ensure this. I ask that you hold this measure.

Sincerely,

Jean A. Evans, MPH, Executive Director

WAIANAЕ COAST COMPREHENSIVE
HEALTH CENTER



To: Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
House Finance Committee

Re: STRONG OPPOSITION to Section IX of SB 120 SD 1 Proposed HD 1, Relating to State
Funds
Hearing on April 5, 2011 at 4:30 p.m. in Room 308 (Agenda #3)

Thank you for the opportunity to provide testimony in strong opposition to the Proposed HD 1 of SB 120, SD 1. I ask that you eliminate Section IX, which would eliminate funding for tobacco prevention and cessation efforts from the Tobacco Settlement Special Fund.

My name is Christy Inda, the Director of Preventive Health at the Waianae Coast Comprehensive Health Center (WCCHC). The Wai`anae Coast has the highest smoking prevalence rate in the State, with an estimated 29.7% of the adult population being current smokers. E Malama I Kou Ha (care for your life giving breath) is a tobacco cessation program that is funded by the Trust Fund and provides much-needed services to adult residents of the Leeward Coast, particularly Native Hawaiians and homeless. Our community needs funding from the Tobacco Settlement Special Fund to keep kids from tobacco use and to help smokers quit. Eliminating the revenue dedicated for our crucial tobacco prevention and control efforts is short-sighted.

Tobacco prevention works because of long-term consistent funding. Our efforts have reduced tobacco use from one in four youth to nearly one in ten youth. Between 2002 and 2008, our efforts saved 14,100 adults from tobacco-related deaths. This has saved the state more than \$402 million.

I am deeply troubled that cuts to tobacco prevention are still being considered. Our efforts have already seen a severe reduction in funding for tobacco prevention and control. In 1999, the Tobacco Prevention and Control Trust Fund received 25% of the Tobacco Settlement Dollars. In 2001, the Trust Fund portion was cut down to 12.5%. And in 2009, it was cut again to 6.5%. We cannot afford to cut it down completely. Ninety-one percent of Hawaii residents want Tobacco Settlement funds to fund tobacco prevention. They understand that we must fund what works.

I ask that you keep protect funding for tobacco prevention and cessation efforts.

Thank you for the opportunity to testify.

Sincerely,

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Alison Powers
Executive Director

TESTIMONY OF ALISON POWERS

HOUSE COMMITTEE ON FINANCE
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

Tuesday, April 5, 2011
4:30 p.m.

SB 120, SD 1, Proposed HD 1

Chair Oshiro, Vice Chair Lee, and members of the Committee, my name is Alison Powers, Executive Director of Hawaii Insurers Council. Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately 40% of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **opposes Part VI** of the proposed HD 1 of SB 120, SD 1, which would amend the statute governing operation of the Department of Commerce and Consumer Affairs (DCCA) to require that the Director of Finance transfer money from the Compliance Resolution Fund to retroactively and prospectively fund all interest payments on certain general obligation bonds issued for "infrastructure improvements." It is the apparent intent of this bill to require the DCCA to cover the cost of the State's acquisition of the King Kalakaua Building (KKB) which houses most of the DCCA's divisions and employees.

Hawaii Insurers Council opposes Part VI of the proposed HD 1 on several grounds. First, as a matter of fundamental fairness and sound fiscal planning, there is strong evidence that the DCCA has already been assessed the cost of acquiring the KKB. In her testimony in opposition on the original measure, HB 560, which this committee heard on February 25, 2011, Keali'i Lopez, director of the DCCA, reviewed the legislative history behind prior legislative appropriations for acquisition and renovation of

the KKB, and corresponding transfers of \$26 million and \$15 million from the compliance reservation fund (CRF), in fiscal years 2002 and 2003 respectively, to reimburse the general fund for the cost of acquiring the KKB. Director Lopez also noted that this prior transfer of funds was confirmed in letters from her predecessors, Lawrence Reifurth and Kathryn Matayoshi, to the Legislature to be for the express purpose of reimbursing the general fund for the cost of the KKB. Under these circumstances, the transfer of funds proposed in Part VI amounts to a double payment by the DCCA for this expense.

The transfer of funds proposed in Part VI is not only an improper double payment by the DCCA for the same expense; it also imposes an undue burden on the DCCA's current budget that it had not planned for. In her February 25, 2011 testimony before the House Committee on Finance on the original measure, HB 560, Director Lopez noted that the additional expense imposed by this bill would amount to an estimated \$11.5 million transfer of funds from the CRF which would, in turn, reduce the DCCA's cash reserves to a point that it would be difficult for the Department to keep the services that it provides to the public at existing levels. This additional expense would be imposed at a time when, according to Director Lopez, the Department's total revenues are projected to be \$4 million less than in the prior fiscal year.

Finally, it is important to note that an automatic transfer of funds from the CRF to cover the expense of acquiring the KKB is contrary to the intended purpose of the CRF which is to fund the operations of the DCCA. The additional financial burden imposed on the CRF by this bill would inevitably result in an increased assessment of fees by the DCCA to the consumers and businesses that it serves, including the insurance companies doing business in this state. In this regard, it is relevant to note that the property and casualty insurance industry already pays substantial government imposed fees and taxes, including the highest premium tax rate for property and casualty insurance in the nation. In addition to a very high premium tax, which goes into the state general fund, property and casualty insurers are also required to pay an annual assessment to the CRF, as well as underwriting the cost of the Workers' Compensation Special

Compensation Fund, the Hawaii Joint Underwriting Plan, the Hawaii Property Insurance Association and the Hawaii Insurance and Guaranty Association. Simply stated, the property and casualty insurance industry in Hawaii is already paying more than its fair share to regulate itself and support the operations of the DCCA. To unilaterally impose the additional expense contemplated in this bill would be grossly unfair to the DCCA and the consumers and businesses that its serves.

For the foregoing reasons Hawaii Insurers Council respectfully requests that Part VI of the proposed HD 1 of SB 120, SD 1 be deleted.

Thank you for the opportunity to testify.



"In Working, One Learns"

To: Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
House Finance Committee

4/4/2011

Re: STRONG OPPOSITION to Section IX of SB 120 SD 1 Proposed HD 1, Relating to State Funds
Hearing on April 5, 2011 at 4:30 p.m. in Room 308 (Agenda #3)

Thank you for the opportunity to provide testimony in strong opposition to the Proposed HD 1 of SB 120, SD 1. I ask that you eliminate Section IX, which would eliminate funding for tobacco prevention and cessation efforts from the Tobacco Settlement Special Fund.

My name is Rick Rutiz, the Executive Director of Ma Ka Hana Ka 'Ike, a tobacco-prevention program that impacts high-school youth in the small, isolated community of Hana, Maui. Through hands-on skills training, our prevention program aims to get kids "high" on giving back to their kupuna and community, leading to feelings more desirable than those resulting from addictive substances like tobacco many youth use to combat feelings of despair and disconnection. Cutting this funding will greatly harm our ability to positively influence the lives of our young people.

Tobacco prevention works because of long-term consistent funding. The efforts of the Tobacco Settlement Special Fund programs are proven, reducing tobacco use from 1 in 4 youth to nearly 1 in 10 youth. Between 2002 and 2008, our efforts saved 14,100 adults from tobacco-related deaths. This has saved the state more than \$402 million. I am deeply troubled that cuts to tobacco prevention is still being considered. Our efforts have already seen a severe reduction in funding for tobacco prevention and control. In 1999, the Tobacco Prevention and Control Trust Fund received 25% of the Tobacco Settlement Dollars. In 2001, the Trust Fund portion was cut down to 12.5%. And in 2009, it was cut again to 6.5%. We cannot afford to cut it completely.

91% of Hawaii residents want Tobacco Settlement funds to fund tobacco prevention. They understand that we must fund what works. We can't afford to have the next generation suffer any burden or harms because of tobacco. Our tobacco-prevention efforts ensure this. I ask that you keep protect funding for these efforts.

Thank you for the opportunity to testify.

Sincerely,

Rick Rutiz

MA KA HANA KA 'IKE

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Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair
COMMITTEE ON FINANCE

April 5, 2011 – 4:30 p.m.
State Capitol, Conference Room 308

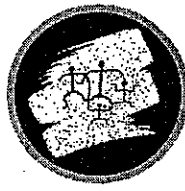
Regarding SB 120 SD1 Proposed HD1, Relating to State Funds

Chair Oshiro, Vice Chair Lee and Members of the Committee,

My name is Sharlene Tsuda, Vice President, Community Development of The Queen's Health Systems (Queen's), testifying on Senate Bill 120 SD1 Proposed HD1 which in part, transfers at least \$1,000,000 from the Trauma System Special fund to the general fund. **Queen's respectfully strongly opposes this transfer of funds from the Trauma System Special fund.**

The Trauma System Special fund was created in 2006 to provide support to all Hawaii hospitals that provide care to trauma patients. The Department of Health, hospitals that provide care to trauma patients, and the Healthcare Association of Hawaii collaborated to support the fund's creation and funding mechanisms to ensure the highest quality of trauma care for the people of Hawaii. As the heart of the State's trauma care system, Queen's emergency department provided care for more than 14,000 patients with trauma related injuries in 2010. The pressure on hospitals is exacerbated by the high cost of providing care to these patients, who are often very critical and require extensive support. Queen's appreciates the Legislature's recognition that trauma care is a public health priority and is concerned that transfer of funds from the Trauma System Special fund could impact disbursements to hospitals across the State used to support the State trauma system.

Queen's wholly appreciates the Legislature's budgetary challenges in light of the State's budgetary deficit. However, we respectfully oppose Section 51 due to the anticipated negative impact on an already over-burdened healthcare system. Thank you for the opportunity to testify.



**PACT PARENTS AND
CHILDREN TOGETHER**
A FAMILY SERVICE AGENCY

TO: Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice Chair
House Finance Committee

FROM: Haaheo Mansfield
Vice President of Programs
Parents And Children Together

**RE: Strong Opposition to Section IX of SB 120 SD 1 Proposed HD 1,
Relating to State Funds**

DATE: April 4, 2011

My name is Haaheo Mansfield. I am employed by Parents And Children Together (PACT) as the Vice President of Programs. As a part of my community service work, I am also a Governor appointed member of the State Council on Mental Health and am an ex-officio member of the Hawaii Early Intervention Coordinating Council. I am also a member of Pathways to Work, a program of Child & Family Service.

PACT has provided quality tobacco cessation services to teens and pre-teens for over eight years. Our work has been well received both by teen as well as their parents. Communities across the state need funding from the Tobacco Settlement Special Fund to deter kids from tobacco use and to help smokers kick the habit.

I realize you have a very difficult agenda ahead of you and that balancing budgets in a broken economy is a daunting task. I also remember that these funds were earmarked to be used specifically for this important public health issue. I hope you remember too.

Thank you for the opportunity to provide testimony in **strong opposition** to Section IX of SB 120 SD 1 Proposed HD 1. Your help is needed to protect funding for tobacco prevention efforts in our state. If you would like to speak further with me about this important issue, please feel free to call me at the number below.

HISTORIC HAWAII FOUNDATION

VIA WEB: <http://www.capitol.hawaii.gov/emailtestimony>

To: Rep. Marcus Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair
Committee on Finance

From: Kiersten Faulkner
Executive Director, Historic Hawai'i Foundation

Committee Date: Tuesday, April 5, 2011
4:30 p.m.
Conference Room 211

Subject: **SB120 SD1 proposed HD1, Relating to State Funds**

On behalf of Historic Hawai'i Foundation (HHF), I am writing in opposition to Section VIII of SB120 SD1 proposed HD1, Relating to State Funds. Section VII would zero out the Legacy Land Conservation Fund for two years.

Since 1974, Historic Hawai'i Foundation has been a statewide leader for historic preservation. HHF's 850 members and numerous additional supporters work to preserve Hawaii's unique architectural and cultural heritage and believe that historic preservation is an important element in the present and future quality of life, economic viability and environmental sustainability of the state.

Since the Legacy Land Conservation Fund was passed six years ago, it has resulted in signature projects protecting important natural, historic, cultural, scenic and agricultural lands across the state. Several of these projects had been classified as endangered historic sites by Historic Hawai'i Foundation, but have been saved for perpetual use and enjoyment for future generations through the Legacy Land Conservation Fund.

The Legacy Land Conservation Fund leverages significant additional sources of income from federal, county and private sources, as well as results in significant savings or additional income from indirect sources, such as improved drinking water, erosion and flood control, and tourism based on environmental and heritage resources.

The program has proven its worthiness and has great community support and momentum. Halting its progress now would result in lost opportunities, end to current projects, and difficult and costly start-up costs when and if the program is restored in the future.

Therefore, HHF opposes Section VIII of SB120 SD1 proposed HD1 and recommends that the section be deleted and the Legacy Land Conservation Fund be retained.

Historic Hawai'i Foundation

680 Iwilei Road, Suite 690 • Honolulu, HI 96817 • Tel: 808-523-2900 • FAX: 808-523-0800 • www.historichawaii.org

Historic Hawai'i Foundation was established in 1974 to encourage the preservation of historic buildings, sites and communities on all the islands of Hawai'i. As the statewide leader for historic preservation, HHF works to preserve Hawai'i's unique architectural and cultural heritage and believes that historic preservation is an important element in the present and future quality of life, environmental sustainability and economic viability of the state.

Testimony of The Nature Conservancy of Hawai'i
Commenting on S.B. 120 Proposed H.D. 1 Relating to State Funds
House Committee on Finance
Tuesday, April 5, 2011, 4:30PM, Room 308

The Nature Conservancy of Hawai'i is a private non-profit conservation organization dedicated to the preservation of Hawaii's native plants, animals, and ecosystems. The Conservancy has helped to protect nearly 200,000 acres of natural lands for native species in Hawai'i. Today, we actively manage more than 32,000 acres in 11 nature preserves on Maui, Hawai'i, Moloka'i, Lāna'i, and Kaua'i. We also work closely with government agencies, private parties and communities on cooperative land and marine management projects.

The Nature Conservancy understands the necessary purpose of S.B. 120 proposed H.D. 1 to help close the State's major budget gap. Our comments are related to Part VIII of the proposed bill on the Legacy Land Conservation Fund.

We are hopeful that rather than completely suspending the Legacy Land Conservation Program for two years, the Committee would consider reducing its funding to a level that will allow a few projects to proceed each year. In addition to being able to continue a meaningful level of successful land preservation, a benefit of reduction over elimination is that the program will be able to continue to leverage available sources of federal, county and private matching funds, which often greatly exceed the State's investment. Also, operating the program at a reduced level will allow the program infrastructure, including the limited staff at DLNR and the important Legacy Land Commission membership, to remain intact and functional rather than having to be completely restarted after a two-year hiatus.

We appreciate that these are unprecedented times for our State budget and it is important to find ways to balance priorities and get our economy back on sound footing. The Legacy Land Conservation Program should contribute to that effort. We hope that it can do so without complete shutdown. Thank you for your consideration.

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THE
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HAWAII

**THE TRUST FOR PUBLIC LAND'S TESTIMONY
IN OPPOSITION TO SB 120 HD 1 RELATING TO STATE FUNDS
House Committee on Finance
Tuesday, April 5, 2011, 4:30 p.m., Room 308**

The Trust for Public Land's (TPL's) Hawaiian Islands Program opposes Senate Bill 120, House Draft 1, Section 8, which proposes to zero out the Legacy Land Conservation Fund (LLCF). TPL was one of the many conservation organizations that supported the passage of the Legacy Lands Act in 2005, which established the LLCF. The Legislature created the LLCF with broad support from the conservation and affordable housing community, and by a vast majority of both the House and Senate. While TPL appreciates the intent of SB 120 HD 1 to find additional sources of general funds in this terrible recession, TPL opposes SB 120 HD 1 because: (1) the people of Hawai'i will lose millions of dollars of federal and private matching money for important agriculture, conservation, and cultural/heritage protection projects if the LLCF is suspended for two years, (2) the LLCF was automatically cut by 60% or more as a result in decreased real estate sales, (3) the LLCF has protected lands with tremendous agricultural, conservation and cultural/heritage value, producing an estimated \$6 dollars of public benefit for every dollar invested, (4) this is the worst time to suspend the LLCF -- land prices are down and the public will forgo once-in-a-lifetime opportunities, and (5) zeroing out the program will result in staff layoffs, loss of knowledge of the program, the complete cessation of the program, and prohibitive re-start up costs. A short five minute video at <http://www.youtube.com/watch?v=mhChOpRJnvl> describes how the LLCF and other conveyance tax funds (the Natural Area Reserve Fund and the Affordable Housing Rental Trust Fund) create jobs, leverage federal dollars, and provide important public benefits.

- **The State Will Lose Millions Of Federal Dollars If The Legacy Land Conservation Fund Is Suspended.**

The LLCF allows state, county, and non-profits to match millions of federal funds available for land conservation -- funding that has increased under President Obama's administration. For example, funding under the National Atmospheric and Oceanic Administration's Coastal Estuarine Conservation Program (CELCP) has increased from \$8 million under former President Bush, to \$25 million in FY10 under President Obama. One of TPL's recent Hawai'i projects which closed in March 2011, Lapakahi State Historical Park -- was ranked #1 among 57 projects nationally in FY2010 for \$1.25 million of CELCP funding. Without the matching LLCF dollars, this project would not be possible, and Hawai'i would have lost \$1.25 million in matching federal dollars to complete the park, and protect important Hawaiian cultural sites. If the LLCF is suspended, the State will lose millions of federal funds, and once-in-a-lifetime opportunities to save land that supports local agriculture, conserves water resources, and sustains our Hawaiian heritage.

Another example: TPL assisted the Department of Land and Natural Resources in acquiring 3,592 acres at Honouliuli Forest Reserve in 2010 for less than \$1 million from the State LLCF, leveraging over \$3.3 million of federal dollars. In addition, private donations of approximately \$400,000 were deposited as an endowment with the Hawai'i Community Foundation to support the State's management of the Forest Reserve in the future. The Forest Reserve conserves important watershed above the Pearl Harbor Aquifer, O'ahu's main source of drinking water, and important native habitat for dozens of threatened and endangered species, and treasured Hawaiian cultural sites. Without the LLCF, this project could have never have happened -- and over \$4 million in federal and private dollars would have been lost to the State and the future generations of Hawai'i's people.. If money from the LCF had been diverted for other, admittedly worthy purposes, this once in a lifetime opportunity to secure and protect this significant area and bring in additional federal and private dollars to Hawai'i would have been lost. The LLCF needs to be available for these opportunities, and not suspended or further reduced (having suffered 60% reductions already).

The small amount in the LLCF allows the State, the counties, and non-profits, to leverage an additional 2-3 dollars of federal and/or private money for every LLCF dollar spent. Without the LLCF, the people of Hawai'i will lost millions of federal and private matching dollars.

- **Suspending The LLCF Is Unnecessary. It Has Been Cut By 60% As Land Sales Decreased.**

Suspending the LLCF is not necessary. Real estate sales have decreased dramatically with the waning economy. The amount of money generated by the conveyance tax has decreased by 60%. The amount in the LLCF is automatically reduced without the Legislature lifting a finger. This is a proportionately much larger cut than any other department or program.

- **The LLCF Has Conserved Important Lands With Tremendous Agricultural, Conservation, and Cultural/Heritage Value, Returning An Estimated \$6 For Every Dollar Spent in Public Benefits.**

The LLCF has conserved important lands with agricultural, conservation, and cultural/heritage value. For example, in January 2009, TPL assisted MA`O Farm in acquiring 11 acres of prime agricultural land in Wai`anae to support its organic farming operations, and its youth education and food sustainability programs for Wai`anae youth (MA`O pays for tuition waivers to send two dozen Wai`anae interns to Leeward Community College to receive their associate's degree). As described above, important watershed that feeds our drinking water aquifer will be protected by the Honouliuli Forest Reserve project. With LLCF support, the State Parks Division is acquiring a privately owned coastal inholding within Lapakahi State Historical Park on Kohala, Hawai`i Island, preserving an important part of Hawai`i's pre-contact heritage. All of these projects were or are funded by the LLCF. Without the LLCF, these projects could not have occurred.

Small investments through the LLCF in agriculture, conservation, and our cultural heritage pay off over time. By protecting watershed land from development, government can avoid billions of dollars in operating expenses to treat contaminated drinking water or finding replacement water sources. By protecting agricultural land, we increase our isolated island chain's ability to feed itself, generate our own energy, and create jobs. By protecting cultural/heritage lands, we sustain what makes us unique as a culture and as a world renowned visitor destination. Visitors who stay here to appreciate the culture spend more and stay longer. The small investments made possible by the LLCF result in immeasurable economic and social returns.

TPL has conducted studies in other areas of the nation which estimate that, for every dollar invested in conservation of land, an average of six dollars is returned in public benefits (e.g., avoiding treatment of drinking water sources, erosion and flood control, scenic resources). The LLCF is a wise use of taxpayer dollars.

- **The Public Will Lose Once-In-A-Lifetime Opportunities.**

A down economy is the worst time to suspend the LLCF. In a down economy, land values decline and landowners are sometimes motivated to sell, rather than develop land. There will be once-in-a-lifetime opportunities to secure important agriculture, conservation, and cultural/heritage lands in the next several years. But once the economy turns around, the value of these lands will rise and will be priced out of the conservation market. Every dollar left in the LLCF (even at a 60% reduction) will be important in taking advantage of the "green lining" in the otherwise dismal economy.

- **The Program Should Not Be Zeroed Out.**

There is no doubt that the State faces serious financial times. However, the LLCF, the Natural Area Reserve Fund, and the Affordable Housing Rental Trust Fund have already been automatically and disproportionately cut by 60%. These programs should not be cut further. More specifically, the Legislature should avoid completely zeroing out the LLCF program -- this would cut DLNR staff positions, lose institutional knowledge, disband an amazing Legacy Land Conservation Commission made up of expert volunteers in different disciplines, and completely halt staff efforts to draft and pass administrative rules and institute other procedural safeguards (as specifically requested by certain Senators). The start up costs of renewing a dead program would be wasteful and prohibitive (hiring staff, appointing new commissioners, educating new staff and new commissioners, rolling out the program and website). We therefore oppose SB 120 HD 1, and request that the members of this Committee vote against this bill, or delete or amend Section 8.

Mahalo for this opportunity to testify -



Lea Hong
Hawaiian Islands Program Director
1136 Union Mall, Suite 202
524-8563 (office), 783-3653 (cell)



April 4, 2011

Dear Finance Chair, Representative Marcus Oshiro, Vice Chair Representative Marilyn Lee and committee members:

Re: **STRONG Opposition to Section IX of SB120, SD1 Relating to State Funds**
Hearing on April 5, 2011 at 4:30 p.m. in Room 308 (Agenda #3)

Thank you for the opportunity to provide testimony on SB 120, SD1. I ask that you eliminate Section 120, which would eliminate funding for tobacco prevention and cessation efforts from the Tobacco Settlement Special Fund.

My name is Valerie Chang. I am Executive Director of the Hawaii Chronic Obstructive Pulmonary Disease (COPD) Coalition, one of the few remaining grantees of the Tobacco Prevention and Control Trust Fund. We provide free lung health clinics and cessation counseling statewide, support groups, and an annual COPD Education Day. We have provided lung testing at locations throughout Oahu, on Maui, Kauai, Hilo and Kona, testing over 1400 people in over 40 clinics, distributing cessation books to over 450 people and mailed over 10,000 brochures and pieces of information to Hawaii adults with COPD.

Our organization provides services and support and improves treatment for Hawaii's people affected by Chronic Obstructive Pulmonary Disease (COPD), more commonly known as emphysema, chronic bronchitis and similar conditions. COPD is now the third leading cause of death and second leading cause of disability in the US. Our 2007 and 2008 survey data reveal that between 2.2-3.2% or about 22,000 to 30,800 of Hawaii adults have been told they have COPD, emphysema and/or chronic bronchitis. It is estimated that at least another 22,000 to 30,800 Hawaii adults remain undiagnosed while suffering from COPD. Tobacco smoking is the major cause of these health conditions. For more information and Hawaii Department of Health's Burden of COPD in Hawaii 2010 Report to go <http://hawaiicopd.org>.

Tobacco prevention works because of long-term consistent funding. Our efforts have reduced tobacco use from one in four youth to nearly one in ten youth. Between 2002 and 2008, our efforts saved 14,100 adults from tobacco-related deaths. This has saved the state more than \$402 million.

Our state has already seen a severe reduction in funding for tobacco prevention and control. In 1999, the Tobacco Prevention and Control Trust Fund received 25% of the Tobacco Settlement Dollars. In 2001, the Trust Fund portion was cut down to 12.5%. And in 2009, it was cut again to 6.5%. We cannot afford to cut it down completely and these reductions are extremely short-sighted.

The Burden of COPD in Hawaii 2010 Report notes that COPD prevalence is highest among the unemployed and those unable to work. COPD prevalence is 2-3 times higher among those subsisting on less than \$15,000 per year or below the federal poverty level compared with those in middle or higher income levels. These are the people our project reaches out to and provides information about lung health and smoking cessation. Without the grant funding from the Tobacco Prevention and Control Trust Fund, we may have to close our doors, since many of the people we serve are at or below poverty levels.

Our programs work. We have seen strong reductions in youth smoking from almost 25% in 2000 to just above 11% in 2009. Our concern is that this progress will end if funds are further cut. All that stands between our youth starting to smoke and the tobacco industry is our tobacco prevention efforts. These efforts will be gone if funds are stopped. COPD alone is already costing our state \$55.9 million in direct hospital costs for patients who were brought to emergency rooms and/or hospitalized in 2008 for COPD (with 84-85% of those costs paid by Medicare or Medicaid/Quest), according to the Burden of COPD in Hawaii Report above! This is a significant part of the \$336 million in annual healthcare costs directly attributable to smoking and \$320 in smoking-caused lost productivity.

91% of Hawaii residents want Tobacco Settlement funds to fund tobacco prevention. They understand that we must fund what works.

Please continue to do the right thing to retain funding for Tobacco Prevention and Control Special Fund, which keeps our community programs working for tobacco prevention and control. We have lost many valuable community programs due to funding cuts and many more continue to be threatened. ***Please continue to protect funding for Tobacco Prevention and Control Programs.*** It will save our state so much money in healthcare costs and improved health for ALL of us!

Aloha,
Valerie Chang, JD
Executive Director
Hawaii COPD Coalition
Website: www.hawaiicopd.org
Email: copd.hawaii@yahoo.com
(808)699-9839
733 Bishop Street, Suite 1550
Honolulu, HI 96813

April 4, 2011

To: Representative Marcus R. Oshiro, Chair
 Representative Marilyn B. Lee, Vice Chair
 House Finance Committee

Re: **STRONG OPPOSITION** to Section IX of SB 120 SD 1 Proposed HD 1,
 Relating to State Funds
 Hearing on April 5, 2011 at 4:30 p.m. in Room 308 (Agenda #3)

Thank you for the opportunity to provide testimony on Proposed HD 1 of SB 120, SD 1. The Boys and Girls Club of Hawaii is opposed to this bill. We ask that you eliminate Section IX, which would eliminate funding for tobacco prevention and cessation efforts from the Tobacco Settlement Special Fund. Eliminating funding designated to reduce the scourge of smoking in Hawaii would be counter-productive to the health of all our citizens, especially to our most vulnerable youth.

The Boys and Girls Club of Hawaii has been utilizing Tobacco Settlement funds administered by the Hawaii Community Fund for the past four years at its various clubhouses. Currently, our Waianae Clubhouse is providing smoking avoidance programs for the youth of the Waianae area. Children in the Leeward Coast area are especially in danger of becoming smokers given the high levels of adult smokers in this area. The programs that our clubhouses provide have been proven to work. On a statewide basis, we have seen strong reductions in youth smoking from almost 25% in 2000 to just above 11% in 2009. Continued tobacco avoidance and cessation programs are needed to keep this progress going.

Thank you for the opportunity to testify.



David Nakada
 Executive Director



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To: Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
House Finance Committee

Re: STRONG OPPOSITION to Section IX of SB 120 SD 1 Proposed HD 1, Relating to State Funds
Hearing on April 5, 2011 at 4:30 p.m. in Room 308 (Agenda #3)

Thank you for the opportunity to provide testimony in strong opposition to the Proposed HD 1 of SB 120, SD 1. I ask that you eliminate Section IX, which would eliminate funding for tobacco prevention and cessation efforts from the Tobacco Settlement Special Fund.

My name is Megan Inada, the Tobacco Programs Coordinator of Kokua Kalihi Valley Comprehensive Family Services. Our health center believes tobacco cessation and prevention programs are essential to the health of our patients. We are very thankful for the support we receive from grants from the Hawaii Community Foundation and American Legacy. With these funds, from January 2006 to December 2010, we have enrolled 602 individuals into our tobacco cessation programs. Over half of these individuals were either pregnant or had young children living in their homes. Of those enrolled, over 50% of them quit or stayed quit.

We also continue to educate our community about the dangers of using tobacco and the benefits of quitting. For many of community members, English is their second language so mainstream health education messaging doesn't reach them. With funding provided by our grants continue to create culturally competent brochures and community events. We recently complete a tobacco free track event, where over 300 youth and their family members received our message about the dangers of tobacco and betel nut, and participated in a positive healthy event.

But the journey is long from over. Generation after generation many of our families continue to suffer from the consequences of using tobacco. We need to continue to educate our patients about the dangers of using tobacco and the benefits of quitting. And we need to continue to break down cultural and economic barriers so that our community can access evidenced based tobacco cessation support.

I feel blessed that I have been witness to the transformation quitting tobacco can cause in a person's life. One man who was recently diagnosed with diabetes told me how proud he feels after quitting smoking. Not only is he taking control of his health, but now when his son asks him for lunch money he can give it to him.

Many of our clients tell us that they can't afford to smoke but they also can't afford to quit. One of the most important parts of our program is our open door policy. We provide free nicotine replacement therapy and non judgmental counseling for as long as the patient needs, it is what helps us to build trusting relationships with our patients. These relationships can be seen when patients refer their friends and family to our program. And it can be seen when people relapse but return to our program

to try and quit again. I just learned of an inspiring story. One of our pregnant mothers told me I have to choose between buying bread and buying cigarettes, and I choose cigarettes. She went through a couple of weeks through our programs but then we lost touch. We didn't know what happened until a year later, when I learned that she had quit smoking and told her doctor that she was thankful that our program was there to help.

We need your continued support to help us maintain and strengthen our programs. Up until now we have survived despite severe reductions in funding for tobacco prevention and control, however if it is completely taken away our program will not survive.

In this tough economic climate we understand you have hard decisions ahead of you. I encourage you to consider the hundreds and millions of dollars that smoking will cost our State in the future if programs are eliminated. I humbly ask that you keep protect funding for tobacco prevention efforts.

Thank you for the opportunity to testify.

Megan Inada, MPH
Kokua Kalihi Valley Comprehensive Family Services
2239 North School Street
Honolulu, HI 96819



BOYS & GIRLS CLUB
OF THE BIG ISLAND

April 4, 2011

To: Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
House Finance Committee

Re: **STRONG OPPOSITION** to Section IX of SB 120 SD 1 Proposed HD 1, Relating to State funds.
Hearing on April 5, 2011 at 4:30 p.m. In Room 308 (Agenda #3)

Thank you for the opportunity to provide testimony in strong opposition to the Proposed HD 1 of SB 120, SD 1. I ask that you eliminate Section IX, which would eliminate funding for tobacco prevention and cessation efforts from the Tobacco Settlement Special Fund.

My name is Jay Ihara, Director of Operations of the Boys & Girls Club of the Big Island. BGCBI provides youth development programs to young people age 6-17 years old.

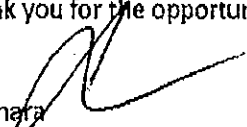
Our community needs funding from the Tobacco Settlement Special Fund to keep kids from tobacco use and to help smokers quit. Eliminating the Tobacco Settlement Special Fund means that there will be no revenues dedicated for our crucial tobacco prevention and control efforts.

This is deeply alarming. Our efforts have already seen a severe reduction in funding for tobacco prevention and control. In 1999, the Tobacco Prevention and Control Trust Fund received 25% of the Tobacco Settlement Dollars. In 2001, the Trust Fund portion was cut down to 12.5%. And in 2009, it was cut again to 6.5%. We cannot afford to cut it down completely.

Our programs funded by the Tobacco Prevention and Control Trust fund are Too Good for Drugs and Violence-evidence based curriculum to prevent youth from using tobacco, alcohol, and other drugs; Power Hour-a homework help program for youth; Goals for Graduation-introduces academic goal setting to youth by linking their future aspirations with concrete actions today; Teen Character & Leadership programs that affords teens an opportunity to gain valuable leadership and service experience. Collectively these programs instill skills in young people to become productive adults.

Our programs work. We have seen strong reductions in youth smoking from almost 25% in 2000 to just above 11% in 2009. Our concern is that this progress will end if funds are further cut. All that stands between our youth starting to smoke and the tobacco industry is our tobacco prevention efforts. These efforts will be gone if funds are stopped.

Thank you for the opportunity to testify.


Jay Ihara
Director of Operations
Boys & Girls Club of the Big Island

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Hilo, Hawaii 96720

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Fax: 808-961-5189

Visit the Club's Website
at www.bgcbi.com

Chief Professional Officer
Zavi Brees-Saunders

Chief Volunteer Officer
Bill Walter

Chief Volunteer Officer Elect
Toby Taniguchi

Vice-President
Donn Mende

Treasurer
Ivan Nakano

Secretary
Newton J. Chu

Past Chief Volunteer Officer
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Directors
Barbara A. Hastings
Bonnie Geiger
Cyrus Wilson
Harold Yada
Ivan Nakano
Julia Neal
Leonard Paik
Mitch Roth
Randy Kurohara
Rhea Lee
Russell Chin
Russell Hayashi
Warren Lee
Wayne Yamauchi



Member Agency



CONSERVATION COUNCIL FOR HAWAI'I

Testimony Submitted to the House Committee on Finance
Hearing: Tuesday, April 5, 2011
4:30 p.m.
Room 308

Opposition to SB 120 SD 1 Relating to State Funds

Aloha. The Conservation Council for Hawai'i opposes SB 120 SD 1 because it would zero out the Land Conservation Fund for two years.

The Land Conservation Fund was passed in 2005 with broad support of the conservation and affordable housing communities, and the vast majorities of the House and Senate.

The Land Conservation Fund has resulted in protecting important lands including the MA'O Farm for agriculture, Lapakahi State Historical Park for Hawaiian culture and coastal access, and Honouliuli Forest Reserve for watershed and habitat protection. For a complete list of projects:
<http://hawaii.gov/dlnr/dofaw/lcsp/legacy-land-conservation-program-projects-new>

The Land Conservation Fund leverages significant sources of federal, county, and private dollars, and results in significant ecosystem services. Studies in other areas of the U.S. suggest that land conservation returns \$6 in ecosystem services for every \$1 spent (e.g., avoiding treatment of drinking water, erosion and flood control, scenic resources that draw tourism).

The program has already been cut by 60% as real estate conveyances taxes have dropped during the poor economy.

The down economy is also a strategic time to invest in once-in-a lifetime land conservation opportunities that will never happen again -- land values are down, and land conservation of scenic coastlines, agricultural land, and other important resources to Hawai'i -- are more possible than ever. If we do not have a small core program, we will lose these opportunities forever.

The program should not be zeroed out. Staff would lose their jobs, the volunteer Legacy Land Conservation Commission would be disbanded, ongoing efforts to pass administrative rules would be halted, and institutional knowledge would be lost. Start up of the program from zero would be difficult and costly.

Thank you for the opportunity to testify.

Marjorie Ziegler



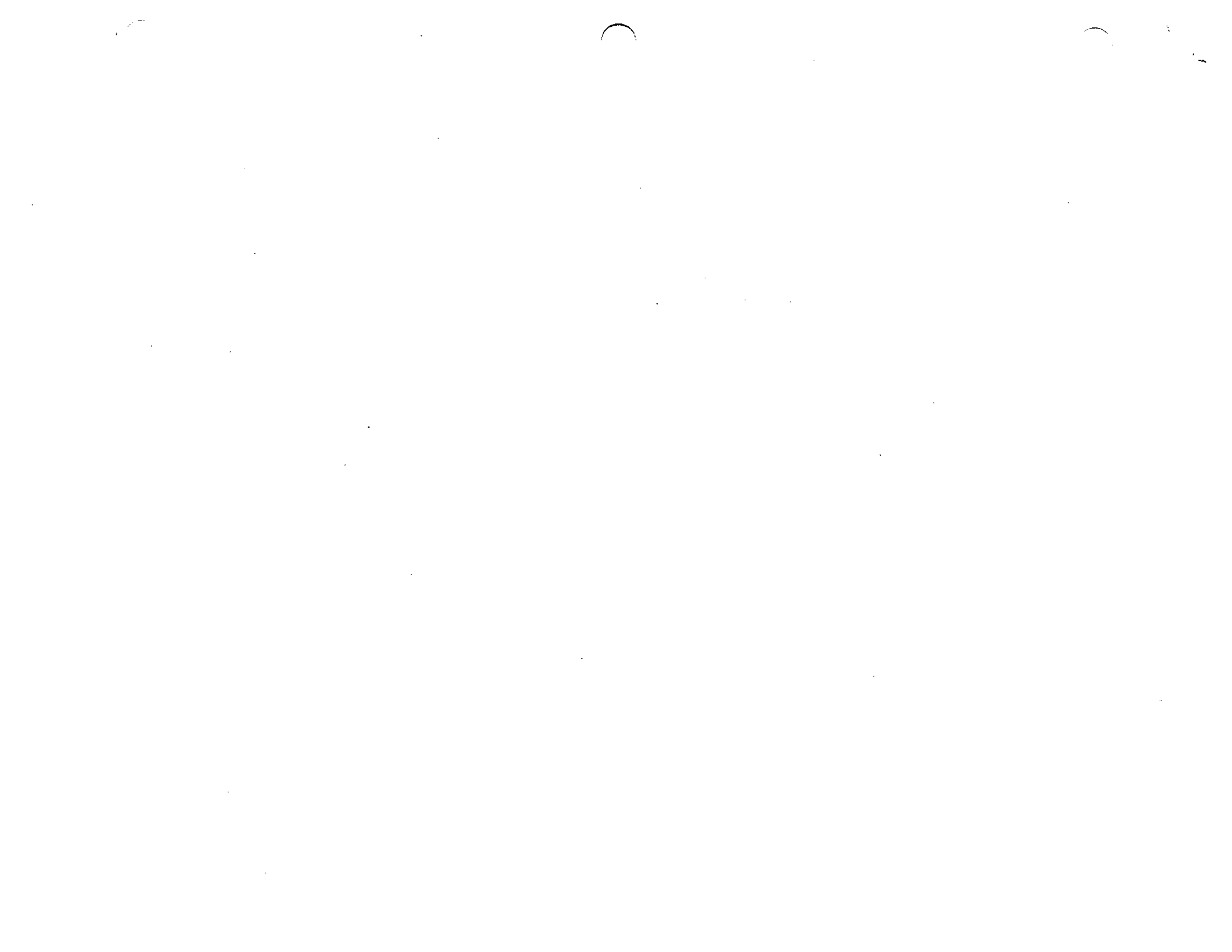
Hawai'i's Voice for Wildlife – Ko Leo Hawai'i no na holoholona lohiu

Telephone/Fax 808.593.0255 • email: info@conservehi.org • web: www.conservehi.org
P.O. Box 2923 • Honolulu, HI 96802 • Office: 250 Ward Ave., Suite 212 • Honolulu, HI 96814

President: Hannah Springer * Vice-President: Julie Leialoha * Treasurer: Kim Ramos * Secretary: Maka'ala Ka'aumoana

Directors: Rick Barboza * Madelyn D'Enbeau * Maura O'Connor *

Executive Director: Marjorie Ziegler



AMERICAN COUNCIL OF LIFE INSURERS
TESTIMONY IN OPPOSITION TO SB 120, SD 1, PROPOSED HD 1

April 5, 2011

Via e mail: fintestimony@capitol.hawaii.gov

Hon. Representative Marcus R. Oshiro, Chair
Committee on Finance
State House of Representatives
Hawaii State Capitol, Conference Room 308
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Oshiro and Committee Members:

Thank you for the opportunity to testify in opposition to SB 120, SD 1, Proposed HD 1, relating to State Funds.

Our firm represents the American Council of Life Insurers ("ACLI"), a national trade association, who represents more than three hundred (300) legal reserve life insurer and fraternal benefit society member companies operating in the United States. These member companies account for 90% of the assets and premiums of the United States Life and annuity industry. ACLI member company assets account for 91% of legal reserve company total assets. Two hundred thirty-nine (239) ACLI member companies currently do business in the State of Hawaii; and they represent 93% of the life insurance premiums and 95% of the annuity considerations in this State.

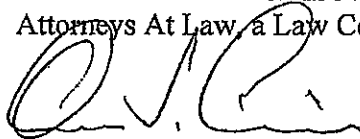
The purpose of the Compliance Resolution Fund ("CRF") is to fund the Department of Commerce and Consumer Affairs (DCCA) costs of conducting its compliance activities.

SB 120, SD 1, Proposed HD 1, would enable the Director of Finance to use CRF funds to pay for the debt service on the State's general obligation bonds. Under Section 81 of the Bill, beginning on June 1, 2011, the general fund would be reimbursed for all interest paid on general obligation bonds "issued for the purposes of assisting the operations of the Department of Commerce and Consumer Affairs through infrastructure improvements"; and to "collect payment for the interest on the general obligation bonds from the fund each year thereafter."

Use of CRF to fund the debt service on bonds issued to finance DCCA's "infrastructure improvements" is not an operating cost of the Department's compliance activities. Indeed, there is absolutely no nexus between the DCCA's cost of "infrastructure improvements" and the cost of its compliance activities. ACLI, therefore, objects to the measure.

Again, thank you for the opportunity to testify in opposition to SB 120, SD 1, Proposed HD 1, relating to State Funds.

CHAR, HAMILTON
CAMPBELL & YOSHIDA
Attorneys At Law, a Law Corporation

A handwritten signature in black ink, appearing to read 'Oren T. Chikamoto', written over the printed name below.

Oren T. Chikamoto
737 Bishop Street, Suite 2100
Honolulu, Hawaii 96813
Telephone: (808) 524-3800
Facsimile: (808) 523-1714

PIETSCH PROPERTIES, LLC
A REAL ESTATE AND FINANCE COMPANY

Date: April 4, 2011
To: House Committee on Finance
From: Pietsch Properties, LLC
Regarding: Opposition to Senate Bill 120, House Draft 1, Section 8

This letter will serve as strong opposition to Senate Bill 120, House Draft 1, Section 8, which proposes to zero out the Legacy Land Conservation Fund for two years. Pietsch Properties, LLC is the owner of Sunset Ranch, located at: 59-777 Pupukea Road, Haleiwa, Hawaii 96712. The Tax Map Key (TMK) for Sunset Ranch is: (1) 5-9-005-067. Sunset Ranch was protected with a private conservation easement in 2010 with the use of federal, state and county funds. State funds were rewarded via a grant to the Maui Coastal Land Trust from the Legacy Land Conservation Fund. We are now currently in the process of establishing Sunset Ranch as a platform to help advance land conservation and self-sustainability efforts in Hawaii.

Below please find a few thoughts as to why passage of SB 120, HD 1, Section 8 would be a big mistake for the State of Hawaii:

1. Land conservation in Hawaii must be a top priority

SB 120, HD 1, Section 8 is a classic example of local government officials losing sight of State priorities during a difficult economic environment. If any State in the Union needs to focus on land conservation, it is the State of Hawaii. There are very few people that would disagree with that statement, if any. Consequently, land conservation should be a priority to **all** those who serve the State of Hawaii. The time for land conservation in Hawaii is now. The benefits to the community and its visitors are immeasurable.

The following is a just one example of how our efforts at Sunset Ranch need the support of programs such as the Legacy Land Conservation Fund. As a result of our efforts to educate the community on land conservation, we were recently engaged by the land owner of the 200 acre parcel surrounding Pu'u O Mahuka, the largest heiau in the State of Hawaii and arguably one of the State's most culturally significant sites. The land owner is currently considering a conservation easement on the parcel. A loss of funding from the Legacy Land Conservation Fund could possibly affect our ability to help permanently protect this important property.

SB 120, HD 1, Section 8 reflects a lack of ability to remain focused on State priorities

2. The economics of land conservation in a struggling economy

The State of Hawaii should be looking towards **increasing** funding to land conservation in this difficult economic environment – not eliminating it. Why? It is economic environments such as these that provide significant opportunities to protect lands that may otherwise never have a chance of being protected. It is a matter of executing on the simple economic principal of buying low, rather than buying high. A more prudent and efficient use of public tax dollars.

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CALIFORNIA OFFICE:
18 VIA BURRONE
NEWPORT BEACH, CA 92657
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PIETSCH PROPERTIES, LLC
A REAL ESTATE AND FINANCE COMPANY

I'm personally seeing more and more opportunities to acquire land for conservation. In the current environment, many land owners are willing to consider selling at substantial discounts in order to find immediate liquidity. The bottom line? Conservation programs can achieve many more successes in a difficult economic environment, than in a strong economic environment.

SB 120, HD 1, Section 8 reflects a lack of understanding of basic economic principals

3. The importance of leveraging federal conservation funds

Prior to the Legacy Land Act becoming law in 2005, Hawaii was not materially participating in federal programs that assist with funding for land conservation projects. The State's Legacy Land Conservation Fund, along with the City and County's Clean Water and Natural Lands Fund, have finally provided the much needed funding for Hawaii to participate in these federal programs. Programs that the State of Hawaii was not previously taking advantage of for so many years. Our prior lack of participation was inexcusable. Passing SB 120, HD1, Section 8 will only show that Hawaii remains disinterested in these programs, resulting in little or no allocation of federal conservation funds for the State in future years.

The Farm Bill of 2008 committed approximately \$400 million to conservation projects around the country. These funds are already allocated for these efforts, and Hawaii deserves its fair share. Hawaii needs to be working towards **increasing** the amount of federal conservation funding to the State, not continuing to ignore the benefits of what these federal programs provide.

SB 120, HD 1, Section 8 will severely impact Hawaii's ability to secure federal funds

While I understand and appreciate the importance of the need to find general funds for the State in this challenging economy; I am extremely disappointed that SB 120, HD 1, Section 8 was drafted, and is now being considered and reviewed by the House Committee on Finance. Passage of such a bill will set Hawaii back even further from the rest of the country – many States of which aggressively pursue federal conservation funds, and benefit substantially. It's time for the State of Hawaii to find leaders that understand what policies are most beneficial to the community in which we live. As difficult as this economic environment may be, voting in support of SB 120, HD 1, Section 8 couldn't be bigger mistake.

Respectfully,



Digitally signed by Gregory C. Pietsch
DN: cn=Gregory C. Pietsch,
o=Pietsch Properties, LLC, ou,
email=greg@sunsetranchhawaii.c
om, c=US
Date: 2011.04.04 15:15:05 -07'00'

Gregory C. Pietsch, ASA, CFA

President
Pietsch Properties, LLC

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TESTIMONY
OF
PAUL K. FERREIRA, CHAIR
STATE OF HAWAII, WIRELESS ENHANCED 911 BOARD
TO THE
HOUSE COMMITTEE
ON
FINANCE
REPRESENTATIVE MARCUS R. OSHIRO, CHAIR
REPRESENTATIVE MARILYN B. LEE, VICE CHAIR
ON
APRIL 5, 2011
4:30 P.M.
STATE CAPITOL, CONFERENCE ROOM 308

**IN OPPOSITION OF
SENATE BILL 120, H.D. 1,
RELATING TO STATE FUNDS**

Dear Representative Oshiro and Members:

I am Paul Ferreira, the Deputy Police Chief for the Hawai'i Police Department; however, I am providing testimony as the Chair of the Wireless Enhanced 911 (E911) Board that is comprised of representatives from each of the Public Safety Answering Points (PSAPs) and representatives of the wireless carriers.

The Wireless E911 Board **strongly opposes** the passage of Senate Bill 120, HD 1, Relating to State Funds, as it relates to the transfer of \$2,000,000.00 from the Wireless Enhanced 911 (E911) Fund, into the state general fund.

The Wireless E911 Fund was established exclusively for the purposes of ensuring adequate cost recovery for the deployment of Phase I and Phase II Wireless E911 services in the State of Hawai'i. Due to the ever-changing enhancements in wireless technologies and expanding consumer base, ensuring the deployment of Phase I and Phase II Wireless E911 services in the State is an on-going project for all of the Public Safety Answering Points (PSAP). Note that statistics indicate that throughout the State of Hawai'i at least 60% of the emergency calls received by PSAPs are wireless calls and this number is continuously increasing.

This fund and its intended purpose is to further upgrade Public Safety Answering Point capabilities and related functions in receiving and processing E911 calls in support of the County's Public Safety mission to expeditiously respond to and dispatch emergency service personnel based on E911 caller information. The fund also supports the construction and operation of a ubiquitous and reliable citizen activated system and the continued maintenance of the existing E911 system as identified in Federal Law.

For the record, it must be noted that the E911 system answers and responds to over 1.2 million 911 calls annually within the State of Hawai'i. In order to keep this system operational, the funds are necessary to provide for the delivery and enhancements to the existing E911 network in preparation for Next Generation 911 (NG 911). Interruption of this funding source from its

Representative Marcus R. Oshiro
Chair and Members
Committee on Finance
April 5, 2011
Page 2

Re: Senate Bill 120, HD 1, Relating to State Funds

intended purpose will not only cause a financial hardship on an already limited budget for the County of Hawai'i, but also puts the citizens of our County and our visiting tourists at risk of receiving reduced E911 services by our Public Safety responders.

As communication devices continue to be introduced to the public that implement the convergence of communications and information technology services over one device (Smart-phones), the need for improvement to the E911 network cannot be overstated. The PSAPs are already facing the rapidly emerging technology and are required by public law to answer E911 calls being delivered by several different modes of communications such as analog phone, digital voice, Voice over IP (VoIP), text messaging, streaming video messaging, and Telematics from vehicles (i.e., OnStar). All of these technologies are required to access the E911 network to enable callers to call 911 for emergency assistance.

Investment in the E911 systems and focus on data synchronization efforts have enabled first responders to successfully utilize the existing technology to respond to 911 emergency calls. Several success stories have been documented. For example, in December 2010, two hikers were lost on the trail at the Pu'u 'O'o volcano. Fortunately for these hikers, they were able to call 911 from their wireless phone and were rescued within an hour and ten minutes. Both hikers were not injured. In July 2009, Hawaii County Fire personnel airlifted a lost hiker to safety from a forested area in Kalapana. The hiker used his wireless phone to call 911. Fortunately, fire rescuers were able to locate the hiker before nightfall. The hiker had no shirt, water or food. First responders were able to locate the 911 callers, in both cases, using the latitude and longitude provided by the Wireless E911 network and databases.

In addition, the collected wireless funds have been utilized in support of ongoing wireless maintenance activities. In 2010, across all Wireless Service Providers (WSPs) providing wireless services on the island of Hawai'i, seventy-five (75) towers and 200 sectors were tested for accuracy and connectivity to the Wireless E911 network. Maintaining the E911 network and databases on a real-time basis are critical when it comes to saving lives and property.

For the reasons above, we **strongly urge this committee to reject Senate Bill 120, HD 1, Relating to State Funds**, as it pertains to the Wireless E911 Fund.

Thank you for providing me the opportunity to testify on this measure.

Sincerely,



PAUL K. FERREIRA
CHAIR
WIRELESS ENHANCED 911 BOARD



American Heart Association | American Stroke Association

Learn and Live.

Serving Hawaii

Testimony Opposing SB 120, SD1, Proposed HD1; "Relating To State Funds"

The American Heart Association opposes SB 120, SD1, Proposed HD1, "Relating To State Funds."

This bill proposes to eliminate funding to the state's Tobacco Prevention and Control Trust Fund. This would result in the loss of programs designed to prevent the many illnesses caused by smoking, especially cardiovascular diseases. During the last decade, the American Heart Association helped to reduce deaths from heart disease and stroke by approximately 33 percent. Although we may think of that success as driven by improvements in treatment of heart disease, actually much, if not most, of that improvement was due to improvement in one risk factor, smoking. Many of the other risk factors for heart disease and stroke actually increased over that period. This has led to the new 10-year goal of the AHA to further reduce heart disease and stroke deaths by an additional 20 percent, and to increase cardiovascular health by 20 percent, by directly addressing risk factors in our population. The AHA is focusing on prevention of the major risk factors, especially tobacco use, leading to those diseases.

Unfortunately, the proposed elimination of funding to Hawaii's community tobacco prevention, control and cessation programs would work against the American Heart Association's 2020 goal. It is no coincidence that the only major cardiovascular disease (CVD) risk factor to decline over the last decade was tobacco use. That decline corresponded directly to the establishment of community programs established through funding generated by the Master Settlement Agreement with the tobacco companies.

Serving Hawaii since 1948

For information on the AHA's educational or research programs, contact your nearest AHA office, or visit our web site at www.americanheart.org or e-mail us at hawaii@heart.org

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(Served by Oahu office)
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Fax: 808-538-3443

*"Building healthier lives,
free of cardiovascular
diseases and stroke."*

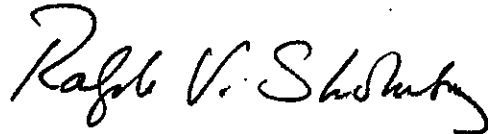
Cardiovascular disease is the leading cause of death in Hawaii and in the nation. It poses a significant public health burden to the people of Hawaii. In 2005, more than 2,900 people died from CVD in Hawaii. It is also responsible for substantial disability, a large portion of health care costs including hospitalization, and indirect costs due to lost wages and decreased productivity. Healthcare costs associated with CVD are staggering. According to the Hawaii Health Information Corporation, total charges associated with hospitalizations due to a primary diagnosis of CVD amounted to more than \$604 million in 2005 alone.

The limited funds that the state currently invests in tobacco control pays off in enormous savings to the state. The annual direct costs to the Hawaii economy attributable to smoking are estimated to be in excess of \$1.1 billion, including workplace productivity losses of \$215 million, premature death losses of \$449 million, and direct medical expenditures of \$444 million. That is despite the enormous progress that Hawaii's tobacco prevention, control and cessation programs have made in reducing teen smoking by half to less than 10%, and reducing adult smoking from approximately 25% to approximately 15%. Unfortunately, we may have already begun to see the effects of cuts to the tobacco prevention programs made in recent years, as teen smoking rates climbed slightly last year back up to 11 percent.

And even if the proposed funding cuts to these programs were to be eventually restored when the economy improves, it would take years to restore the infrastructure of programs that have been created to address these vital health issues. The funding cuts proposed in SB 120, HD1 would be very short-sighted and would cost the state far more than would be saved in the short term.

Please amend SB 120, SD1, Proposed HD1, by eliminating cuts to the Tobacco Settlement Special Fund. State legislators owe that to the families of smokers who have lost their lives, and to the smokers who have been disabled as a result of the tobacco industry's activities. The state tobacco settlement was established to address the suffering they have endured, and to reduce future economic and human losses as a result of tobacco use.

Respectfully submitted by,

A handwritten signature in black ink that reads "Ralph V. Shohet". The signature is written in a cursive style with a large initial "R".

Ralph V. Shohet, M.D.
Cardiologist

Member, American Heart Association Oahu Metro Board of Directors

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Lung HelpLine
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(586-4872)

Fighting for Air

Founded in 1904, the
American Lung Association
includes affiliated associations
throughout the U.S.



April 4, 2011

To: Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
House Finance Committee

Re: STRONG OPPOSITION to Section IX of SB 120 SD 1 Proposed HD1,
Relating to State Funds
Hearing on April 5, 2011 at 4:30 p.m. in Room 308 (Agenda #3)

My name is Debbie Odo and I am the Tobacco Control Manager for the American Lung Association in Hawaii and I oversee tobacco prevention and control programs statewide.

Thank you for the opportunity to provide testimony in strong opposition to the Proposed HD 1 of SB 120, SD 1. I ask that you eliminate Section IX, which would eliminate funding for tobacco prevention and cessation efforts from the Tobacco Settlement Special Fund that would result in no revenues dedicated for our crucial tobacco prevention and cessation programs statewide.

The American Lung Association in Hawaii provides free services to state, non-profit, federal and private organizations. We target the workplace, community, duo-diagnosis and Severe Mental Illness (SMI) consumers.

The American Lung Association in Hawaii and other services have suffered severe reduction in services due to the cuts. I have to turn away schools who have requested our tobacco prevention programs and our Not On Tobacco quit smoking program for teens. Our efforts have already seen a severe reduction in funding for tobacco prevention and control. In 1999, the Tobacco Prevention and Control Trust Fund received 25% of the Tobacco Settlement Dollars. In 2001, the Trust Fund portion was cut down to 12.5%. And in 2009, it was cut again to 6.5%.

If we lost further funding, we would not be offering any free smoking cessation programs statewide. Our Maui and Big Island staff service their island at less than 10 hours per week and I flyer to Kauai due to the closing of our office.

Helping people quit smoking is the best things you can do to help them improve their health and control runaway healthcare costs. Consider the facts: Tobacco related disease kills 1,100 residents in Hawaii each year. Cigarette smoking increases the length of time that people spend with a disability by about two years. Smoking costs Hawaii roughly \$445 Million dollars for direct health care expenditures, \$215 Million with workplace productivity losses, and 450 Million in premature death that results in a combined amount to our state at \$1.1 Billion of dollars.

I ask that you keep protect funding for tobacco prevention efforts.

Thank you for the opportunity to testify.

Debbie Odo, Phone: (808) 537-5966 ext. 216, E-mail: Dodo@ala-hawaii.org



The Official Sponsor of Birthdays

April 4, 2011

Committee on Finance
Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice Chair

Hearing:

4:30 p.m., Tuesday, April 5, 2011
Hawaii State Capitol, Room 308

RE: SB120, SD1, HD1 Proposed – Relating to State Funds

TESTIMONY IN STRONG OPPOSITION

Chair Oshiro, Vice Chair Lee, and members of Committee on Finance. Thank you for the opportunity to testify in strong opposition of SB120, SD1, HD1 Proposed, which attempts to address the budget shortfall by repealing certain funds and transfers the balance to the general fund. Part IX of the proposed HD1, would temporarily redirect, for two years, certain portions of Tobacco Settlement Funds into the general fund.

We will limit our testimony and comments to the redirection of Tobacco Settlement Funds in Part IX.

As many of the committee members know, the American Cancer Society Hawaii Pacific Inc., is a community-based, voluntary health organization dedicated to eliminating cancer as a major health problem by preventing cancer and saving lives through research.

The Hawaii Tobacco Settlement Special Fund was established in 1999, to receive the annual payment from the Master Settlement Agreement (MSA). This fund is presently allocated for the following purposes:

- 15% - Emergency & Budget Reserve Fund
- 25% - Department of Health
- **6.5% - Hawaii Tobacco Prevention and Control Trust Fund**
- 28% - University Revenue Undertaking Fund (JABSOM)
- 25.5% - State General Fund.

With respect to the 6.5% that is allocated to the Hawaii Tobacco Prevention and Control Trust Fund (Trust Fund), this amount to approximately \$3 million annually. The Trust Fund which is administered by the Hawaii Community Foundation utilizes this allocation in part for the fund's corpus and to provide grants to various nonprofit organizations throughout the state for tobacco

prevention and cessation programs. Many of these programs serve communities in our state with very high smoking rates.

Due in large part to the MSA funding, Hawaii has made great progress in reducing both our adult and youth smoking rates. We now have the fifth lowest smoking rate in the nation. However, there are disparate population groups including, Native Hawaiians, Micronesians, and the mentally ill, that have smoking rates in excess of 30% - double the adult smoking rate of 15.4%.

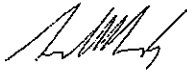
Temporarily redirecting the Hawaii Tobacco Settlement Special Fund moneys for two years from community tobacco control will, at the very least, cripple tobacco control efforts in Hawaii. As a consequence, smoking rates will increase and along with it the incidents of lung cancer, as well as, other tobacco related cancers. Almost immediately, we will also see an increase in hospitalizations and deaths by heart attacks. In addition, many of community tobacco control providers will be forced to either reduce or lay off staff.

In closing, we acknowledge that Hawaii is facing an economic downturn that could continue for another year or possibly two. Because of this, we need to ensure that our tobacco prevention and control efforts remain intact. Redirecting these funds, even temporarily, is not good public health policy and will cost our state substantially more in health care cost in the future. We would caution the committee about being "penny wise and pound foolish."

We respectfully request that the committee remove Part IX of this bill.

Mahalo for giving us the opportunity to provide testimony regarding our concerns and extreme anxiety over Part IX of this measure.

Very truly yours,



George S. Massengale, JD
Director of Government Relations



COALITION FOR A
TOBACCO-FREE HAWAII

To: The Honorable Marcus R. Oshiro, Chair, Committee on Finance
The Honorable Marilyn B. Lee, Vice Chair, Committee on Finance
Members, House Committee on Finance
From: Trisha Y. Nakamura, Policy and Advocacy Director
Hrg: April 5, 2011 in Rm 308 at 4:30 p.m. (AGENDA #4)
Re: **Opposition to Section IX of SB 120, SD 1, Proposed HD 1: Relating to State Funds**

Thank you for the opportunity to provide testimony in opposition to Section IX of SB 120, SD 1, Proposed HD 1. The Coalition for a Tobacco-Free Hawai'i opposes section IX of this proposed measure because it eliminates funds from the Tobacco Settlement dedicated to tobacco prevention and control. Funds that have already been dramatically cut since 1999 when Hawai'i started receiving the funds.

I. We Cannot Afford to Cut What Works to Save Lives and Money; We Must Keep Tobacco Prevention

Hawai'i has successfully reduced tobacco use and saving lives because of the investment in and the creation of a comprehensive tobacco prevention and control effort. Between 2002 and 2008, Hawai'i saw a reduction in smoking (42,300 fewer adult smokers). This reduction saved 14,100 lives from tobacco-related deaths. And it saved an estimated \$402 million in direct medical costs, of which \$53.9 million is attributed to Medicaid costs.¹ Compare the \$402 million saved to the \$58.6 million spent on tobacco prevention and control efforts from 2002-2008.²

II. 91 Percent of Hawaii's Residents Want a Portion of Tobacco Settlement Dollars to Fund Tobacco Prevention and Quit-Smoking Efforts

A recent poll indicates that the vast majority (91 percent) of Hawai'i residents feel that it is important for a portion of the tobacco settlement funds to go to programs that prevent tobacco use among youths and help current smokers quit. The U.S. Centers for Disease Control and Prevention recommends that the State spend \$15 million annually on programs to reduce tobacco use. Currently, the State spends less than \$9 million on such programs from the Tobacco

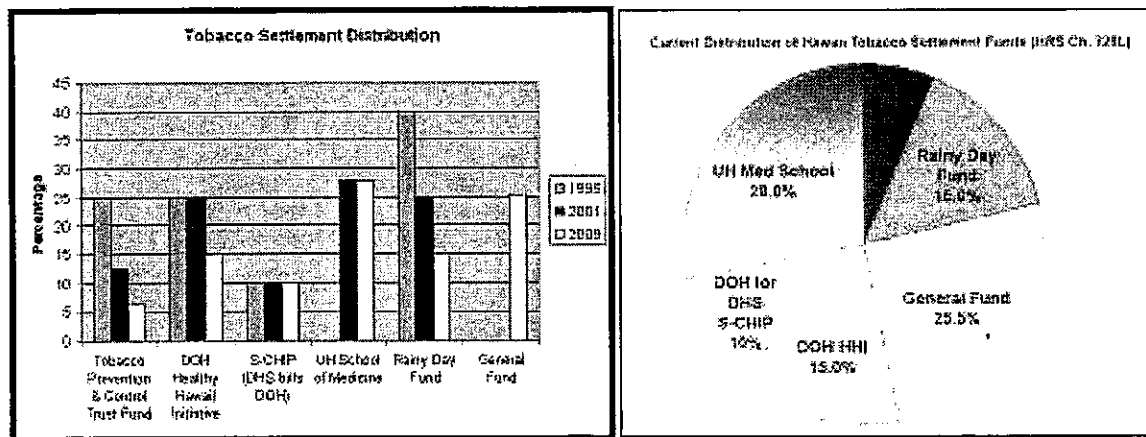
¹ Email from Department of Health to Coalition, citing Return on Investment Calculation from DOH Epidemiologist Tonya Lowery St. John.

² Data from Campaign for Tobacco-Free Kids, "History of Funding for State Tobacco Prevention [and Control] Programs FY 2000-FY 2004" and "History of Funding for State Tobacco Prevention [and Control] Programs FY 2005- FY 2009.

Settlement. In light of this, 81 percent of residents feel that funding for these programs should remain the same or be increased.

III. Hawaii's Tobacco Settlement Funds Have Been Dramatically Reduced Violating the Promise Made to the People to Fund Tobacco Prevention for the Long-Term

Funding for tobacco prevention has been cut down to 6.5 percent. The portion dedicated to funding strong prevention and quit-smoking programs has been whittled down from 25 percent to 12.5 percent to 6.5 percent. The portion of Tobacco Settlement Funds for the Trust Fund is the smallest.



A promise was made in 1999 to use Tobacco Settlement dollars to maximize and ensure long-term stable funding for tobacco prevention and control. Hawai'i receives Tobacco Settlement moneys as the result of a settlement entered into between 46 states and the major tobacco companies to recover damages for tobacco-related health care costs paid by taxpayers because of the harms caused by cigarettes. The Legislature in creating the Tobacco Prevention and Control Trust Fund made a committed to use Tobacco Settlement dollars to maximize and ensure long-term stable funding for tobacco prevention and control

We are deeply concerned that the long-term viability of tobacco prevention efforts is at risk. We want to see tobacco control survive for the long-term. We ask that the Committee eliminate Section IX of this proposed measure and ensure funds are dedicated to tobacco prevention efforts.

Thank you for the opportunity to comment on this matter.

The Coalition for a Tobacco Free Hawai'i (Coalition) is the only independent organization in Hawai'i whose sole mission is to reduce tobacco use through education, policy and advocacy.

Peter Oshiro

**Testimony for SB 120 HD1
Relating to State Funds**

Aloha and Mahalo for allowing me to submit this testimony:

**PLEASE REMOVE SECTION 50 FROM THE BILL – IT WILL KILL THE
INTENT OF ACT 176/JULY 2010 PASSED LAST YEAR.**

The food safety program must be funded at a level that will provide the resources to allow food safety inspections at a frequency that will produce consistent and lasting compliance with DOH rules and regulations regarding food safety. It has been shown nationally that food establishment to inspector ratios of 1:200 or less, produce inspection frequencies of 3x a year for the most complex or problematic food establishments, and can reduce the normal incidence of major violations to 10-20% during routine inspections, instead of the >80% we see here in Honolulu. This would also reduce the incidences of food borne diseases contracted by our residents and visitors to our state. Recent news reports have shown the potential lethality and resulting hospitalizations of the very young or the aged during a publicized E.coli outbreak in March of this year. An 8 yr old and a 74 year old suffered hospitalizations, with the 74 yr old enduring three months of hospitalization with permanent organ damage due to hemolytic uremic syndrome and now needs 24/7 care, greatly reeducing the quality of her life in her golden years. The restaurant permit was suspended and the food establishment was closed, albeit shortly, but the resulting bad press has reduced the volume from 300 plates/day to 40 plates/day and eventually closed the restaurant. This is a lose – lose situation for all involved, and a problem that was completely preventable in food establishments with active managerial control coupled with inspections frequent enough to produce lasting compliance with food safety regulations. The poor inspection frequency also contributed to highly publicized rodent infestations in Chinatown food establishments that resulted in a dramatic loss of revenue for all the businesses in the vicinity. The Chinese Chamber of Commerce reported a 30-50% decrease in sales during the media exposure. The State's largest independent manufacturer of local sauces and dressings had it's products recalled by the FDA, and then the State for a lack of food safety records and controls and atrocious physical conditions. This would not have occurred had the firm been inspected 3-4 times a year as recommended by the FDA and other high performing states with effective food safety programs. If core government services such as the food safety program are not properly funded, we put the very lives of our kama'aina and visitors at risk, especially the keiki and the kupuna, and the regulated community suffers much greater loss in commerce as a result of an insecure public that has lost faith in the government to provide a safe food supply. What may be worse is the resulting bad press that occurs which may bring unwanted national and international notoriety that Hawaii is a backwards state when it comes to basic public health practices. What is sadder is that a clear road map has been drawn to achieve these goals as a model State program, coupled with an extremely modest, but dedicated funding source allowed by Act 176/July 2010. No general fund expenditures are required to achieve this goal of a

world class food safety program, as we are moving towards a 100% cost fee recovery food safety program.

The Sanitation Branch is one of the core programs of public health that affects the broadest range of health-related activities.

The function of the Sanitation Branch is to promote and maintain a sanitary and healthful environment for the people and visitors of Hawaii by implementing legally required programs for:

- (1) Food protection;
- (2) Assessing and assuring that hospitals and medical facilities meet sanitation requirements;
- (3) Inspection of tenement houses, lodging houses, boarding houses, and hotels;
- (4) Licensing of tattoo artists and embalmers; and
- (5) Regulating barber shops, beauty parlors, massage parlors, tattoo shops, mortuaries, public swimming pools, and public laundries.

The Sanitation Branch focuses on its food protection program which has evolved into a complex program focusing on public health practices through education, partnerships, prevention, assessment and compliance.

Food is a significant element of Hawaii's multi-ethnic culture and is a principal attraction for visitors to Hawaii. Food contamination presents the greatest risk to public health. The Sanitation Branch protects residents and visitors from exposure to food borne illnesses by conducting inspections and assessments of food service establishments to ensure that the food they serve is safe to eat. Inspections are discussed later in this report. The branch issues approximately 9000 permits to restaurants and other food establishments state-wide.

In addition, the Branch promotes food protection through education. The Food Safety Consultation and Education Program plays a vital role in preventing food borne illnesses by developing and implementing food safety surveillance and control plans, and conducting educational activities to assist the food service industry and food handlers.

The million dollar question is – How Much is Act 176 going to cost the State and what are the fiscal implications for the Food Service industry and the residents and visitors of Hawaii?

The impact on the State of Hawaii's General fund is \$0

The program will raise the roughly one million five hundred thousand dollars (\$1.5M) through an increase in the existing user fee charged to food establishments for their Dept. of Health Food Establishment Permit. These monies are currently collected through a special fund authorized by 321-27(a), HRS called the Environmental Health Education Fund explained below.

The current average fee paid by the State's approx 9000 food establishments is about fifty two dollars \$52.00 per year.

The range of current fees are \$50, \$100, or \$150 collected every two years. The difference in the fees are due to risk rankings of low (small mom & pop markets, liquor and convenience stores, shave ice and candy stores), medium (limited menu establishments with potentially hazardous foods [PHF]), and high (hotel, institutional kitchens, complex restaurants with extensive and various menus with PHF's) risk food establishments.

Raising the current permit fee to an average of \$200 annually for all 9000 establishments would generate approximately \$1,800,000 per year.

COST TO INDUSTRY

For an average restaurant that is open 5 days a week and serves 50-100 meals per day, the cost equates to (50 -100) times 260 days times (1 cent) equals more than the \$150 increase in their annual fee.

COST TO THE GENERAL PUBLIC

Assuming that the Food Establishment passes 100% of the fee increase to the consumer. Using the example above, the cost will be 1 CENT per meal. This will mean \$0 cost to industry.

SANITATION BRANCH INITIATIVES 2010

The following initiatives are being undertaken by the Department of Health's Sanitation Branch.

- 1) Obtain Proper Staffing Levels
- 2) Move to a Web Based Inspection and Permitting Process
- 3) Introduce a New Placarding System

OBTAIN PROPER STAFFING LEVELS

For the past few years, the sanitation program has attempted to increase the branch's position count with the following justification:

The Sanitation Branch is responsible for the implementation and enforcement of the statutes, administrative rules, and polices relating to environmental sanitation. The branch regulates food service establishments, public swimming pools, milk, tattoo establishments, barber and beauty establishments, massage establishments, hotels, mortuaries, cemeteries and embalmers. The branch provides educational services for the food industry and the public. The Sanitation Branch is and has proven to be a critical component in any rapid response to environmental emergencies and all hazards disaster relief and assistance. We are the only environmental program in the DOH that required formal training and national certification of our knowledge base in ALL facets of environmental health (Registered Sanitarian License).

Currently the Oahu Sanitation Branch is allotted 23 full time employees. The breakdown is as follows: 1 Program Manager (EM-05), 1 Secretary II, 2 Clerk-Typist II, 1 RS VI, 2 RS V, 15 RS IV and 1 RS III. Of the RS V positions one is a supervisory the other is a non-supervisory Program Specialist position. The RS IV positions are comprised of 11 field sanitarians and 4 Specialists (Milk, Housing, Hospitals/Day Care, and Education).

As of January, 2010 there were approximately 5,860 permitted food establishments on Oahu that the sanitation branch has regulatory oversight. With the current staffing of 9 field sanitarians (3 vacant) the ratio per sanitarian to food establishments on Oahu is 1:651. The DOH Sanitation branch is participating in the US FDA sponsored and endorsed Voluntary National Retail Food Regulatory Program Standards in which Hawaii's food sanitation program is pursuing to achieve national uniformity in retail food protection. In these Program Standards the US FDA recommends that the ratio for a full time food inspector per food establishment not to exceed 1:150. The US FDA recommendation also stipulates that the food inspector limits his or her activities only to food establishment inspections and responses to complaints. The FDA recommended 1:150 ratio should be the benchmark staffing level.

The Sanitation program is proposing that the number of field sanitarians on Oahu be increased from 12 to 28. This would lower the ratio of sanitarians per food establishments to 1:209. Maui is currently at 1:374 and is poised to receive two additional positions to bring their ration down to 1:187. Even though all islands will still be significantly above the recommending workload, (1:150), it will be a significant improvement to existing staffing levels. Kauai's ratio is at 1:181 and the Big Isle is at 1:200. The extra staffing will allow the Sanitation program to make more frequent inspections of the establishments with the greatest number of food-borne illness risk factors. The lower ratio will also improve the sanitarians response to their multi-function role in food safety, community sanitation, and emergency preparation and response.

Keep in mind that Oahu and Maui are presently at the greatest risk, coupled with the fact that the majority of the visitors to our isles will dine on these two islands.

Recent data for Oahu has revealed that of the 3,772 routine inspections done in 2009, the Oahu staff has identified 3,083 Major Violations. This is approaching a ratio of a foodborne illness risk factor in nearly 82% of our routine inspections on Oahu. The best food safety programs in the United States have numbers in the 10-20% range for major violation occurrence. This poor performance is a direct result of an inspection frequency of once every 2 ½ + years. The best run food safety programs in the United States inspect their high risk establishments at least three times/year, medium risk establishments 1-2 times/year and low risk establishments once/year.

With regards to retail food establishments, the staffing increase will allow us to go forward with a new philosophy of increasing the inspection frequency for high risk/high volume or problem establishments while keeping the frequency of inspections for all other establishments to at least one inspection per year. At present, our staffing levels allow one inspection every 2 ½ + years for all retail food establishments. This low inspection frequency does not produce any significant long-term improvement in the establishment's food safety practices. The sanitarians workload is further exacerbated by having a myriad of other non-food responsibilities (swimming pools, tattoo, massage, beauty/barber shops, mortuaries, etc.) mixed in with their regular work day. Ideally, the high risk/high volume food establishments should be inspected 3-4 times a year if lasting and consistent public health controls are desired to remain in place. This would give the general public a high level of assurance that the most high risk retail food establishments are inspected at a frequency that can produce tangible and consistent compliance with our rules and regulations that directly impact public health.

The Statewide Sanitation staff has also shown to be invaluable during times of disasters. The Registered Sanitarian license requirement ensures that the incumbents must demonstrate a high level of understanding of ALL facets of Environmental Health under the purviews of the [EHSD] Environmental Health Services Division and [EMD] Environmental Management Division. This was clearly shown during post Hurricane Iniki recovery, when Reg. Sanitarians were the preferred disaster worker on Kauai due to the wide scope of their expertise in the field with regards to all environmental programs. The wide scope of expertise also places a lower demand on scarce resources within a post disaster environment. The Reg. Sanitarians are able to do multiple duties that overlap all environmental health programs. Increasing the Sanitation Branch position count also increases the ability of the state to mobilize a staff of highly skilled, multi-disciplined DOH employees to protect public health.

The philosophy of doing the best we can with an understaffed program and lets all take our chances with the final product produced (inadequate surveillance of food establishments) should be changed to doing an excellent job by an appropriately staffed program that can provide the public with an assurance that a reasonable amount of time is spent with retail food establishments that are of the highest risk to their health. Proper staffing of Sanitation Branch will also provide the DOH with a pool of personnel

from an environmental health program that has shown in the present and past to be one of the most reliable, quick responding, and multi-disciplined staff when responding to emergency situations or disaster response.

MOVE TO A WEB BASED PERMITTING AND INSPECTION SYSTEM

At present, the program has reviewed the offerings of various vendors in order to establish a web-based permitting and inspection program.

The vendors we have looked at are able to set up a web based system that will bring us up to par with other state and county health departments, by achieving the following goals:

- 1) Allow the regulated community to apply and pay for all permits on-line.
- 2) Allow existing permit holders to access their records. (Permit expiration dates and fees, previous inspection results, etc.)
- 3) Allow the general public to access the most recent inspection results of any of our permitted food establishments.
- 4) Allows the general public to access any legal enforcement results.
- 5) Allows the departments to more efficiently manage and track the work of DOH employees.
- 6) Reduce the volume of clerical work due to the capability of automatically downloading inspection results directly into the database. No keypunch entry needed by the existing clerical staff which will allow them more time towards customer service.

RETAIL FOOD ESTABLISHMENT PLACARDING PROGRAM

Prior to 1996, there was in place a scored, graded inspection system based on a 100 point perfect score. This was combined with a placard system that issued a green card for a score of 70 or above, an amber card if there was an "Intent to Suspend" action, and a red card for a permit suspension. The above system was abandoned in 1996 in favor of an inspection that reflected critical versus non-critical violations, for the following reasons:

- 1) At times, the point system failed to accurately reflect the conditions in the food establishment that may directly affect disease occurrence, growth, and transmission. A restaurant with a score of 90 that has two major violations ("Major Violations" – violations that are considered to be Food-borne Illness risk factors which may contribute to the occurrence of food borne illnesses or harmful contamination), may pose a more serious and immediate health risk when compared to an establishment that received a score of 75 due to many "esthetic" minor violations ("Minor violations" – violations that are not considered to be risk

factors in causing illness or contamination). The 100 point scoring system had no direct link to food-borne illness risk factors when broken down into point ranges of 90-100, 80-89, 70-79, etc. with corresponding grades of A, B, C, etc.

- 2) The old placard system did not reflect the importance of keeping major violations to near zero levels. A restaurant could obtain a "Green" (highest level) card with up to SIX existing major violations that are now considered serious food-borne illness risk factors.
- 3) The placards were very dull, drab, and not easily recognizable by the general public as having any significance.
- 4) Recognition that ALL major violations (food borne-illness risk factors) must be corrected within 48 hrs.

We propose the following placard system as a substitution for the 100 point grading system.

Proposed Dept of Health Retail Food Establishment Placard Program

The goals of the placard program are to:

- 1) Reduce the incidence of major violations in the Food Establishment, thus reducing the risk of the public contracting food-borne illnesses or being exposed to harmful contamination.
- 2) Increase compliance w/ food safety laws.
- 3) Convey meaningful inspection results to the public and food service industry using a system that is simple to understand.
- 4) Reward the Food Establishment for "Excellence in Food Safety"

Scope: All retail food establishments will be required to post a placard once issued. Restaurants, liquor establishments, coffee houses, schools, bakeries, markets etc.

Placards: The same criteria are used for all food establishments and except for the Special recognition placard, only one placard will be posted at a time:

A Major violation is one that is recognized by the FDA and the CDC (Centers for Disease Control) as a major contributing cause of food-borne illness, food contamination, or environmental health hazards.

PASS – A GREEN PLACARD is issued when no more than one major violation is observed. The major violation must be corrected or mitigated at the time of the inspection. Minor violations must be corrected within the time frame given on the inspection report. A re-inspection may be conducted if any of the violations are not permanently corrected in a timely matter.

CONDITIONAL PASS – A YELLOW PLACARD – a Yellow Conditional Pass Placard is issued when two or more major violations are observed; when any uncorrected major violation is observed during a follow-up inspection, or when a “Notice of Violation and Order” has been filed. These violations must be corrected or mitigated at the time of inspection. A re-inspection WILL be conducted within 24-72 hours to ensure that ALL major violations remain corrected. Minor violations must be corrected within the time frame given on the inspection report. If all major violations are corrected during the re-inspection, a GREEN PASS placard will be issued at the re-inspection.

CLOSED – A RED PLACARD – A Red Closed placard is issued when an imminent threat to public health and safety is observed and/or if the Food Establishment Permit has been suspended/revoked. Examples of imminent health hazards include: Food borne illness outbreak determined by State Epidemiologists, presence of surfacing or overflowing sewage within the establishment, no water available, no power available, severe rodent/insect infestation, or severe unsanitary conditions. The Red CLOSED Placard must remain posted and the facility closed until a re-inspection is conducted to confirm that the imminent health hazard no longer exists or the permit has been re-instated. A GREEN placard will be issued at the re-inspection if all is well.

SPECIAL RECOGNITION PLACARD – “PURPLE POI POUNDER AWARD”
Two Green Placards in a row for routine inspections will result in a special recognition placard issued to the Food Establishment for “Food Safety Excellence” for the year in which the second green placard in a row is earned. The establishment may post this placard permanently.

Posting: A Green, Yellow, or Red Placard will be issued at the end of each routine inspection and re-inspection. The placard must be posted by the Sanitarian at the front door or window at the main entrance, facing outward. If it is posted in a front window, it must be within five feet of the main entrance. If there is no door or window, it must be posted in a location which is clearly visible to the public and approved by the director.

Training

Classes: We will offer training classes at no cost to any operator on “How to Obtain and Maintain a Green Placard”. The specific criteria for the placard program as well as basic food safety training will be reviewed in each class.

The statewide sanitation program already has the training component in place as we have two very adaptable full time Registered Sanitarians that presently run the Food Safety Education Training program.

THE STATE OF THE SANITATION PROGRAM

The branch faces a major challenge in adequately handling food protection. The branch ratio of food establishments to inspectors (Oahu, Maui, Kauai and Hawaii) far exceeds the Food and Drug Administration's (FDA's) recommendations of 150 food establishments per sanitarian. Oahu has a ratio of 651 food establishments per sanitarian and Maui's ratio is 374 food establishments per sanitarian. This means that on Oahu, the branch can only inspect a food establishment about **once every 2 ½ + years, a wholly inadequate inspection frequency.** The Nation's best food protection programs (Maricopa County, Arizona, Sacramento County, CA, Clark County, Nevada) average 3-4 inspections annually for their high risk establishments, 2 inspections annually for the medium risk establishments, and annual inspections for establishments with the least risk. It is imperative that as a world class travel destination, whose local cuisine is at the forefront of the Hawaii travel experience, which range from the Mom & Pop operations in Hilo to 5 Diamond restaurants in Maui and Oahu, has its food supply and service establishments inspected at a frequency that will ensure reasonable compliance with Hawaii's Administrative Rules (HAR Title 11, Chapter 12, Food Establishment Sanitation) governing food establishments. We must protect the citizens and visitors to our islands with a food safety program that is adequately staffed and funded. In order to reach this optimum inspection frequency, the Sanitation program would need at least 16 additional inspector positions on Oahu and 3 on Maui. In 1988 the Oahu sanitation program had 23 field inspectors. That number has dwindled to 12 positions for all of Oahu at present.

Staff training also is a significant element for maximizing efficiency and effectiveness of staff in order to satisfy program performance objectives. Mechanisms to provide on-going education continue as the branch updates and cross trains staff in order to keep up with technological and organizational changes.

FEES COLLECTED

Under Section 321-11.5, HRS, the Department collects fees for permits, licenses, inspections, various certificates, variances and investigations and reviews. These fees are deposited into the Environmental Health Education Fund under Section 321-27(a), HRS, which supports training of Environmental Health Services Division staff and food establishment personnel; as well as provides educational outreach to the general public regarding food safety. Revenues from fees collected for fiscal year 2008 and deposited into the fund totaled \$732,883.51. HRS 321-27(c) specifies that any amount in the fund in excess of \$300,000 on June 30 of each year shall be deposited into the general fund. The Department reports separately on HRS 321-27.

NUMBER AND RESULTS OF SANITATION FOOD INSPECTIONS

The Statewide Sanitation Branch conducted 9,598 food inspections during fiscal year 2009 and identified 9,000 violations. Oahu sanitation conducted 6,377 of these inspections. Of these, 3,772 were routine inspections (about 47% of the approx. 5,700 Food Establishments on Oahu. **This equates to an inspection frequency of less**

than 1 inspection in 30+ months) with 1,577 follow-up inspections. The follow up inspections on Oahu were a result of **3,083 major violations**, which are considered to be food borne illness risk factors as they are identified by the Centers for Disease Control (CDC) and the FDA as major causes of food borne illness incidents.

TABLE 1

FOOD ESTABLISHMENT
INSPECTION COVERAGE & MAJOR VIOLATIONS (7-1-08 to 6-30-09)

Island/County (Population)	Food Estab. # w/ permits	% FEs inspected	% FE w/ major violn.	# FE/ inspector
Hawaii 171,191	1389	1453/1389=105%	511/1453=35%	198
Kauai 63,000	543	313/543=58%	559/313=178%	181
Maui 141,000	1122	854/1283=67%	593/854=69%	374
Oahu 909,863	5,860	3,772//5860=64%	3,083/3,772=82%	651
State total 1,285,000	9,395	5321/8860=60%	4746/6392=74%	414

The number for % FE w/ Maj violation if spread over the total inspections which was 2,691. We conducted 3,772 inspections and found **3,083 major violations**. No breakdown of maj/minor violations. for outer isles.

TABLE 2

FOOD ESTABLISHMENT INSPECTION DETAILS (7-1-08 to 6-30-09)

Island/ County	Inspections	Violations
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# FE inspected	Total	Routine	Follow-up to routine	Complaint (illness claim subset)	Follow-up to complaint	Total	Major	Minor/ Esthetic
Hawaii	2118	1453	348	*196	121	1283	511	772
Kauai	689	313	287	*81	8	1434	559	875
Maui	1103	854	90	*120	39	1364	593	771
Oahu	6377	3772	1577	794 (245)	234	6185	3083	3102
State 8021	10,267	6392	2302	1191 (245)	402	10,266	4746	5520

*Outer isles do not differentiate between general food complaint and illness complaint.

Major violations include improper employee hygiene, temperatures, storage, and handling. For examples, there are violations for employees not washing hands after using the restroom, or having open cuts and sores on their hands. They also include temperature violations such as warm refrigerators, cold hot holding units, chicken and pork being served bloody and undercooked. Contaminated, rotten, or spoiled foods on premises, ready to eat foods stored below raw foods dripping with raw blood and juices, cutting boards used for raw and cooked foods, fruits and salads prepared with unclean cutting boards, knives, or cooks hands are also major violations. Oahu sanitation also identified 3,102 minor or esthetic violations during the same 3,772 routine inspections. There were also 801 complaint inspections which required 283 follow-up inspections. (3,772 + 1,577 + 794 + 234 = 6,377)

Of the 10,267 food establishments inspected state-wide, 1,191 inspections pertained to complaints, of which 245 directly alleged a food borne illness. Alleged food borne illness complaints increased 139 percent from FY 2007 when there were 127 reported food borne illness complaints, but FY 2007 was unusually low compared to 271 complaints in FY 2006, and 267 complaints in FY 2005, based on data collected by the department's Disease Investigation Branch. While prevention of illness remains the branch's ultimate goal, and food borne illness complaints are of interest, those complaints do not adequately measure program effectiveness. Current scientific literature (FDA, Journal of Public Health, Journal of Environmental Health et. al.) states that the reporting rates of food borne illnesses are extremely low, it is typically difficult to confirm the cause of illnesses, and extremely large outbreaks may result from human error which no inspection program could prevent. In these latter cases the Sanitation Branch is charged with finding the source or circumstance that lead to the outbreak and to prevent any reoccurrence of illness.

The current best measure of the effectiveness of a food regulatory program is the occurrence of major violations that are recognized as the major causes of food borne illnesses by the Center for Disease Control and the U.S. Food and Drug Administration. FDA has incorporated this scientific approach in their publication of their voluntary Model Food Code.

On Oahu, of the twelve districts that comprise all of the food establishments on Oahu, ten have major violation rates of approximately 40-80% during surprise routine inspections. That roughly equates to every other restaurant on Oahu is operating with a major condition that may cause a food borne illness or outbreak. This number is very high by any standard and reflects poorly on the state of the food industry here in Hawaii.

CHALLENGES AND STRATEGIES FOR FOOD SAFETY

The Branch conducts extensive informal food safety education in addition to inspections. Because obtaining food safety education is not required to operate a food establishment in the State of Hawaii, restaurant operators rely very heavily on the education provided by the direct contact with our field inspectors. The sanitation program relies heavily on the initial inspection of a new food establishment to educate the owners and managers on the importance of complying with our administrative rules to eliminate all major violations that are food-borne illness risk factors and keep the people of Hawaii healthy. After that initial inspection and a follow up inspection when the establishment is fully operational, most food establishments will not see the sanitarian for another two years.

Maintaining food establishment staff educated in food safety is a huge challenge. The food industry in Hawaii has one of the highest turnovers of employees in the state when compared with other industries. Additionally, most positions in the food establishment from owner to general manager to chef to food prep workers to dishwashers averages changes every two (2) years or so, thus negating any food safety knowledge or reinforcement of the rules during that period by the Department of Health.

The Statewide Sanitation program has sought and achieved tremendous internal improvements in the past five years from having no standards of inspection and program quality or consistency for inspections, enforcement and education, to having a fully standardized staff, explicit, consistent and documented, protocol in all areas, a uniform statewide food safety education program, and a voluntary FDA pilot project on the Big Island to obtain listing as a successful participant in the voluntary Food Standards program.

The program has also increased the use of language neutral handouts on hand washing and temperature controls during food inspections (both are major contributors to food borne illnesses), and have even handed out thermometers to new and existing food establishments as part of our routine inspections along with demonstrating how to properly calibrate the thermometer before use.

The Branch is focusing on reducing major violations at food establishments. This follows the best practices used in numerous jurisdictions across the United States. The current rate of major violations, the key food borne illness risk factors, is at least 40% and as high as 80% of food establishments in certain geographical areas. The

occurrence of major violations can be reduced below 20% of establishments inspected if the following is done:

- 1) The food regulatory program is able to identify high, medium and low risk food establishments to prioritize inspection frequencies and maximize staff efficiency. The level of risk is based on the complexity and potential risk of the foods served, and how they are prepared within the establishment;
- 2) The program standardizes the inspections by requiring explicit documentation on all three risk categories of food establishments in order to document the observations of critical operations within the establishment. (food borne illness risk factors such as proper food cooking and holding temperatures, personal hygiene practices by employees, cross contamination issues, etc.); and finally;
- 3) The program inspects high risk establishments three to four times annually, medium risk establishments at least twice a year and low risk establishments annually.

The statewide sanitation program has already completed 1 and 2 above along with the other numerous other program improvements mentioned.

There are other possible measures, such as mandatory food safety education and the posting of placards at establishments with major violations. Mandatory education will require resources for the provision of food safety trainers, for food establishments staff to take the training, and to track whether food establishments have trained staff on duty. Other U.S. jurisdictions were able to implement a very effective, high profile and successful win-win placard system with the food industry while protecting public health when the jurisdiction committed to proper staffing to allow high risk food establishments to be inspected at least three times annually. This enables establishments with unfavorable placards to be re-inspected in a timely manner so they can demonstrate their return to compliance. For either mandatory education or placards, more resources are needed.

TRAINING FOR INDUSTRY & PUBLIC

The branch retains its current voluntary educational approach to inform the public of proper food safety practices and motivate food establishment operators toward compliance with applicable standards and regulations. In this regard, it is recognized that compliance with rules, not enforcement per se, is the primary objective of the Sanitation Branch. Wide dissemination of information concerning the technical and scientific basis for the program's regulatory requirements should contribute to a clearer understanding of the necessity for compliance. Education is always continuous, especially in areas where technology is constantly evolving, as in the case of food science. An informed public with a clear understanding of the public health rationale of

program functions and corresponding regulatory requirements is a fundamental goal in assuring that potential environmental health problems are identified and resolved before actual illness, injury or fatality occurs. This educational philosophy has evolved in part due to Hawaii's high food establishment to sanitarian ratio.

In addition, the Food Safety Consultation and Education Program provided the following services in 2010:

FOOD HANDLERS EDUCATED

<u>Description</u>	<u>Number</u>
Food Certification Workshops:	35
Student Attendance:	905
Students Certified:	853
Food Safety Classes:	61
Students Attended:	1,523

Food certification workshops are 16-hour classes that deal with the principles of food safety and protection as it pertains to HAR 11-12 Food Establishment Sanitation. Successful completion of the workshop and examination results in the issuance of a Hawaii Department of Health Food Handler's Certificate. Food safety classes are customized classes that can range from one hour or more to address specific needs or problems of the participants. No certificates are issued for these classes. Both workshops and classes are open to food establishment personnel and the public.

Food Safety Classes are customizable classes that can range from 1 hour or more to address specific needs or problems of the requester. For example, if a food establishment has a problem with employee hygienic practices two to three hour classes concentrating on proper hygienic practices complete with hands on demonstrations and participation could be provided. No certificates are issued for these classes.

COMMUNITY OUTREACH PROJECTS

The Sanitation Branch on Oahu joined in a pilot project with the HGEA to participate in the first "Day To Discover" event at Makakilo Elementary School in August of 2006. The event was designed to showcase the importance and value of public employment to the community through games, activities and interactive informational booths designed for Hawaii's elementary school age children. Various City and County and State employees set up Keiki ID Booths (State Sheriffs), Nutrition and Foods (Public Health Nursing), Fossil Hunting (DLNR), Police Car and Canine Unit Demo (HPD), Fire truck Exhibition (HFD), "**Germ City**" **Hand Washing Booth** (DOH – Sanitation Branch), Story telling (DOE), etc.

The Sanitation Branch received national recognition for this program by the National Environmental Health Association (NEHA) and we were invited to present our project at the 2008 NEHA Annual Educational Conference in Atlanta, Georgia.

The Sanitation Branch's Booth consists of a non-toxic solution that glows under UV light applied to the children's hands to mimic germs. They are then instructed to wash their hands with soap and water and then dry them on disposable towels. The effectiveness of their hand washing is tested in a tent that is light proof and their hands are checked with an ultraviolet light. Their hands glow wherever they did not wash their hands. This booth is very popular due to the potential to have a lot of fun with glowing yucky hands. Even the parents get a great experience out of this exercise, and there was no shortage of praise by public health nurses and teachers.

In addition to 4 HGEA sponsored "Day To Discover Events" that were strategically held in west (Makakilo Elem), east (Kaimuki Elem), windward (Ben Parker Elem) and central (Mililani Waena) Oahu communities, the Sanitation Branch has participated in a total of 16 events and health fairs at private (Kamehameha, Hanalani) and Public Elementary Schools throughout Oahu. To date we have instructed over 2900 children and 330 adults in proper hand washing technique using the "Germ City" hand washing booth.

TRAINING FOR BRANCH PERSONNEL

In addition to on-going workshops conducted by the Food Safety Consultation and Education Program, the following are highlights of personnel training for fiscal year 2010.

The EHEF is also significant for the programs and personnel of the Environmental Health Services Division as a means toward providing improved public health services. In addition to on-going workshops conducted by the Food Safety Consultation and Education Program, the following are highlights of fiscal year 2010:

1. The Sanitation Program Manager and a Sanitarian V attended the Conference for Food Protection, on April 10-14, 2010.

2. A Sanitarian IV attended the NEHA Conference in Albuquerque, New Mexico, on June 6-9, 2010.
3. A Sanitarian IV – Milk Specialist attended a FDA577 Special Problems in Milk Protection class on July 19-23, 2010.
4. Meetings of the Advisory Council on Food Protection Practices were also conducted to discuss food protection and safety issues with academia, industry, and regulatory.
5. Various statewide program and division meetings for managers and staff were also conducted.
6. Investments continued in expanding, upgrading and improving the division's information technology infrastructure and information management system.

In summary, the Environmental Health Education fund was significant in providing for many of these program activities, personnel enhancement opportunities, and technology infrastructure advancements. Prudent utilization of expenditures for FY 2010 will continue to ensure the protection of public health needs through effective and efficient government services.

* Although Hawaii's Dairy Industry is declining, the state is still an active participant in the National Conference of Interstate Milk Shippers (NCIMS) because we still address the safety of milk both brought into and sent from the state. This means Hawaii must maintain certain qualifications and adhere to standards set by the NCIMS. One of the qualifications is to have at least one State Milk Rating Officer to conduct milk rating inspections locally utilizing national standards set by the NCIMS. To maintain certification as a State Milk Rating Officers one must attain NCIMS certification through FDA and attend approved seminars, classes and conferences.

COST OF TRAINING BRANCH PERSONNEL

The cost for branch personnel training totaled \$9,312.32.

CLOSING REMARKS

Despite continued efforts and progress in improving the overall quality and safety of foods produced in this country, food borne illnesses remain a serious national public health problem. This past year pathogenic E. coli, Norovirus and Salmonellosis contamination of food continued to find its way to the news headlines nationally. The CDC has consistently stated that food borne illnesses accounts for nearly 5000 deaths annually in the United States and billions of dollars annually in lost productivity and the cost of medical care for the ill.

Over the past decade we have seen the emergence of serious, illness causing pathogens appearing at an alarming rate. In our state alone we have had to deal with serious Staph, Salmonella, E.coli O:157, and Norovirus incidences at an increased rate. Numerous people were recently hospitalized on Oahu from an E. coli outbreak linked to a local restaurant.

Recent rodent infestation publicity in Chinatown resulted in a 30-50% loss in sales according to the Chinese Chamber of Commerce. A bad publicity event in a Waikiki establishment could be disastrous to our visitor industry as a whole. I don't think being portrayed as a third world food safety state would be beneficial to tourism. The Chinatown Rat incident already hit You Tube and the national media. Let's not give the media any more bad news to report!!!

The Sanitation program directly affects nearly all residents and visitors to Hawaii. Any person in Hawaii who frequents the 9,000+ food eateries, markets, and liquor establishments or any other food sales or distributions that the Sanitation Branch inspects and permits is directly affected by our regulatory food safety program.

THE SANITATION BRANCH IS RECOGNIZED FOR QUALITY!

In the past four years the Oahu Sanitation Program has produced six departmental Employees of the Year nominees and one Manager of the year nominee. This is over 25% of the staff of 21. The Big Island Sanitation Program has had one employee of the year nominee, and the Acting District Health Officer who for years directly oversaw Big Isle Sanitation is the 2008 State Manager of the Year. The Statewide Sanitation Branch has an extremely well run and tested program with a highly motivated staff that consistently delivers excellent public service with an eye towards constant and creative program improvement.

Continued vigilance in protecting the public from food borne illnesses is a vital function of the Sanitation Branch. Current resources are dedicated toward support of program activities, personnel enhancement, and technology infrastructure advancements. We will continue our efforts to prudently use current resources to protect public health.

However, despite our best efforts, the residents and visitors of Hawaii are exposed to inadequate food safety, and the state may one day be embarrassed and saddened by a high profile food borne related illness or death. The Statewide Sanitation Program is extremely well primed to produce a world-class food regulatory program, but major improvements in food safety depend on it being given adequate staffing levels and resources.

Passage of this bill will lay the foundation for a world class food safety program that is on par with the best food safety programs in the United States.

Aloha and Mahalo Again for allowing me to testify

Peter Oshiro
Environmental Health Program Manager
Sanitation Branch, EHSD, DOH
Email – djpo@hawaii.rr.com
Phone 542-5036

Testimony Presented Before the
House Committee on Finance
April 5, 2011, 4:30 p.m.

By
Gail P. Tiwanak RN, MBA
Director
Hawaii State Center for Nursing

SB 120, SD1 RELATING TO STATE FUNDS

Chair Oshiro, Vice Chair Lee, and members of the House Committee on Finance, thank you for this opportunity to provide testimony in opposition to this bill, SB 120,SD1. To the extent that it relates to Part III, Fund Transfers, the Hawaii State Center for Nursing ("HSCFN") is concerned that the measure does not define "non-general funds" or indicate specifically, which funds would be impacted by the provisions in Section 22 which reads:

"SECTION 22. The recession of 2008 swept across the nation and many parts of the world with unanticipated force and brought with it enormous challenges for governments at all levels. Its effects on businesses and employment are still being felt today, including a profound impact on Hawaii in terms of tax revenues and the state budget.

The legislature finds that due to the extraordinary fiscal circumstances the State is facing, non-general funds must be reviewed and scrutinized to determine if there is an excess of balances available to help address the critical budget shortfall in fiscal year 2011-2012."

Act 198, Session Laws of Hawai'i 2003, established the Hawaii State Center for Nursing ("HSCFN") at the University of Hawaii, to conduct research on workforce issues for nurses and other assistive healthcare personnel. The establishment of the HSCFN created a nursing special fund by requiring each nurse to pay an additional fee of \$40 upon the issuance of a new license and at each license renewal period. There are no state or federal funds in the HSCFN special fund.

Sweeping the balance of the fund into the state general fund would in essence cause the demise of the HSCFN. The 21,000+ advanced practice registered nurses, registered nurses and licensed practical nurses would in effect have paid a form of taxation which is not required of any other profession in Hawaii. Decisions relating to health care in Hawai'i is at the critical point where accurate data of workforce issues for nurses and other healthcare personnel is more important than ever.

Therefore, as " non-general funds" are not defined and may include the HSCFN special fund, the HSCFN is in strong opposition to SB 120, SD1 and asks that the measure be held.

We appreciate your continuing support of nursing and healthcare in Hawai'i. Thank you for the opportunity to testify.

Testimony Presented Before the
House Committee on Finance
April 5, 2011, 4:30 p.m.

By
Suzann C. Filleul, BSN, MBA, CNOR
Regional Nurse Executive
Kaiser Permanente Hawaii

SB 120, SD1 RELATING TO STATE FUNDS

Chair Oshiro, Vice Chair Lee, and members of the House Committee on Finance, thank you for this opportunity to provide testimony. As a nursing leader in the Hawaii community, I am in strong opposition to bill SB 120, SD1. To the extent that it relates to Part III, Fund Transfers, I am concerned that the measure does not define "non-general funds" or indicate specifically which funds would be impacted by the provisions in Section 22 which reads:

"SECTION 22. The recession of 2008 swept across the nation and many parts of the world with unanticipated force and brought with it enormous challenges for governments at all levels. Its effects on businesses and employment are still being felt today, including a profound impact on Hawaii in terms of tax revenues and the state budget.

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Sweeping the balance of the fund into the state general fund would in essence cause the demise of the HSCFN. The 21,000+ advanced practice registered nurses, registered nurses, and licensed practical nurses would in effect have paid, and may continue to pay, a form of taxation which is not required of any other profession in Hawaii. Decisions relating to health care in Hawai'i are at the critical point where accurate data of workforce issues for nurses and other healthcare personnel is more important than ever.

Therefore, as "non-general funds" are not defined, and may include the HSCFN special fund, I am in strong opposition to SB 120, SD1.

I appreciate your continuing support of nursing and healthcare in Hawai'i. Thank you for the opportunity to testify.

Lila Johnson
PO Box 161258
Honolulu, Hawai'i 96816
lila@hawaii.rr.com

April 4, 2011

To: Marcus M. Oshiro, Chair, Committee on Finance
Marilyn B. Lee, Vice Chair, Committee on Finance
Members, Committee on Finance

Re: **STRONG OPPOSITION** to Section IX of SB 120 SD 1 Proposed HD 1, Relating to State Funds
Hearing on April 5, 2011 at 4:30 p.m. in Room 308 (Agenda #3)

Thank you for the opportunity to provide testimony in strong opposition to the Proposed HD 1 of SB 120, SD 1.

I ask that you specifically eliminate Section IX, which would devastate the funding for tobacco prevention and cessation efforts from the Tobacco Settlement Special Fund.

My name is Lila Johnson. I am a volunteer for the American Cancer Society in Hawai'i and serve as secretary for the national board of directors. I am also a registered nurse, and a public health professional who works daily in the area of tobacco control. I strongly urge you to protect the dedicated monies in the Tobacco Prevention and Control Trust Fund for tobacco prevention and cessation efforts. It was the vision of those who created the original legislation with the purpose of improving the health of Hawaii's citizens that there be designated monies to address the major preventable cause of disease, disability, and death.

Section IX of SB 120 SD 1 Proposed HD 1 will destroy the funds which are meant for the community. It is unconscionable to take the tobacco settlement dollars at a time when Hawai'i is making significant headway in curbing tobacco use among both adults and youth. Hawai'i needs that dedicated funding from the Tobacco Settlement Special Fund that provides community grants to address preventing tobacco use and providing evidence-based programs to help smokers quit.

Tobacco prevention works because of long-term consistent funding which, if you consider, has saved the state more than \$402 million in tobacco-related healthcare and societal costs. Our efforts have reduced tobacco significantly among youth and adults, yet there are specific population groups where disparities still exist.

If funding is further diverted away from health, we will see the end of those programs designed and implemented by the community, your constituents. The portion set aside for the Tobacco Prevention and Control Trust Fund is the most important and the most vulnerable. Please do not rob the communities of Tobacco Prevention and Control Trust Fund monies. States that have diverted tobacco control funds have not regained the momentum lost to program elimination.

Surveys tell us that 91% of Hawai'i residents believe that Tobacco Settlement funds must be used to fund tobacco prevention. That is an extraordinary percentage of public opinion.

You have very hard decisions to make regarding fiscal matters during this legislative session, I sincerely ask that you keep public health a priority and protect the funding for tobacco prevention efforts.

Thank you for the opportunity to testify.

Sincerely,

/s

Lila Johnson, RN, MPH, CHES

**TESTIMONY PRESENTED BEFORE
HOUSE COMMITTEE ON FINANCE**

By
Dr. Jan Minoru Javinar

S.B. 120, SD1, HD1 Relating to State Funds

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

Thank you for this opportunity to testify on SB 120, SD1, HD1. I am currently an employee of the University of Hawaii and serve as director of the department at the Manoa campus with responsibility for student organizations financed through mandatory student fees. I am offering this testimony on behalf of the chartered student organizations at the Manoa campus and the staff advisors employed with my department who work with the various student leaders. Although the student leaders and staff advisors for the chartered student organizations recognize the extraordinary fiscal circumstances the State is facing, *I wish to express my opposition to Section 59, Part III Fund Transfers of the bill which identifies an excess of \$500,000 in the campus center operations fund and authorizes the director of finance to transfer said amount to the general fund by the end of this fiscal year.*

Funds in the campus center operations fund are monies that students at Manoa have paid as mandatory activity fees for the Campus Center Board, a chartered student organization at Manoa, to promote and support the activities, services, facilities, and operations of the student center and student recreation programs. While the fund balance at the start of this fiscal year in July 2010 and as of month end February 2011 ranged from a low of \$940,794 to a high of \$4,205,446, there is no excess. Before fiscal year end June 30, 2011, several amounts will be debited from the campus center operations fund. Among these are annual payments involving:

\$97,001 - to be transferred to a mandatory reserve account to cover 50% of the depreciation of facilities as stipulated by University policy

\$3,646,812 - to be transferred for debt repayment on the bond issued to construct the new student recreation center

\$159,498 and up - to be transferred to a voluntary reserve account which is used to finance major projects involving facilities to assure health and safety standards, physical plant repairs, and maintenance upkeep.

To reiterate, while the fund balance may be substantial, there is no excess, as monies are earmarked for a number of required payments and to cover salaries, operating expenses, and equipment for the remaining four months of this fiscal year.

Thank you again for this opportunity to provide testimony on S.B. 120, SD1, HD1.

**Written Testimony AGAINST SB120, HD1 by Peter Mouginis-Mark, 2212 Round
Top Drive, Honolulu, HI 96822**

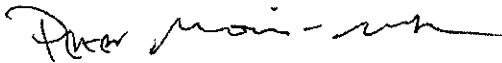
Dear House Finance Committee:

I urge you all to **VOTE "NO" for SB120, HD1**. I believe that, if enacted, this Bill would wreak widespread havoc within our academic community at a time when there is already great distress in trying to deal with numerous fiscal challenges. My feeling is that it recommends shutting down a significant part of several University of Hawaii funds that have already been hard-hit by earlier budget cuts, and that without them the University will be unable to meet many of its increasingly important obligations in training students and building a stronger technology-based economy here in Hawaii.

Removing the special and revolving funds will make it impossible for numerous activities that our community relies on to support our most at-need members. The list is long of organizations that would have significant problems maintaining services, including faculty housing, the campus Center, and the community colleges. Most disconcerting of all is the suggestion to remove \$1M from the research and training revolving fund, which is critical to bringing in new grants (over \$450M in FY2010!) and in creating new jobs here in the State. Why would you want to put these activities at risk, or even make more difficult for the University to be part of the solution to our long-term economic recovery?

I am deeply concerned that loss of these funds would be catastrophic for much that the University is doing to help our State and our economy. **I therefore urge you all to VOTE "NO" on SB120, HD1.**

Thank you,



To: Representative Marcus Oshiro, Chair
House Committee on Finance

From: Dr. Noreen Mokuau

Date: 4/4/11

Subject: Opposition to SB 120, SD1 and SB 120, HD1 , Relating to State Funds

Representative Oshiro and members of the House Committee on Finance. My name is Dr. Noreen Mokuau, I am the Dean of the Myron B. Thompson School of Social Work at the University of Hawaii at Manoa, and I am testifying today in opposition to SB 120, SD1 and the proposed SB 120, HD1 which repeals certain special/revolving funds and establishes provisions for the transferring of "excess balances" from non-general funds into the State's general fund. As it is my understanding that the House Committee on Finance is proposing to substitute HD1 for SD1 of SB120, my comments will directly address the provisions of SB 120, HD1.

Although this bill is somewhat wide ranging, my primary concern at this time is the section that provides for the transferring of "excess balances" from non-general funds into the State's general fund. In the case of the University of Hawaii, this will amount to a total of \$8.5 million that will be taken from nine different special/revolving funds currently controlled by the university. While this amount may not appear to be substantial when compared to the total university budget or if it is considered in isolation, it is significant as the latest in a series of funding reductions that the university will have to deal with in the coming biennium period. This comes on top of \$200 million in funding reductions that we have experienced over the past two years.

You will no doubt hear testimony from the administration of the University of Hawaii as to how the passage of SB 120, HD1 will negatively affect the operation of the university at a system and campus level. As the interim Dean of one of the professional programs at the Manoa campus, I can tell you that we have barely been able to meet our professional accreditation standards in relation to faculty student ratios these past few years and there is no more room to give. If we have to deal with more budget reductions in the coming biennium, we will have to start terminating support staff and reducing enrollment. This, in turn, will negatively affect the quality of education that we can provide and substantially reduce the number of graduates that we will be able to produce annually.

Social work has been perennially recognized as one of the highest shortage areas in the State's workforce. The conditions that prompt the need for the kind of fiscal action that is at the heart of SB 120, HD 1 also produces social issues that increase the need for social workers. Forcing the school to reduce our enrollment at this time would be counter productive.

Clearly, SB 120 does not serve the best interests of the University of Hawaii or the community as a whole. I strongly urge you to defeat this bill.

April 4, 2011

TO: Representative Marcus R. Oshiro, Chair, Finance
Committee
Representative Marilyn B. Lee, Vice Chair, Finance
Committee
Members of the Finance Committee

FROM: Aviam Soifer, Dean and Professor, William S. Richardson
School of Law, University of Hawai'i

HEARING DATE/TIME: Tuesday, April 5, 2011, 4:30 p.m., Conf. Room 308

MEASURE NUMBER: Testimony in Support of SB 120, SD1, RELATING TO
STATE FUNDS

Simply put, passage of SB 120 would do grievous harm to the entire Law School program. We are proud of what we have been able to do to serve Hawai'i as we strive to realize the dream shared by Chief Justice William S. Richardson and those who helped him fight to found the Law School less than 40 years ago.

To sweep the funds as proposed truly would devastate our commitment to opportunity for all qualified students. It also would directly and drastically undercut the extensive public service we are proud to perform for the entire community as well as the first-rate education and research we provide.

In addition, it is my own view as a teacher, researcher, and writer about constitutional law for over 30 years that the proposed law would pose significant constitutional questions and might well be subject to constitutional challenge, primarily because of its substantial interference with the degree of autonomy guaranteed to the University of Hawai'i under the Hawai'i Constitution.

Thank you.

**Personal Testimony Presented Before the
House Committee on Finance**

Tuesday, April 05, 2011

4:30 PM

State Capitol, Conference Room 308

By

Peter E. Crouch

SB120, SD1- RELATING TO STATE FUNDS

Chairperson Marcus Oshiro, Vice Chair Lee, and Members of the Committee on Finance

My name is Peter Crouch, Dean of the University of Hawaii at Manoa College of Engineering.

I appreciate the opportunity to provide personal testimony in opposition of SB 120, SD1 which repeals certain special and revolving funds including those of the University of Hawaii and transfers balance to the State general funds.

SB120, SD1 proposes that in certain University of Hawaii special funds there is an excess of the requirements of the fund that may be transferred to the State General Fund. The College of Engineering will be extremely adversely affected by many of these restrictions. Let me concentrate on only four of the main impacts that will severely affect the Colleges operations and in many cases their direct impact on the Hawaii and its tax paying engineering and construction companies.

- Impact on research growth
- Impact on laboratory offerings for our undergraduate students (the future engineering work force of Hawaii)
- Impact on Tech Transfer in the University
- Impact on K-12 STEM Outreach

Impact on research growth: Research and Training Revolving Fund (RTRF) funds are returned to the College from the overhead on research grants it has won through state and national competitions. RTRF funding is the most important funding source to the College after the state investment. It is the mechanism by which the College gains flexibility to expand its activities not directly related to its teaching mission. One of the principal ways in which these funds are used is in building the College's research base by re-investment as seed funds in additional research projects and leveraging the existence of the great research units already on the UH Manoa campus, such as SOEST and IfA. When reinvested, RTRF funds bear more fruit in the form of income to the State and local high-tech jobs. If taken away, it robs the future of the College, University and the State.

RTRF is an economic multiplier. Reinvestment of research funds is critical. Short changing the Research and Training Revolving Fund would shortchange an important economic engine of the State and the growth of the College of Engineering.

Impact on laboratory offerings for our undergraduate students (the future engineering work force of Hawaii)(Tuition and Special Fees): The College has recently been able to secure

differential program fee for Engineering. It will receive its first funds from this fee this year. The College is upgrading the teaching facilities, teaching laboratory equipment and supplementing technician support for student activities with these funds. Holmes Hall, which is nearly 50 years old, has not enjoyed substantial remodeling and now needs extensive remodeling and equipment renewal. Thus, relative to most engineering schools on the mainland where engineering has enjoyed continued focused state investment, because of its economic impact in terms of its graduating students, most laboratory facilities in the engineering College are terribly out of date. The proposed raid on the University's special fund will set back all of the planning and hopes of the students for enhanced facilities and equipment and again put our graduating engineering students at a disadvantage compared to students at other engineering schools on the mainland.

Impact on Tech Transfer from the College: The economic future of the State depends upon being able to diversify its portfolio of revenue generating industries and companies in those industries. Almost certainly, clean, high tech industry has to be an integral component in this process. While the UH science ventures play an important component in this process, the College of Engineering is, and should be, one of the principal components of actually effecting tech transfer through both its undergraduate and graduate students, who stay on Island and work for local companies, and also for the contributions it makes with ideas and innovation that are shared with local companies through the University tech transfer office and more informal mechanisms.

Impact on K-12 STEM Outreach: The College is extremely invested in the process of assisting the state in its K-12 STEM outreach efforts, and particularly focused on helping teachers in the K-12 system become better equipped in all STEM fields but especially engineering. The flexibility to participate in these activities is almost entirely due to the RTRF funds it receives. These funds allow the College to make temporary hires of staff to work on these programs and fulfill associated programmatic obligations. Without these efforts, as national trends indicate, the State, which is already a laggard in K-12 STEM education, will continue to leave its children without any opportunity to find high paying jobs in professions requiring STEM qualifications, including the engineering profession in the construction, engineering, high tech and dual use industries in Hawaii.

Once again I appreciate the opportunity to present testimony in opposition of SB120, SD1 – specifically sections relating to the University of Hawaii. Mahalo for your consideration.

April 4th, 2011

To: Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
House Finance Committee

Re: **STRONG OPPOSITION to Section IX of SB 120 SD 1 Proposed HD 1, Relating to State Funds**
Hearing on April 5, 2011 at 4:30 p.m. in Room 308 (Agenda #3)

Aloha Legislators,

My name is Jennifer Pescador and I am a registered voter currently attending UH West Oahu. I also belong to REAL: Hawaii's Youth-led Movement Exposing the Tobacco Industry. I'm in strong opposition to the Proposed HD 1 of SB 120, SD 1. I ask that you eliminate Section IX, which would eliminate funding for tobacco prevention and cessation efforts from the Tobacco Settlement Special Fund.

Tobacco prevention works and this has been shown in the last few years in Hawaii with some of the lowest tobacco use rates among youth across the nation. Our state has also successfully passed in Hawaii's Smoke-free Workplaces Law and it alone has changed Hawaii significantly. Still there is more work to do and we need to save the trust fund to support programs that are working and have worked to counter-market the influence of tobacco companies in our communities.

Funds from the Tobacco Trust Fund help Hawaii's tobacco control community work against OTPs (other tobacco products) that are youth-friendly, such as Camel SNUS, and other candy flavored tobacco products as well as the E-Cigarette trend. If the Tobacco Trust Fund is reallocated it will cut the amount of funds available for tobacco prevention and limit our ability to fight the battle against a tobacco industry that preys on the young generations.

Hawaii now has one of the lowest youth tobacco use rates in the nation but without adequate funding to continue prevention programs tobacco rates will go back up. Tobacco prevention is a long-term investment that we need to stay committed to in order to sustain our efforts and work to keep tobacco out of our communities. By eliminating Section IX you will show how much we care about and trust these prevention programs and that we are also committed to protect our youth and people of Hawaii so that we can live a healthy and tobacco-free life.

I have been a smoker and realize how much it's impacted my life. I continue to battle the urge of nicotine and know that it's a problem that I will have to overcome before I bring my own keiki into the world. It's also hard to know that by having been a tobacco customer I have supported a business that has caused the death of thousands of people everyday in our country and I'm write this testimony to make sure that my voice is heard. Please help me and others who don't want tobacco companies to prey on our children to use their deadly product.

Mahalo, Jennifer Pescador, Kailua, Hawaii

April 5th, 2011

To: Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
House Finance Committee

Re: STRONG OPPOSITION to Section IX of SB 120 SD 1 Proposed HD 1, Relating to State Funds

Hearing on April 5, 2011 at 4:30 p.m. in Room 308 (Agenda #3)

My name is Absai Young and I am a youth on the Big Island. I'm am with REAL: Hawaii Youth Movement Exposing the Tobacco Industry in strong opposition to SB 120 which would cut funds from the Master Tobacco Settlement Trust Fund.

I'm asking you to please **save the MSA Trust Fund for what it was meant for: tobacco prevention and cessation programs.**

Prevention programs like REAL are supported by these funds and are important to teach others of the facts about tobacco industry and its marketing tactics. In order for youth to be empowered to make positive decisions we need to educate them.

I belong to REAL and it's important to me because it has helped me build up my skills and feeling of confidence, and educate & empower others about the tobacco industry's tactics. A lot of youth may be misinformed because of tobacco marketing but through tobacco prevention programs that empower peer to peer communication youth are willing to hear the message and are able to understand the truth about tobacco. This awareness supports youth in making informed decisions.

Please oppose SB 120 to save tobacco prevention in Hawaii.

Mahalo,

Abasi Young
Big Island
REAL

April 5th, 2011

To: Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
House Finance Committee

Re: **STRONG OPPOSITION to Section IX of SB 120 SD 1 Proposed HD 1,
Relating to State Funds**
Hearing on April 5, 2011 at 4:30 p.m. in Room 308 (Agenda #3)

Aloha Legislators,

My name is Melissa Rapoza and I live on the Big Island. I'm am with REAL: Hawaii Youth Movement Exposing the Tobacco Industry in strong opposition to SB 120, SD1, HD1 which would cut funds from the Master Tobacco Settlement Trust Fund.

I'm asking you to please **save the MSA Trust Fund for what it was meant for: tobacco prevention and cessation programs.** Prevention programs like REAL are very important to educate & empower youth who are being heavily targeted. By not supporting prevention efforts that resorts to much more funds going to paying for health care costs. It is important that we work to support prevention programs as an investment in our future. The tobacco industry spends billions of dollars in marketing to youth even after they were sued and promised to not do this. The tobacco industry will not ease up if we ease up on prevention efforts they will only work harder. We as a community need to work together to support our greatest asset our future generations.

Tobacco prevention works! But so does tobacco advertising. Without adequate funds to do tobacco prevention work our hands are tied to actually successfully counter the \$42 million dollars a year that tobacco companies are spending to advertise in Hawaii.

We need more funds NOT LESS to be able to do prevention work. Please oppose HB 120.

Mahalo,

Meiissa Rapoza
Big Island
REAL

April 5th, 2011

To: Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
House Finance Committee

Re: **STRONG OPPOSITION to Section IX of SB 120 SD 1 Proposed HD 1,
Relating to State Funds**
Hearing on April 5, 2011 at 4:30 p.m. in Room 308 (Agenda #3)

Legislators,

My name is Allison Chappell and I am a young adult on the Big Island attending UH-Hilo. I'm am with REAL: Hawaii Youth Movement Exposing the Tobacco Industry in strong opposition to SB 120 which would cut funds from the Master Tobacco Settlement Trust Fund.

REAL and many other prevention programs are funded by this MSA Trust Fund which is what the funds were originally meant for. These prevention programs like REAL are important to raise awareness on the effects of tobacco as well as how the tobacco industry is heavily targeting us as customers. If we do not continue to fight the tobacco industry by educating and empowering young people in Hawaii with prevention programs like REAL we are giving the power to the tobacco companies and supporting their targeting of Hawaii's youth. I want you to help prevent that.

I'm asking you to please **save the MSA Trust Fund for what it was meant for: tobacco prevention and cessation programs.** We need more funds NOT LESS to be able to do tobacco prevention work. Please oppose SB 120.

Mahalo,

Allison Chappell
Big Island
REAL

4/4/2011

TO: Representative Marcus Oshiro, Chairman - Committee on Finance
Representative Marilyn Lee, Vice Chairman -- Committee on Finance

FR: Michael Kahikina, Alumni U.H. West Oahu



Re: Testimony in opposition of SB 120 SD1

I am writing in hopes that you would consider not cutting budget items listed below that will surely affect the educational experience and training of our young workforce. Please consider to restore these items to the budget.

The following UH funds will be potentially impacted:

- Section 56. Tuition and Fees Special Fund (\$1M)
- Section 57. University Revenue Undertaking Fund (\$1M)
- Section 58. Research & Training Revolving Fund ((\$1M)
- Section 59. Campus Center Operations Fund (\$500,000)
- Section 60. Outreach College Summer Session (\$1M)
- Section 61. Housing Assistance Revolving Fund (\$2M)
- Section 62. Community College Special Fund (\$1M)
- Section 63. UH Risk Management Special Fund (\$1M)

Thank you for your consideration and please contact me if you have any questions or concerns t 291-5244.

To: Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
House Finance Committee

Re: STRONG OPPOSITION to Section IX of SB SD 120 SD1 Proposed HD 1, Relating to State Funds

Hearing on April 5, at 4:30 p.m. in Room 308 (Agenda #3)

Thank you very much for the opportunity to give testimony in strong opposition to the Proposed HD1 of SB 120, SD 1. I ask that you eliminate Section IX, which would eliminate funding for tobacco prevention and cessation efforts from the Tobacco Settlement Special Fund.

My name is Ada Yamaki. Our community needs continued funding from the Tobacco Settlement Fund to keep kids and adults from using tobacco products and to help smokers quit smoking. Getting rid of the revenue dedicated for our crucial tobacco prevention and control efforts is short-sighted.

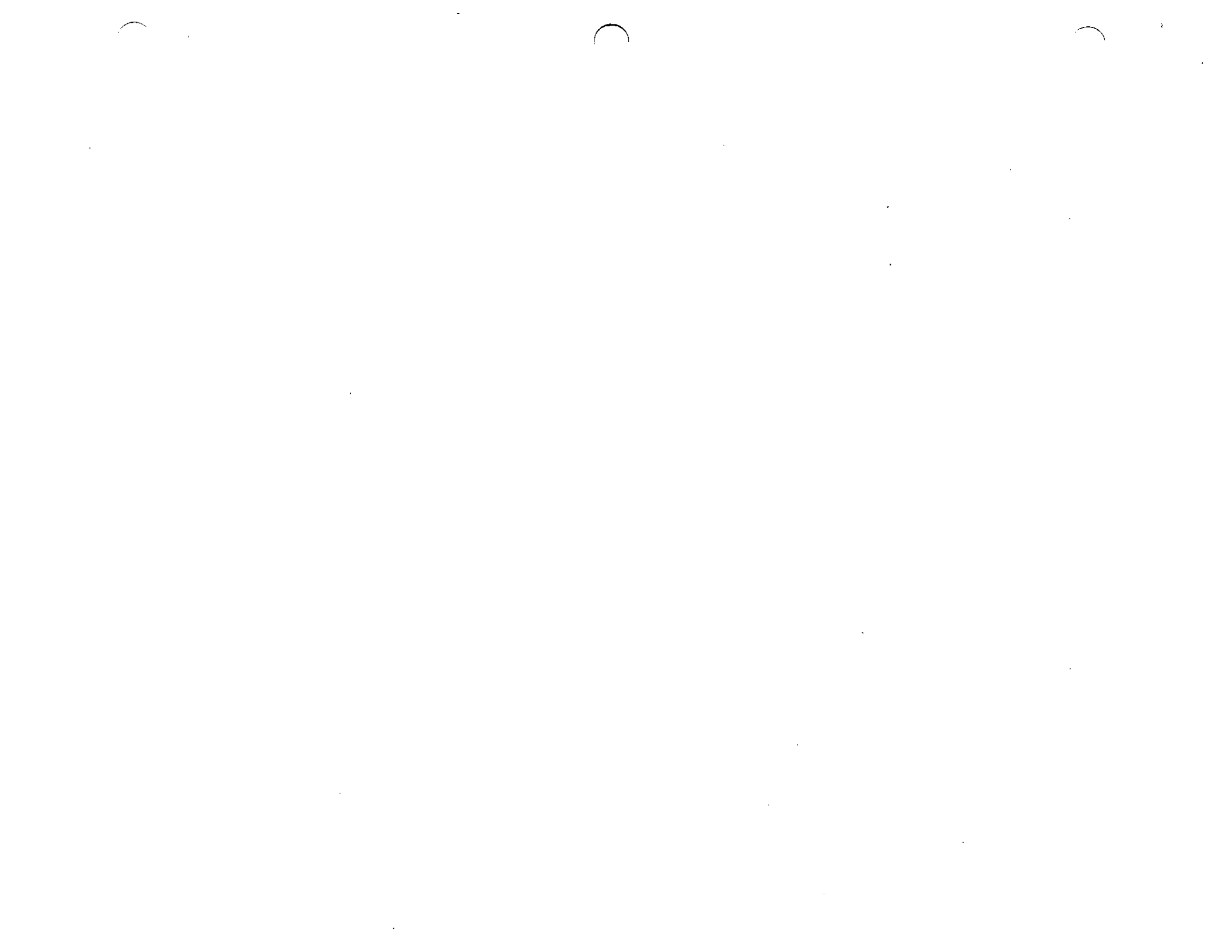
Tobacco prevention works because of long-term consistent funding. Because of the dedication of community groups funded from the Tobacco Settlement Fund, tobacco is used less often. The statistics show that from one in four youths, the usage rate dropped to nearly one in ten youths. Between 2002 and 2008, 14,100 adults were saved from tobacco related deaths and the State of Hawaii saved more than \$402 million.

I am very disturbed that cuts to tobacco prevention is still being considered. Community groups getting Tobacco Settlement Fund, have already had their funds cut severely. In 1999, the Tobacco Prevention and Control Trust Fund received 25% of the Tobacco Settlement money. In 2001, the Trust Fund portion was cut down to 12.5%. And in 2009, it was cut again to 6.5%. Our society CANNOT afford to have any more funding cuts to community groups doing a great job in tobacco prevention and control.

91% of Hawaii residents want Tobacco Settlement fund to fund tobacco prevention. They understand that we must continue to fund what really works.

I ask that you keep protecting funding for tobacco prevention efforts.

Thank you very much for the opportunity to express my OPPOSITION to taking Tobacco Settlement Funds away from the community.



LETTERHEAD

To: Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
House Finance Committee

Re: STRONG OPPOSITION to Section IX of SB 120 SD 1 Proposed HD 1, Relating to State Funds
Hearing on April 5, 2011 at 4:30 p.m. in Room 308 (Agenda #3)

Thank you for the opportunity to provide testimony in strong opposition to the Proposed HD 1 of SB 120, SD 1. I ask that you eliminate Section IX, which would eliminate funding for tobacco prevention and cessation efforts from the Tobacco Settlement Special Fund.

My name is Valerie Saiki, the Tobacco Control Specialist for Kaua'i's East Side Complex School District under Na Lei Wili Area Health Education Center, which implements tobacco prevention and cessation within the schools from Kindergarten to 12th grade. We also provide brief intervention training to Kauai Community College's first year Nursing students.

Our community needs funding from the Tobacco Settlement Special Fund to keep kids from tobacco use and to help smokers quit. Eliminating the Tobacco Settlement Special Fund and HRS 328L-2 means that there will be no revenues dedicated for our crucial tobacco prevention and control efforts.

The Kaua'i community has benefited from these funds on many levels, especially with the youth. I am the Tobacco Specialist for the East Side of Kauai, where I implement prevention classes in 3 elementary schools, Kapaa Middle School and Kapa'a High School. Working with these youth for the past 5 years, I have seen a rapid decrease in tobacco use and also an increase in the negative perception of tobacco use, especially teen tobacco use.

With my efforts in the school at each grade level, via trust fund, Kapa'a High School has noticed a decrease in tobacco use and proud to discover a lower tobacco use rate than the state average (Hawai'i state average high school smoking rate was 11.3% in 2009; HYRB survey. Kapa'a High school in 2009 was 7.5%; Kapa'a High School Tobacco Survey).

However, when the funds were cut in 2009, my hours in the school also were cut. I went from 40 hours a week to 15 hours a week to serve the same schools. The results were intense. Our Kapa'a High School 2010 tobacco survey, administered in September 2010 resulted with an increase to 10.9% tobacco use within the last 30 days. Kaua'i is still below the state average but a 3.4% increase in one year is alarming, imagine if this happened statewide.

Our efforts have already seen a severe reduction in funding for tobacco prevention and control. In 1999, the Tobacco Prevention and Control Trust Fund received 25% of the Tobacco Settlement Dollars. In 2001, the Trust Fund portion was cut down to 12.5%. And in 2009, it was cut again to 6.5%. We cannot afford to cut it down completely.

Our programs work. We have seen strong reductions in youth smoking. All that stands between our youth starting to smoke and the tobacco industry is our tobacco prevention efforts. These efforts will be gone if funds are stopped. I ask that you keep protect funding for tobacco prevention efforts.

Thank you for the opportunity to testify.

LETTERHEAD

Valerie Saiki

Kaua'i East-Side Complex Tobacco Control Specialist

Natalie J. Iwasa, CPA, Inc.
1331 Lunalilo Home Road
Honolulu, HI 96825
808-395-3233

TO: Committee on Finance

DATE: 4:30 p.m. Tuesday, April 5, 2011

RE: SB 120, SD1, HD1 Relating to State Funds - **Oppose Sections 33, 46, 53 & 54**

Aloha Chair Oshiro, Vice Chair Lee and Members of the Committee,

The proposed amendment to this bill repeals certain special funds and transfers them, as well as parts of others, into the state's general fund. The amendment indicates the following special funds have excess balances in them which should be transferred to the state's general fund. I oppose each of the sections noted and provide more common-sense suggestions for use of the funds:

- **Section 33 compliance resolution - business registration fund** - All corporations (for-profit and nonprofit), partnerships, and LLCs pay into this fund annually. In addition, CPAs and public accounting firms are required to pay into the compliance fund when they renew their permits to practice. The current registration fee is \$70 for each permit. Sole practitioners who operate as corporations or LLCs **pay into the fund twice**. The excess funds of \$1,500,000 in the compliance resolution - business registration fund should first be used to decrease the annual fees. If there are any excess funds remaining, sole practitioners should only be required to pay into the compliance resolution fund only once.
- **Section 46 beverage container special fund** - The revenue for this fund is generated when consumers purchase certain beverages as outlined in HRS Sec. 342G. The excess balance of \$1,000,000 in this fund indicates the legislature should not be expanding the statute to include other containers. The legislature should instead be reducing the fee.
- **Section 53 employment and training fund** - Revenue for this fund comes from assessments paid by employers via state unemployment taxes. The legislature **just doubled the tax for this fund** effective January 1, 2011, under HB1077 to pay the interest on federal loans used to pay unemployment benefits! The excess balance in this fund, \$700,000, indicates rates are too high. Next year's rates should be reduced accordingly.
- **Section 54 special unemployment insurance administration fund** -- Revenue for this fund is generated from interest, fines and penalties collected pursuant to

Natalie Iwasa
Page 2
April 5, 2011 FIN

Chapter 383 of HRS. The excess funds of \$1,500,000 in this account should be used to pay the interest on the current federal loans that were taken out to pay unemployment benefits.

It makes sense to review the state's special funds and repeal the ones that are not active or are under-performing. The funds I cited, however, ultimately impact consumers because businesses will pass their increased costs onto them. **Please remove the sections noted from the bill. And please do not create more special funds.**

Testimony Presented to the
House Committee on Finance

SB 120, SD 1, HD 1 – RELATING TO STATE FUNDS

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

Thank you for the opportunity to testify with respect to SB120, SD 1, HD 1. My name is Christopher Dunn and I wish to express my strong opposition to provisions in the bill that would permit the transfer of Special Funds of the University of Hawai'i to pay for central service expenses of the State government.

Because such funds are generated by the University to meet University needs, appropriating them to finance the State's liabilities will result immediately in establishing the University of Hawai'i as a second or third tier university.

As director of the Harold L. Lyon Arboretum at the University of Hawai'i at Mānoa, I would be forced to terminate programs that are of immense importance to the state and to terminate employees who deliver those programs to the community and to visitors.

Our mission is to provide outstanding environmental and cultural programming for the general public that reflects and respects the rich natural and cultural diversity of Hawai'i. To do so, we encourage people to visit and to participate in programs and events, and to use the knowledge they gain here. Everyone (the community, our staff, visitors, and volunteers) expects a safe environment and infrastructure.

Because we must acquire and maintain safety equipment, maintain our trails, trim hazardous trees, and make safety-related repairs to our facility with Special Funds, we could not guarantee public safety if such funds were retained for other State purposes. Elimination of general maintenance funding will lead to more unsafe buildings that will cost more to repair in the future. We would effectively have to close the Lyon Arboretum to the public and staff, a prospect that would be a great disservice to the community and the State.

With the University's Special Funds (which have already been drastically reduced, along with our General funds, during the past few years), we provide enormous benefits to the people of Hawai'i by:

- Providing approximately 15,000 instructional hours to 10,000 GK-12 students, delivering curriculum content, including STEM (science, technology, engineering and math) content aligned with National Science Standards as well as Hawai'i State Standards
- Serving public, private, charter and home schooled students
- Guaranteeing the survival and recovery of the rare native plants of Hawai'i. We have the only plant micropropagation facility in the entire State. 16,000 plants, of 160 of Hawaii's rarest plants would be lost. Some plants no longer occur in the wild. If we

were forced to terminate our programs, the world would lose unique plants once and for all

- Maintaining a safe and enjoyable experience throughout our grounds for all visitors, guests, and staff
- Maintaining facilities and equipment in a manner that accommodates all people, with or without disabilities
- Restoring ancient lo'i on Arboretum grounds
- Educating the public about native Hawaiian plants by maintaining a Hawaiian Native Garden
- Educating the public about Hawaiian cultural plants by maintaining a Hawaiian Ethnobotanical Garden
- Erecting a Hawaiian hale for cultural and other events
- Supporting a staff that excels in community education, Hawaiian culture, conservation, and horticulture
- Encouraging homeowners and nurseries to use native and/or noninvasive exotic plant species in their landscapes.
- Providing educational programs regarding, and alternatives for, invasive plant species
- Support small business by organizing plant sales that provide a venue for local nurseries.
- Protecting the Mānoa watershed by practicing sound environmental stewardship
- Serving as a source of valuable plant material for research used by students and researchers locally, nationally and internationally. Some plants in our collection are from countries that are not easily accessible to researchers because of political instability or environmental destruction

We are critically under-staffed and rely heavily on Special Funds to supplement G-funded staff. With General Funds (G-funds) alone, we could support only a skeleton staff. Our ability to provide services to the community is dependent on Special Funds. In fact, I would suggest that the Lyon Arboretum desperately needs considerably more funding (both G- and S-funds) not less, given the level at which we meaningfully impact our community and State via STEM-based education programming and unique and essential plant and cultural conservation programs.

With all due respect, I request that any provision that permits the transfer of the Special Funds of the University of Hawai'i be rescinded. Again, thank you for the opportunity to participate in the deliberative process and to express my views on this serious matter.

Me ke aloha,
Christopher P. Dunn, PhD
3860 Manoa Road
Honolulu, HI 96822

April 4, 2011

Testimony Presented Before the
House Committee on Finance
April 4, 2011
by
Diane Y Kodama '91

SB 120 – RELATING TO STATE FUNDS

Chair Oshiro, Vice Chair Rep Marilyn Lee and members of the committee:

We do not support taking revenues and fees that were collected for the purpose of financially supporting the University of Hawaii's programs and operations and transferring these monies to the State general fund. Repealing of these funds meant for public higher education and student success jeopardizes the University of Hawaii's ability to maintain autonomy. It is fiscally prudent to have special and revolving funds for the University of Hawaii in order to efficiently and effectively manage its business.

The goal for access to quality public higher education in the State of Hawaii should be to keep our best and brightest students right here in Hawaii. An investment in our own keiki is a critical investment in Hawaii's future. An investment in our University is an investment in Hawaii's future.

We are proud alumni of this great University and are grateful for the quality experience and education we received at the University of Hawaii. We are now over 267,000 alumni strong with more than 80% of us living right here in the State of Hawaii. Let us keep that legacy alive and growing by investing in our only public institution for higher education, our alma mater. Repealing special and revolving funds that support student success will take us in the opposite direction.

We oppose the passage of this bill with any repeal of special and revolving funds to the University of Hawaii and its programs.

Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice Chair
House Finance Committee Members

Craig Togami
95-1035 Paemoku Place
Mililani, HI 96789

Hearing scheduled for Tuesday, April 5, 2011 at 4:30pm

Opposition of S.B. No. 120, S.D. 1, Relating to State Funds

As a current board member of the University of Hawaii Alumni Association (UHAA) and a proud graduate of the University, I strongly oppose S.B. No. 120, S.D. 1.

I do not support taking revenues and fees that were collected for the purpose of financially supporting the University of Hawaii's programs and operations and transferring these monies to the State general fund. Repealing of these funds meant for public higher education and student success jeopardizes the University of Hawaii's ability to maintain autonomy. It is fiscally prudent to have special and revolving funds for the University of Hawaii in order to efficiently and effectively manage its business.

The goal for access to quality public higher education in the State of Hawaii should be to keep our best and brightest students right here in Hawaii. An investment in our own keiki is a critical investment in Hawaii's future. An investment in our University is an investment in Hawaii's future.

I am a proud alumnus of this great University and am grateful for the quality experience and education I received at the University of Hawaii. UH has over 267,000 alumni with more than 80% of us living right here in the State of Hawaii. Let us keep that legacy alive and growing by investing in our only public institution for higher education, my alma mater. Repealing special and revolving funds that support student success will take us in the opposite direction.

I oppose the passage of this bill with any repeal of special and revolving funds to the University of Hawaii and its programs. I urge the committee to vote against S.B. No. 120, S.D. 1. Thank you for this opportunity to testify.

**Re: Regarding SB120, SD1, HD1 Proposed
Testimony in Opposition**

Dear Representative Oshiro:

I am asking that you remove Part IX of SB120, HD1 Proposed which would suspend for two years the annual deposit from the Tobacco Settlement Special Fund into the Tobacco Prevention and Control Trust Fund which is estimated to be \$3 million this year and next.

My name is Janice S. Bond. I was Kauai's first Tobacco Coordinator for the Tobacco-Free Coalition, Co-vice Chair for the State Coalition with Dr. Elizabeth Tam, and the only neighbor island Tobacco Trust Fund Advisory Board member for six years from inception, helping form the state's strategic plan. I started the state's first youth coalition S.H.O.U.T. (Students of Hawaii Opposing Use of Tobacco) and accompanied 15 youth from Hawaii to the first TRUTH Summit in Seattle, Washington. I have produced six editions of "Smokers Talk: Stories of Struggles and Successes" and "In This Life, End Ice", two editions. I was a 2001 Oia Pono Individual Award winner having been nominated by then Lt. Governor Mazie Hirono. I have also been American Cancer Society's Legislative Advocate after being on the Kauai ACS board.

Our community needs funding from the Tobacco Settlement Special Fund to keep kids from tobacco use and to help smokers quit. Eliminating the Tobacco Settlement Special Fund and HRS 328L-2 means that there will be no revenues dedicated for our crucial tobacco prevention and control efforts. Our efforts have already seen a severe reduction in funding for tobacco prevention and control. In 1999, the Tobacco Prevention and Control Trust Fund received 25% of the Tobacco Settlement Dollars. In 2001, the Trust Fund portion was cut down to 12.5%. And in 2009, it was cut again to 6.5%. We cannot afford to cut it down completely.

Our programs work. We have seen strong reductions in youth smoking from almost 25% in 2000 to just above 11% in 2009. Our concern is that this progress will end if funds are further cut. All that stands between our youth starting to smoke and the tobacco industry is our tobacco prevention efforts. These efforts will be gone if funds are stopped. I ask that you protect funding for tobacco prevention efforts.

Please remove Part IX from SB120, HD1 Proposed.

Sincerely,

Janice S. Bond

COMMITTEE ON FINANCE
SB 120
Tuesday April 5, 2011; 4:30 p.m.
Conference Room 308

TESTIMONY submitted by Susan Hippensteele, Ph.D., J.D.
Chair, Manoa Faculty Senate
Co-chair, All Campus Council of Faculty Senate Chairs

Opposing SB 120-RELATING TO STATE FUNDS

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

University of Hawai`i at Manoa faculty are proud members of this community. We work, raise our children, eat, and play in Hawai`i. Many of us have been part of the campus, and larger community for decades. Some of us were born and raised in Hawai`i, some arrived here as students, some came at the start of, or during, exciting and challenging careers as educators and researchers. Regardless of how long we have resided in the State, we share with colleagues, neighbors, and friends, concern that if passed, SB 120 will have a devastating impact on public health and safety, the environment, K-12 and higher education, and overall quality of life in our communities.

Special funds were created to empower state agencies to address a multitude of important public concerns including: historic preservation; acquisition and preservation of local art; reducing the health and safety impact of tobacco use; food security; public and environmental health and safety; emergency medical services; mental health and substance abuse; family violence; public housing assistance; beach restoration; maintenance of parks, forest and nature reserves; aquaculture development; water resource management; irrigation, dam and reservoir repair and maintenance; energy security; economic development including commercial fisheries, television and film, and high technology; teacher standards; and K-12 and higher education operations and student support.

Special funds allow state agencies the predictability and flexibility to meet operational demands. In many instances, special funds create incentives and opportunities for programs to generate additional revenue, thus reducing the need for expenditure of general funds and reducing overall cost to the State of providing public services.

Like our friends and neighbors, Manoa faculty recognize the economic realities our State is facing. We realize there may be certain special funds that have outlived their

original intent and usefulness. But we also recognize that most of those identified in the current version of SB 120 have not—they remain in vital service to our communities. We know this because we study and teach in virtually all the critical areas affected.

Faculty concern for the impact of SB 120 on public higher education is very real. I will not reiterate the specific threats it poses to campus operations, student access, and student success at the University of Hawai'i other than to note that there are certain to be severe effects on student programs, faculty recruitment and retention, marketing innovations, and various community outreach programs

Vital services to our communities, whether addressing the environment, public health, economic development, or education, must be maintained. It is your duty, and ours as a faculty of the only public research university in the State, to continue to serve the people of this State by ensuring that we can continue to meet their needs through stable, sustainable, and effective fiscal practices. Eliminating or significantly reducing the balances of the funds identified in SB 120 will damage public health and safety, the environment, K-12 and higher education, and overall quality of life in the State.

Perhaps it is time to shift the conversation in a more useful direction: finding new revenue streams that will enable the State to provide the infrastructure, public and environmental safety, services, and opportunities the people of the State of Hawai'i need and deserve.

Thank you for the opportunity to submit testimony.

Testimony Submitted by Kenneth Kipnis
April 4, 2011

I am Ken Kipnis and I teach ethics in Manoa's Department of Philosophy. I came here 30 years ago excited at the prospect of working in a place that did not have a majority population, where the task of sustaining a multicultural community, a multicultural university, is everybody's business.

We philosophers sometimes pay more attention to the big picture than we do to details, so here is my big picture. Though we who call Hawaii our home are blessed with amazingly rich diversities, there are hundreds of intricate worlds that lie beyond what we can readily see and experience, worlds that can challenge our minds, our values, our grounded expectations, even our imaginations. If Hawaii is our home, Manoa's departments and programs, its colleges and faculties, its libraries and laboratories, its professors and graduate assistants, are its windows. Like any fine university, Manoa offers opportunities to stretch our skills and our understanding as far as humanly possible, to stand on the shoulders of giants, to see as deeply as the accumulated achievements of our species will allow. And then to see even further.

But Manoa is our only doctoral-level research university. Though there are others in the United States, the next closest one is more than 2000 miles away. And so, for many who share this island home, to go to a university is to become a student on this campus.

My own department, philosophy, used to have an African-American scholar whose specialty was social and political philosophy. He had done landmark work on rectification and reparations; the duties that flow from wrongdoings between peoples, a topic of salient interest here. Rodney Roberts left about 5 years ago and was not replaced. One small window in our home, boarded up. Of 15 professor a decade ago, the Philosophy Department now has 10.

Universities begin to die when the institution begins to cripple its academic programs. We have let our lecturers go and have chosen not to replace scholars who leave. The cuts currently under consideration portend that we are about to begin a debate on how to get on with the dirty business of cannibalizing higher education in Hawaii. As tuitions rise, classes bloat, and programs fall by the wayside, we would be abandoning our historical commitment to equality of opportunity in higher education, sentencing Manoa to the death of a thousand cuts.

We are not standing on the shore, awaiting a hurricane that is coming this way, threatening the very integrity of our community. What threatens us is not a natural calamity. What destroyed Gartley Hall, still unusable after two years -- what destroyed it as decisively as any earthquake -- official neglect. What threatens Manoa, and the community that is our home, are the actions and the omissions of politicians and political appointees, men and women --- our neighbors -- who need to be mindful of the responsibilities that come with political power, mindful that the students and the faculty and the communities who have stakes in this awesome institution will not stand by and watch its budget plundered, its programs killed, its windows, our windows, Hawaii's windows, boarded up.

Dear Representative Marcus Oshiro, Chair; Representative Marilyn Lee, Vice Chair; and Members, House Committee on Finance.

I am opposed to all cuts to funding for tobacco prevention and control. I urge you to oppose SB 120, SD 1, proposed HD1 and NOT to raid the Tobacco Settlement Funds, which will eliminate State funding for tobacco prevention and control.

I also urge you to sit down with the Coalition for a Tobacco Free Hawaii, its grassroots and community partners, and the grantees, both former and current, of the Tobacco Trust Funds to discuss funding tobacco prevention and control.

The State of Hawaii, Department of Health, its programs, and special interest entities, like the UH Medical School, and individuals, in the form of consultants, have benefited immensely from the tobacco settlement monies.

Yet, year after year, it has been the community and its advocate, the Coalition for a Tobacco Free Hawaii, who have worked tirelessly to provide tobacco prevention, cessation, and control services and programs to our residents, both youth and adult.

They have worked unselfishly to build professional capacity statewide to ensure effective and quality services and programs, which has helped our State and County economies in the form of jobs, effective programs and expanded services.

They have also, worked collaboratively with many county, state, national and international partners to make Hawaii one of the healthiest states with strong smoke-free public policies and laws. All the while doing this with an ever diminishing budget, due to cuts to fund things other than tobacco prevention, cessation, and control, such as UH to finance the medical school and its operational and administrative costs, to the Department of Human Services Children's Health Insurance Program, DOH Healthy Hawaii Initiative (physical activity and nutrition - without a nutrition department or nutritionist), and more recently to balance the State budget (general and special funds).

In 1997, the State of Hawaii was awarded yearly compensation from the tobacco industry to prevent it from marketing tobacco products to youth and to recover State resources spent addressing tobacco-related health problems and disabilities. Today, despite annual payments to the State of approximately \$20 million, only 6.5% is provided to Hawaii Community Foundation, with tight control from the DOH in disbursing funds into the community for tobacco prevention, cessation, and control.

Tobacco prevention, cessation and control efforts are working. We have significantly reduced smoking rates and positively changed social norms. We have saved lives. We have saved money in reducing health care costs and work productivity loss, while helping the economy with created jobs, programs and services.

We cannot afford to cut funding for these critical programs. We receive this funding now because the Legislature promised to fund tobacco prevention to prevent future tobacco-related

health care costs borne by our taxpayers. Government has benefited from the receipt of these monies at the expense of the tobacco industry's victims; the majority being our State's most vulnerable citizens -- youth, minority, medically underserved, uninsured, mentally ill, and homeless, all of whom are served by community organizations and programs funded from Tobacco Settlement Funds to provide tobacco prevention, cessation, and control because the need and scope is beyond the State Department of Health's capacity.

Please do not back down on this promise. We can't afford to have the next generation continue to suffer any burden or harms because of tobacco. Our tobacco prevention, cessation and control efforts ensure this.

Each year we not only have to fight to protect the tobacco settlement monies for appropriate use in funding tobacco prevention, cessation and control, but we also have to fight to protect our smoke-free policies and laws that are constantly under attack through efforts from the tobacco industry and their agents. I ask that you hold this measure, so our youth can grow to be contributing adults, and our adults can live to see their children and grandchildren.

Thank you for the opportunity to testify.

LorrieAnn Santos

TESTIMONY FOR SB120 SD1 Proposed HD1 - RELATING TO STATE FUNDS
Hearing: April 5, 2011

TO: Chair Oshiro, Vice Chair Lee and Members of the HOUSE FINANCE COMMITTEE

FROM: ELIZABETH YOUNG,
All-Campus Council of Faculty Senate Chairs Co-Chair
Journalism and English professor, Windward Community College

As a faculty member concerned about the impact of further budget reductions on students and campus programs, I have to oppose any effort to sweep funds from certain University of Hawaii special and revolving funds. Our campus has experienced double-digit enrollment growth, and we continue to serve the students who come knocking on our doors — in large part made possible through special funds such as tuition and fees and summer session.

The monies in these funds have helped us meet student demand at a time when students need and want more education and training. It seems self-defeating to reduce the very funds that enable us to offer courses and pay the instructional costs that general fund appropriations cannot cover.

While the UH campuses understand that we, as a state, must find ways to cover costs and identify other sources of revenue, we urge the Legislature to consider the very real effect such cuts will have on our students. If you were to visit our classes, you would see students who are struggling to make ends meet while also striving to earn their degrees. They still believe — as do the rest of us who are part of the UH system — that a college education is still the best investment we can make in our future. For a living wage, for producing involved citizens, students need what a college education can provide. It may sound cliché, but, believe me, we faculty are committed to making that promise as real as possible. We look to the Legislature to provide the support we need to continue that effort.

Thank you for this opportunity to testify.

Testimony
Opposing SB 120 HD1

To: Chairman Marcus Oshiro, Vice Chair Marilyn Lee and other members of the Finance Committee

My name is Lani Tsuneishi. I am a Registered Nurse and I oppose SB 120 HD1 specifically "SECTION 19. All fund balances remaining unencumbered and unexpended as of June 30, 2011, in the University of Hawaii at Manoa conference center revolving fund shall be transferred to the general fund."

Act 198, Session Laws of Hawai'i 2003, established the Hawaii State Center for Nursing ("HSCFN") at the University of Hawaii, to conduct research on workforce issues for nurses and other assistive healthcare personnel. The establishment of the HSCFN created a nursing special fund by requiring each nurse to pay an additional fee of \$40 upon the issuance of a new license and at each license renewal period. There are no state or federal funds in the HSCFN special fund.

As a state nurse since 1992 as well as a part time clinical instructor at Hawaii Pacific University I find the Center resources invaluable in both areas where I work. Their studies and research in local nursing trends have helped us in developing an efficient nursing work force that continues to focus on quality health care which serves our state's community. Much of their research is required reading for many of our nursing administrators and nursing staff. It helps us keep our finger on the pulse of what local nurses are doing and helps us plan for the retention and recruitment of quality nursing staff.

Draining the center's funds into general funds will cost Hawaii its nursing workforce. I ask that you repeal Section 19 in SB 120 and that Hawaii State Center for Nursing continue to receive the monies that will keep their services which is vital to our nursing community!!

Sincerely,

Lani Tsuneishi, RN MSN

To: FIN Committee

Hearing: 4/5/11, 4:30

Re: OPPOSE SB 120

Aloha,

I would like to express my strong opposition to SB 120, which seeks to drastically cut UH education funds, among other things. As a current resident, student *and* educator, and as a future resident and educator, I would like to express my concerns over these cuts. UH is a positive force for the Hawaii community, offering unparalleled educational opportunities that ought to be supported, especially in times of budget crisis. Education makes the community stronger. UH provides jobs, brings in out-of-state funds, and prepares our community's young adults for strong careers and future excellence. Please support our school system by OPPOSING SB 120.

Mahalo,

Kati Corlew
2637 Kuilei St.
Honolulu, HI 96826

Honorable Chair Oshiro and Members,

Aloha,

I am submitting testimony in opposition to SB120 because of the severely detrimental impacts the bill will have on the University of Hawaii. As you are well aware, the University of Hawaii system is a tremendous economic driver in the State of Hawaii and provides a vital resource for the further development of education and innovation in Hawaii. The proposed bill would take money from the primary higher education institution in the state and from the future generations of Hawaii's leaders. I urge you to vote against this legislation.

Thank you.

Robert Mills.

SB120, SD1 HD1

Chair Oshiro, Vice Chair Lee, and Members of the Committee, my name is Ross Sutherland, Ph.D., I am the Associate Dean of the College of Social Sciences, University of Hawaii at Manoa

I respectfully oppose the sweeping of several UH special and revolving funds amounting to approximately \$9 million. With over \$200 million of general fund cuts in the current biennium budget, the University of Hawaii has received one of the largest funding reductions in public universities in the nation. Additionally, we have an all-time high enrollment and therefore are faced with serving substantially more students with significantly fewer general funds. A further sweep of UH special and revolving funds will negatively impact the mission of the University of Hawaii, and specifically the Manoa campus and the College I represent. These monies are effectively used to address the mission of the campus and the College. Our College has the largest number of majors and teaches the most student semester hours. The proposed sweeping of funds will adversely impact student success, instructional support, and our research mission. Therefore I respectfully ask you not to negatively impact the "engine" of Hawaii, i.e., the University of Hawaii system, with this proposed action.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 11:13 AM
To: FINTestimony
Cc: bsager42@gmail.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Bill Sager
Organization: Resource Mgmt Chair, Enviro Caucus, Dem Party Hawaii
Address:
Phone:
E-mail: bsager42@gmail.com
Submitted on: 4/4/2011

Comments:

Trust funds are set up by the Legislature to assure that programs that need long term, consistent funding are assured the core funds that need to maintain important programs. Raiding a trust fund defeats the purpose for which the fund was established and jeopardizes years of work.

-The Legacy Land Conservation Fund (LLCF) was passed in 2005 with broad support of the conservation and affordable housing communities, and the vast majorities of the House and senate.

-The LLCF has resulted in signature Legacy project in all the areas in which the fund was established to protect. For example, MA'O Farm for agriculture, Lapakahi State Historical Park for Hawaiian culture and coastal access, Honouliuli Forest Reserve for watershed and habitat protection. For a complete list of projects:

<http://hawaii.gov/dlnr/dofaw/llcp/legacy-land-conservation-program-projects-new>

-The LLCF leverages significant sources of federal, county, and private dollars, and results in significant ecosystem services. Studies in other areas of the U.S. suggest that land conservation returns \$6 in ecosystem services for every \$1 spent (e.g., avoiding treatment of drinking water, erosion and flood control, scenic resources that draw tourism).

-The program has already been cut by 60% as real estate conveyances taxes have dropped during the poor economy.

-The down economy is also a strategic time to invest in once-in-a lifetime land conservation opportunities that will never happen again -- land values are down, and land conservation of scenic coastlines, agricultural land, and other important resources to Hawai'i -- are more possible than ever. If we do not have a small core program, we will lose these opportunities forever.

-The program should not be zeroed out -- staff would lose their jobs, the volunteer Legacy and Conservation Commission would be disbanded, ongoing efforts to pass administrative rules would be halted, institutional knowledge would be lost. Start up of the program from zero would be difficult and costly.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, April 02, 2011 5:14 PM
To: FINTestimony
Cc: geesey@hawaii.edu
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Yvonne Geesey
Organization: Hawaii Association of Professional Nurses
Address:
Phone:
E-mail: geesey@hawaii.edu
Submitted on: 4/2/2011

Comments:

The special fund for the center for nursing is paid for and funded by fees paid by individual nurses and should not be swept into the general fund.

Yvonne Geesey
Legislative Chair
Hawai`i Association of Professional Nurses

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 4:21 PM
To: FINTestimony
Cc: marti@kahea.org
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Marti Townsend
Organization: KAHEA: The Hawaiian-Environmental Alliance
Address:
Phone:
E-mail: marti@kahea.org
Submitted on: 4/4/2011

Comments:

Aloha Representative Oshiro and members of the Finance Committee,

KAHEA strongly OPPOSES SB120.

KAHEA is a local non-profit with over 7,000 members working to protect Hawaii's natural resources and the cultural practice that depends on them. We understand that the state continues to face a fiscal crisis, but literally raiding the Legacy Lands Fund offers a small short-term gain with huge long-term losses.

KAHEA was there in 2005 when the Legacy Land Conservation Fund was adopted with broad support of the conservation and affordable housing sectors of our society, as well as the overwhelming majorities of both the House and Senate.

Unlike other special funds that may lay dormant for years, the Legacy Lands Fund has actually funded major projects in every area for which the fund was established. For example, MA'O Organic Farms for agriculture, Lapakahi State Historical Park for Hawaiian culture and coastal access, and Honouliuli Forest Reserve for watershed and habitat protection.

Raiding this fund now, would mean forfeiting significant matching funds from federal, county, and private sources. It would also mean forcing our children to pay more for basic environmental services such as clean drinking water, flood mitigation, and erosion control. These are not luxury services; this is not money that should only be spent in good economic times. This fund represents the most basic investment the people of Hawaii can make in our future collective welfare.

The Legacy Land Fund has already suffered significant losses due to the economic downturn. The fund will experience a 60% cut, as real estate conveyances taxes have dropped during the poor economy.

Zeroing out this project will ultimately cost Hawaii more than any dollar amount gained. This is because staff would lose their jobs, the volunteer Legacy Land Conservation Commission would be disbanded, ongoing efforts to pass administrative rules would be halted, institutional knowledge would be lost. To re-start these programs from zero would be difficult and extremely costly.

Please do not pass SB120. Mahalo for accepting our testimony.

FINTestimony

From: Guest, Leona A. [Leona.Guest@doh.hawaii.gov]
ent: Monday, April 04, 2011 7:46 AM
fo: mailinglist@capitol.hawaii.gov ; FINTestimony
Subject: SB 120, SD1

To: Chair Oshiro, Vice Chair Lee, and members of the House Committee on Finance

~~As "non-general funds" are not defined and may include the HSCEN special fund, I am in STRONG OPPOSITION to SB 120 SD1 and asks that the measure be held.~~

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Leona Guest, MSN, MEd, RNCS - BC

Director of Nursing, Hawaii State Hospital

leona.guest@doh.hawaii.gov

FINTestimony

From: Alabanza, Katrina V. [Katrina.Alabanza@doh.hawaii.gov]
ent: Monday, April 04, 2011 11:01 AM
To: FINTestimony
Subject: SB 120,SD1

~~*“non-general funds” are not defined and may include the HSCEN special fund. I am in STRONG OPPOSITION to SB 120, SD1 and I ask that the measure be held
Katrina Alabanza.*~~

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FINTestimony

From: mailinglist@capitol.hawaii.gov
Date: Monday, April 04, 2011 6:01 PM
To: FINTestimony
Cc: pbafl@yahoo.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Patricia Lau
Organization: Individual
Address:
Phone:
E-mail: pbafl@yahoo.com
Submitted on: 4/4/2011

Comments:
Regarding SB120, SD1, HD1 Proposed
Testimony in Opposition

Dear Representative Oshiro:

As a volunteer with the American Cancer Society, I am asking that you remove Part IX of SB120, HD1 Proposed which would suspend for two years the annual deposit from the Tobacco Settlement Special Fund into the Tobacco Prevention and Control Trust Fund which is estimated to be \$3 million this year and next.

The Trust Fund is the only major funding source for dozens of Hawaii's tobacco cessation and prevention programs. This loss would be devastating to many community-based organizations. Other states have also cut or reduced funding for tobacco control programs which resulted in higher smoking rates and ultimately in increased health care cost.

Although these are very difficult financial times we cannot abandon the promise we made to our citizens when the tobacco trust fund was created a decade ago. The two year suspension of moneys into the fund will be a huge step backwards.

Please remove Part IX from SB120, HD1 Proposed.

Mahalo.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 4:58 PM
To: FINTestimony
Cc: rschuetter@hawaii.rr.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM
Attachments: SB 120 Prop HD 1 Boiler Plate for House FIN-1.pages

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: comments only
Testifier will be present: No
Submitted by: Renee Schuetter
Organization: Individual
Address:
Phone:
E-mail: rschuetter@hawaii.rr.com
Submitted on: 4/4/2011

Comments:
Stop Section 9 of SB 120

unable to open attachment

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 04, 2011 3:59 PM
To: FINTestimony
Cc: ballmer@hawaii.edu
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Maxim Ballmer
Organization: Individual
Address:
Phone:
E-mail: ballmer@hawaii.edu
Submitted on: 4/4/2011

Comments:

travel/research grants from the Graduate Student Organization (GSO) is an important supplement to funding grads. Many students, including some of my co-workers, are dependent on these funds. Cutting down GSO grants will prohibit these students in the future to attend important international meetings such as the American Geophysical Union Fall Meetings 2011-20XX. This will impose important limit to the communication of achievements of the (geo)scientific community at Hawaii to the national international communities.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 3:43 PM
To: FINTestimony
Cc: fbad4@hotmail.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Beverly Wong
Organization: Individual
Address:
Phone:
E-mail: fbad4@hotmail.com
Submitted on: 4/4/2011

Comments:

Dear Representative Oshiro:

As a volunteer with the American Cancer Society, I am asking that you remove Part IX of SB120, HD1 Proposed which would suspend for two years the annual deposit from the Tobacco Settlement Special Fund into the Tobacco Prevention and Control Trust Fund which is estimated to be \$3 million this year and next.

The Trust Fund is the only major funding source for dozens of Hawaii's tobacco cessation and prevention programs. This loss would be devastating to many community-based organizations. Although these are very difficult financial times we cannot abandon the promise we made to our citizens when the tobacco trust fund was created a decade ago. The two year suspension of moneys into the fund will be a huge step backwards.

Please remove Part IX from SB120 HD1 Proposed.

Mahalo.

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 04, 2011 4:40 PM
To: FINTestimony
Cc: gmoore@hawaii.edu
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Gregory Moore
Organization: Individual
Address:
Phone:
E-mail: gmoore@hawaii.edu
Submitted on: 4/4/2011

Comments:

I am shocked at the inaccuracies in SB 120, which, if enacted, would have a devastating affect on the University of Hawaii. One example is:

> SECTION 58. The legislature determines that there is in > the research and training revolving fund at least \$1,000,000 in > excess of the requirements of the fund.

I am Chair of UH Manoa's Department of Geology and Geophysics and I can assure you that there is NO excess in the RTRF. Losing the RTRF, after all of the budget cuts we have suffered over the past 10 years would be particularly devastating to our Department, because this is our only source of operating funds.

Please do NOT approve this damaging bill.

Regards,
Gregory Moore

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 7:59 PM
To: FINTestimony
Cc: glazeruh@gmail.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Brian Glazer
Organization: Individual
Address:
Phone:
E-mail: glazeruh@gmail.com
Submitted on: 4/4/2011

Comments:

As a UH Manoa professor I am engaged in undergraduate and graduate instruction and support undergraduate and graduate research; it is my estimation that any more cuts of the UH budget, including any sweep of several UH special and revolving funds, will negatively impact the student learning experience. For example, in my lab group I routinely use Research and Training Revolving Funds--which I raise through extramural Federal and Private Foundation funding--to enhance student lab/field experiments or support their travel to professional conferences.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 8:41 PM
To: FINTestimony
Cc: seanlw@hawaii.edu
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Sean Wilbur
Organization: Associated Students of University of Hawaii
Address:
Phone:
E-mail: seanlw@hawaii.edu
Submitted on: 4/4/2011

Comments:

The proposed cuts to Student Union facilities in HD1 would be detrimental at anytime for the students, most especially during this time of campus improvement. In order to continue to operate on a university level facilities need to be improved and renovated, this fund is critical for the improvement and maintenance of the aging campus center facility for the students of the university. As a Senator of Arts and Sciences for the Associated Students of the University of Hawaii I must protest these cuts on behalf of all the students that are in need of facilities improvement and would be negatively affected by these cuts. Mahalo for your time.

Sean Wilbur
Senator of Arts and Sciences
seanlw@hawaii.edu

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 04, 2011 10:45 PM
To: FINTestimony
Cc: icec002@hawaii.rr.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: charles ice
Organization: Individual
Address:
Phone:
E-mail: icec002@hawaii.rr.com
Submitted on: 4/4/2011

Comments:

In hard times, it is essential to protect what we can. The Legacy lands directly serve social and economic needs at risk, bring in matching funds, and represent an opportunity to take advantage of low land prices

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 11:53 PM
To: FINTestimony
Cc: nlowen@gmail.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Nicole Lowen
Organization: Individual
Address:
Phone:
E-mail: nlowen@gmail.com
Submitted on: 4/4/2011

Comments:

Aloha Chair and members of the committee,

I am offering this testimony in opposition to SB 120.

In particular, I object to Part VIII, which would raid the Legacy Land Conservation Fund. Now, more than ever, land conservation is crucial to protecting our island habitat, preserving the ecosystem services that island residents need to survive, and for preserving the natural beauty that draws visitors to Hawaii. If the LLCF is effectively zeroed out, jobs will be lost, the Legacy Land Conservation Commission would be disbanded, ongoing efforts to pass administrative rules would be halted and institutional knowledge would be lost. Start up of the program from zero would be difficult and costly.

Please do not pass this bill.

Thank you for the opportunity to testify.

Nicole Lowen
Honolulu, 96816

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 8:29 AM
To: FINTestimony
Cc: lloyd_paredes@hotmail.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Lloyd Paredes
Organization: Individual
Address:
Phone:
E-mail: lloyd_paredes@hotmail.com
Submitted on: 4/5/2011

Comments:

Dear distinguished members of the Senate and House of Representatives, I implore you to preserve present University of Hawaii funding. The future of Hawaii as well as the rest of the United States depends on continually educating our people. Being out in the middle of the Pacific Ocean creates a unique situation for us. University of Hawaii is not only an institution for higher learning, but a big-time moneymaker for the state, drawing tourists who come to support their athletic teams, who come to attend conferences, who come to attend the University. Continued funding is not only necessary, it is vital, so that the University can continue to offer a stimulating, beautiful, and attractive environment for all to use and enjoy. We are entering some hard times for sure, but look to raise funds elsewhere, such as gas taxes, G.E. taxes, and while it hurts, Auto registration taxes. Yes, these will hurt our people, particularly business people, but we have to make some hard decisions. Get rid of the large gas guzzler and drive a mini car, our GE tax is low and could be raised slightly, and we will have to own less cars. Costs continue to spiral upward and make your job of balancing the budget difficult. Which is why it is so important that we recognize what we should cherish most. Please preserve and expand the University of Hawaii, our lone Division 1 College, big-time moneymaker, and attraction to the rest of the world.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 8:30 AM
To: FINTestimony
Cc: lloyd_paredes@hotmail.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Lloyd Paredes
Organization: Individual
Address:
Phone:
E-mail: lloyd_paredes@hotmail.com
Submitted on: 4/5/2011

Comments:

Dear distinguished members of the Senate and House of Representatives, I implore you to preserve present University of Hawaii funding. The future of Hawaii as well as the rest of the United States depends on continually educating our people. Being out in the middle of the Pacific Ocean creates a unique situation for us. University of Hawaii is not only an institution for higher learning, but a big-time moneymaker for the state, drawing tourists who come to support their athletic teams, who come to attend conferences, who come to attend the University. Continued funding is not only necessary, it is vital, so that the University can continue to offer a stimulating, beautiful, and attractive environment for all to use and enjoy. We are entering some hard times for sure, but look to raise funds elsewhere, such as gas taxes, G.E. taxes, and while it hurts, Auto registration taxes. Yes, these will hurt our people, particularly business people, but we have to make some hard decisions. Get rid of the large gas guzzler and drive a mini car, our GE tax is low and could be raised slightly, and we will have to own less cars. Costs continue to spiral upward and make your job of balancing the budget difficult. Which is why it is so important that we recognize what we should cherish most. Please preserve and expand the University of Hawaii, our lone Division 1 College, big-time moneymaker, and attraction to the rest of the world.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 9:42 AM
To: FINTestimony
Cc: mz9995@hotmail.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Michael Zehner
Organization: Hawaii Smokers Alliance
Address:
Phone:
E-mail: mz9995@hotmail.com
Submitted on: 4/5/2011

Comments:

It's about time tobacco settlement funds were used for something useful. The tobacco settlement is a scam anyways since the Netherland's Ministry of Health found that smokers ARE SAVING \$91,000 in lifetime health care costs and those who claim otherwise are doing it for political reasons to pass legislation against constituents who enjoy tobacco.

Please say no to professional anti-smoking lobbyist rings taking government funds to run private lobbying groups and yes to hard working taxpayers.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 9:14 AM
To: FINTestimony
Cc: oahurandy@yahoo.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Randy Ching
Organization: Individual
Address:
Phone:
E-mail: oahurandy@yahoo.com
Submitted on: 4/5/2011

Comments:

Aloha Chair Oshiro and members of the Finance Committee. I oppose SB120 HD1 because of the section VIII zeroing out the Legacy Lands Fund. This is an important pot of money to purchase conservation lands. This money can be leveraged multiple times to get federal dollars. It will be very difficult to re-start this fund if it is zeroed out. Please do not pass SB120 HD1. Mahalo for the opportunity to testify.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 6:54 PM
To: FINTestimony
Cc: 00free@gmail.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Free Wortley
Organization: Kauai Community College
Address:
Phone:
E-mail: 00free@gmail.com
Submitted on: 4/4/2011

Comments:

This has serious repercussions to our school funds. Please don't let this pass!

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 9:38 AM
To: FINTestimony
Cc: rpolokoff@hotmail.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Rachael Polokoff
Organization: KTUH FM Honolulu
Address:
Phone:
E-mail: rpolokoff@hotmail.com
Submitted on: 4/5/2011

Comments:

Please do not take money away from the only Ohana at University of Hawaii Manoa that I have personally known. This bill will affect KTUH FM Honolulu, the campus radio station, where I have worked for four years. Coming from the mainland, I did not know anyone in Hawaii to socialize with when I moved here. KTUH has become my family, and has enriched my academic experience greatly.
Mahalo.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 1:39 PM
To: FINTestimony
Cc: erin.moncada@cancer.org
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Erin Moncada
Organization: Individual
Address:
Phone:
E-mail: erin.moncada@cancer.org
Submitted on: 4/4/2011

Comments:
Regarding SB120, SD1, HD1 Proposed
Testimony in Opposition

Dear Representative Oshiro:

As a volunteer with the American Cancer Society and as a cancer survivor myself, I am asking that you remove Part IX of SB120, HD1 Proposed which would suspend for two years the annual deposit from the Tobacco Settlement Special Fund into the Tobacco Prevention and Control Trust Fund which is estimated to be \$3 million this year and next.

The Trust Fund is the only major funding source for dozens of Hawaii's tobacco cessation and prevention programs. This loss would be devastating to many community-based organizations. Other states have also cut or reduced funding for tobacco control programs which resulted in higher smoking rates and ultimately in increased health care cost.

I understand that powerful lobbies speak out against other sources of funding for the legislature to consider, such as the far more healthful tax on sugared beverages. This leaves only individual voters such as myself to speak out for the needs of those addicted to tobacco products and generations of potential future smokers who deserve help and protection. I know first-hand the devastation of a cancer diagnosis, and the role that tobacco and second-hand smoke plays in adding to the burden.

Although these are very difficult financial times we cannot abandon the promise we made to our citizens when the tobacco trust fund was created a decade ago. The two year suspension of moneys into the fund will be a huge step backwards.
Please remove Part IX from SB120, HD1 Proposed.
Mahalo.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 1:41 PM
To: FINTestimony
Cc: sakoda@hawaiiink.net
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Bernie Sakoda
Organization: Individual
Address:
Phone:
E-mail: sakoda@hawaiiink.net
Submitted on: 4/4/2011

Comments:
Regarding SB120, SD1, HD1 Proposed
Testimony in Opposition

Dear Representative Oshiro:

As a volunteer with the American Cancer Society, I am asking that you remove Part IX of SB120, HD1 Proposed which would suspend for two years the annual deposit from the Tobacco Settlement Special Fund into the Tobacco Prevention and Control Trust Fund which is estimated to be \$3 million this year and next.

The Trust Fund is the only major funding source for dozens of Hawaii's tobacco cessation and prevention programs. This loss would be devastating to many community-based organizations. Other states have also cut or reduced funding for tobacco control programs which resulted in higher smoking rates and ultimately in increased health care cost.

Although these are very difficult financial times we cannot abandon the promise we made to our citizens when the tobacco trust fund was created a decade ago. The two year suspension of moneys into the fund will be a huge step backwards.

Please remove Part IX from SB120, HD1 Proposed.

Mahalo.

Bernie Sakoda

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 1:08 PM
To: FINTestimony
Cc: rrrita@hawaii.rr.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Rita and Larry Whitford
Organization: Individual
Address:
Phone:
E-mail: rrrita@hawaii.rr.com
Submitted on: 4/4/2011

Comments:

As a volunteer with the American Cancer Society, I am asking that you remove Part IX of SB120 HD1 Proposed which would suspend for two years the annual deposit from the Tobacco Settlement Special Fund into the Tobacco Prevention and Control Trust Fund. The Trust Fund is the only major funding source for dozens of our tobacco cessation and prevention programs. Although these are very difficult financial times we cannot abandon the promise we made to our citizens when the fund was created a decade ago. Please remove Part IX from SB 120, ID1Proposed. Mahalo. P.S. My brother died from lung cancer due to many years of smoking.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 12:39 PM
To: FINTestimony
Cc: ken@kaihawaii.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Ken Hayashida
Organization: Individual
Address:
Phone:
E-mail: ken@kaihawaii.com
Submitted on: 4/4/2011

Comments:

- We do not support taking revenues and fees that were collected for the purpose of financially supporting the University of Hawaii's programs and operations and transferring these monies to the State general fund. Repealing of these funds meant for public higher education and student success jeopardizes the University of Hawaii's ability to maintain autonomy. It is fiscally prudent to have special and revolving funds for the University of Hawaii in order to efficiently and effectively manage its business.

The goal for access to quality public higher education in the State of Hawaii should be to keep our best and brightest students right here in Hawaii. An investment in our own keiki is a critical investment in Hawaii's future. An investment in our University is an investment in Hawaii's future.

- We are proud alumni of this great University and are grateful for the quality experience and education we received at the University of Hawaii. We are now over 267,000 alumni strong with more than 80% of us living right here in the State of Hawaii. Let us keep that legacy alive and growing by investing in our only public institution for higher education, our alma mater. Repealing special and revolving funds that support student success will take us in the opposite direction.

- We oppose the passage of this bill with any repeal of special and revolving funds to the University of Hawaii and its programs.

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 04, 2011 12:00 PM
To: FINTestimony
Cc: bean@higp.hawaii.edu
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Sarah Sherman
Organization: Individual
Address:
Phone:
E-mail: bean@higp.hawaii.edu
Submitted on: 4/4/2011

Comments:
Regarding SB120, SD1, HD1 Proposed
Testimony in Opposition

Dear Representative Oshiro:

I am asking that you remove Part IX of SB120, HD1 Proposed which would suspend for two years the annual deposit from the Tobacco Settlement Special Fund into the Tobacco Prevention and Control Trust Fund which is estimated to be \$3 million this year and next.

The Trust Fund is the only major funding source for dozens of Hawaii's tobacco cessation and prevention programs. This loss would be devastating to many community-based organizations. Other states have also cut or reduced funding for tobacco control programs which resulted in higher smoking rates and ultimately in increased health care cost.

Although these are very difficult financial times we cannot abandon the promise we made to our citizens when the tobacco trust fund was created a decade ago. The two year suspension of moneys into the fund will be a huge step backwards.

Please remove Part IX from SB120, HD1 Proposed.

Mahalo.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 12:16 PM
To: FINTestimony
Cc: itanoj001@gmail.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: joanne itano
Organization: Individual
Address:
Phone:
E-mail: itanoj001@gmail.com
Submitted on: 4/4/2011

Comments:

Dear Representative Oshiro:

As a volunteer with the American Cancer Society, I am asking that you remove Part IX of SB120, HD1 Proposed which would suspend for two years the annual deposit from the Tobacco Settlement Special Fund into the Tobacco Prevention and Control Trust Fund which is estimated to be \$3 million this year and next.

The Trust Fund is the only major funding source for dozens of Hawaii's tobacco cessation and prevention programs. This loss would be devastating to many community-based organizations. Other states have also cut or reduced funding for tobacco control programs which resulted in higher smoking rates and ultimately in increased health care cost.

Although these are very difficult financial times we cannot abandon the promise we made to our citizens when the tobacco trust fund was created a decade ago. The two year suspension of moneys into the fund will be a huge step backwards.

Please remove Part IX from SB120, HD1 Proposed.

Mahalo.

FINTestimony

From: mailinglist@capitol.hawaii.gov
sent: Monday, April 04, 2011 12:16 PM
To: FINTestimony
Cc: maguinger@hawaii.rr.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Mary A. Guinger
Organization: Individual
Address:
Phone:
E-mail: maguinger@hawaii.rr.com
Submitted on: 4/4/2011

Comments:

I oppose SB120.
To cut the funding is to deny the ability of Hawaii to determine it's sustainability and it's future.
If Hawaii does not have the funds to execute it's future existence, then we have created vulnerability.
Crisis is more expensive than planning.
Compare Hawaii to Hatti.
We can not leave our future existence to circumstance and our quality of life to outside forces.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 12:13 PM
To: FINTestimony
Cc: m.maehara@hotmail.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Mona Maehara
Organization: Individual
Address:
Phone:
E-mail: m.maehara@hotmail.com
Submitted on: 4/4/2011

Comments:

Dear Representative Oshiro:

As a volunteer with the American Cancer Society, I am asking that you remove Part IX of SB120, HD1 Proposed which would suspend for two years the annual deposit from the Tobacco Settlement Special Fund into the Tobacco Prevention and Control Trust Fund which is estimated to be \$3 million this year and next.

The Trust Fund is the only major funding source for dozens of Hawaii's tobacco cessation and prevention programs. This loss would be devastating to many community-based organizations. Other states have also cut or reduced funding for tobacco control programs which resulted in higher smoking rates and ultimately in increased health care cost.

Although these are very difficult financial times we cannot abandon the promise we made to our citizens when the tobacco trust fund was created a decade ago. The two year suspension of moneys into the fund will be a huge step backwards.

Please remove Part IX from SB120, HD1 Proposed.

Mahalo,
Mona

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 12:06 PM
To: FINTestimony
Cc: mark.vasconcellos@dtag.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: MARK VASCONCELLOS
Organization: Individual
Address:
Phone:
E-mail: mark.vasconcellos@dtag.com
Submitted on: 4/4/2011

Comments:

Dear Representative Oshiro:

As a volunteer with the American Cancer Society, I am asking that you remove Part IX of SB120, HD1 Proposed which would suspend for two years the annual deposit from the Tobacco Settlement Special Fund into the Tobacco Prevention and Control Trust Fund which is estimated to be \$3 million this year and next.

The Trust Fund is the only major funding source for dozens of Hawaii's tobacco cessation and prevention programs. This loss would be devastating to many community-based organizations. Other states have also cut or reduced funding for tobacco control programs which resulted in higher smoking rates and ultimately in increased health care cost.

Although these are very difficult financial times we cannot abandon the promise we made to our citizens when the tobacco trust fund was created a decade ago. The two year suspension of moneys into the fund will be a huge step backwards.

Please remove Part IX from SB120, HD1 Proposed.

Mahalo.
Mark Vasconcellos

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, April 02, 2011 5:13 PM
To: FINTestimony
Cc: geesey@hawaii.edu
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Yvonne Geesey
Organization: Individual
Address:
Phone:
E-mail: geesey@hawaii.edu
Submitted on: 4/2/2011

Comments:

The special fund for the center for nursing is paid for and funded by fees paid by individual nurses and should not be swept into the general fund.

Yvonne Geesey
Hawai'i State Rep AANP

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Sunday, April 03, 2011 5:26 PM
To: FINTestimony
Cc: wailua@aya.yale.edu
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Wailua Brandman APRN-Rx BC
Organization: Individual
Address:
Phone:
E-mail: wailua@aya.yale.edu
Submitted on: 4/3/2011

Comments:
SB 120, SD1 RELATING TO STATE FUNDS

Chair Oshiro, Vice Chair Lee, and members of the House Committee on Finance, thank you for this opportunity to provide testimony in opposition to this bill, SB 120,SD1. To the extent that it relates to Part III, Fund Transfers, I am concerned that the measure does not define "non-general funds" or indicate specifically, which funds would be impacted by the provisions in Section 22 which reads:

'SECTION 22. The recession of 2008 swept across the nation and many parts of the world with unanticipated force and brought with it enormous challenges for governments at all levels. Its effects on businesses and employment are still being felt today, including a profound impact on Hawaii in terms of tax revenues and the state budget. The legislature finds that due to the extraordinary fiscal circumstances the State is facing, non-general funds must be reviewed and scrutinized to determine if there is an excess of balances available to help address the critical budget shortfall in fiscal year 2011-2012.'

Act 198, Session Laws of Hawai'i 2003, established the Hawaii State Center for Nursing ("HSCFN") at the University of Hawaii, to conduct research on workforce issues for nurses and other assistive healthcare personnel. The establishment of the HSCFN created a nursing special fund by requiring each nurse to pay an additional fee of \$40 upon the issuance of a new license and at each license renewal period. There are no state or federal funds in the HSCFN special fund.

Sweeping the balance of the fund into the state general fund would in essence cause the demise of the HSCFN. The 21,000+ advanced practice registered nurses, registered nurses and licensed practical nurses would in effect have paid a form of taxation which is not required of any other profession in Hawaii. Decisions relating to health care in Hawai'i is at the critical point where accurate data of workforce issues for nurses and other healthcare personnel is more important than ever.

Therefore, as "non-general funds" are not defined and may include the HSCFN special fund, I am in STRONG OPPOSITION to SB 120, SD1 and asks that the measure be held.

I appreciate your continuing support of nursing and healthcare in Hawai'i. Thank you for the opportunity to testify.

Wailua Brandman APRN-Rx PMHCNS/NP BC
Immediate Past President
Hawai'i Association of Professional Nurses

Member APRN Advisory Committee
Hawai'i Board of Nursing

Clinical Director
Ke`ena Mauiola Nele Paia LLC

04.05.2011

From: Siobhán Ní Dhonacha

Re: SB 120 - Oppose

Dear Senators,

I strongly oppose SB 120, which proposes a sweep of several UH special and revolving funds – the amounts as I understand them are listed below:

UH Faculty Housing special fund - \$520,780

Tuition and fee special fund - \$1,000,000

University revenue-undertaking fund - \$1,000,000

Research and training revolving fund - \$1,000,000

Campus Center operations fund - \$500,000

Outreach College summer session and credit program fund - \$1,000,000

Housing assistance revolving fund - \$2,000,000

Community college special fund - \$1,000,000

UH risk management special fund - \$1,000,000

Repealing special funds to the University of Hawaii, and University's College of Education, would effectively shut down important and progressive educational programs, including distance programs to the other Islands. The statewide elementary education program, our post-baccalaureate programs in secondary and special education, our masters programs in middle level learning, rehabilitation counseling, educational technology, educational administration and more all rely on the use of special tuition funds in order to offer programs accessible across the state.

These funds support face-to-face and hybrid programs on islands other than Oahu and on the Leeward Coast as well as support online and interactive video programs. Without the special funds, these programs will have to be shut down, depriving residents the opportunity to access education aimed at improving their own communities.

Without these funds, there would not be access to courses for people living on neighbor islands who are being prepared to become school administrators on those islands. These courses currently are necessary to become certified as DOE school administrators – something Hawaii's schools desperately need. Other activities within the College of Education that would be negatively impacted by this bill include technology development, research, and the Distance Course Design & Consulting group, which uses special funds to assist other University of Hawaii units to develop online courses and programs. Depriving residents of access to the University – particularly those seeking to become Hawaii's future educators – is a disservice to generations of Hawaii's residents.

PLEASE – do not pass this bill, it is shortsighted and will only hurt the long term economic health of the State of Hawai'i.

Thank you,

Siobhán Ní Dhonacha

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Tuesday, April 05, 2011 11:47 AM
fo: FINTestimony
Cc: lydi_morgan@yahoo.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: comments only
Testifier will be present: No
Submitted by: Lydi Morgan Bernal
Organization: Individual
Address:
Phone:
E-mail: lydi_morgan@yahoo.com
Submitted on: 4/5/2011

Comments:

Aloha Chair Oshiro, Vice Chair Lee, and members of the committee,

I would like to comment on section VIII of this bill: It is imperative that you please PROTECT THE LEGACY LAND CONSERVATION FUND.

One of the projects that this fund has supported is MA'O farms, an amazingly innovative and successful program that is growing local organic produce and empowering Hawaii's youth. This fund helped to make their successful program possible.

Please uphold your kuleana, which is to protect the natural resources of our islands, by PROTECTING THE LEGACY LAND CONSERVATION FUND.

THANK YOU!

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 11:46 AM
To: FINTestimony
Cc: kaalafarm@gmail.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Dalani Tanahy
Organization: Ka`ala Farm Inc
Address:
Phone:
E-mail: kaalafarm@gmail.com
Submitted on: 4/5/2011

Comments:

We must stop Section IX of SB 120, SD 1, Proposed HD 1. Section IX of the bill stops the revenue stream to the Tobacco Prevention and Control Trust Fund for two fiscal years (FY 2011 and FY 2012).

Aloha

My name is Dalani Tanahy, Executive Administrator of Ka`ala Farm Inc. Along with Eric Enos, MD, and all of our staff, we would strongly urge you to continue to allow funds from the Tobacco Settlement Funds to be used for prevention and education. While its true that states have final say on how these funds are used, its also true that Hawaii has a very high rate of smokers, and intergenerational smoking influences are a major problem, especially amongst the Native Hawaiian population. Our organisation is such a one that recieves funds from this small pocket of money to work with our youth on the Wai`anae Coast in providing them with options and oportunites, to help give them tools and lifestyle examples and education to help them not feel that they need to ever smoke in their lives. Tobacco Funds are so important to so many similar organizations. Please keep the Tobacco Settlement funds intact for further prevention and education efforts in our state.

Mahalo
Dalani

FINTestimony

From: mailinglist@capitol.hawaii.gov
sent: Monday, April 04, 2011 1:47 PM
To: FINTestimony
Cc: slantel@hawaii.edu
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Sara Antel
Organization: UHSA
Address:
Phone:
E-mail: slantel@hawaii.edu
Submitted on: 4/4/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 3:33 PM
To: FINTestimony
Cc: fbad4@hotmail.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Francis Wong
Organization: Individual
Address:
Phone:
E-mail: fbad4@hotmail.com
Submitted on: 4/4/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 04, 2011 4:26 PM
To: FINTestimony
Cc: pepperchan@aol.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Cora Cho
Organization: Individual
Address:
Phone:
E-mail: pepperchan@aol.com
Submitted on: 4/4/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 2:42 PM
To: FINTestimony
Cc: beau.barker@cancer.org
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Beau Iani Barker
Organization: Individual
Address:
Phone:
E-mail: beau.barker@cancer.org
Submitted on: 4/4/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 11:54 PM
To: FINTestimony
Cc: roxylulie34@yahoo.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Darrah Kauhane-Floerke
Organization: Individual
Address:
Phone:
E-mail: roxylulie34@yahoo.com
Submitted on: 4/4/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 04, 2011 12:23 PM
To: FINTestimony
Cc: haleluana@hawaii.rr.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Louise Simrell
Organization: Individual
Address:
Phone:
E-mail: haleluana@hawaii.rr.com
Submitted on: 4/4/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 12:14 PM
To: FINTestimony
Cc: rkaye@mdi.net
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Robin Kaye
Organization: Individual
Address:
Phone:
E-mail: rkaye@mdi.net
Submitted on: 4/4/2011

Comments:
I strongly oppose this bill.

Aloha Chair Oshiro, Vice Chair Lee and members of the committee,

I write to you as a private and concerned citizen in strong opposition to Section VIII of SB120 which proposes to zero out the Legacy Land Conservation Fund for two years.

There is frequently an assumption that environmental protection is a luxury that is expendable in times of economic distress. This assumption is simply false, both in the short term and in the long term. Indeed the opposite is true.

The funds designated to Legacy Land Conservation have been extremely effective in leveraging matching grants from the federal government and private donors. Cut the state dollars and we lose those other funds – many of which come from out of state. Net result: less money coming into Hawaii.

Those funds are used to pay the salaries of staff. Eliminate the fund, the jobs disappear and the multiplier effect in our economy of the spending by those workers disappears. Net result: less economic activity and lower tax revenue for the state.

The funds are used on programs in the watershed that reduce the need for treatment of drinking water and for erosion and flood control measures. Eliminate the LLC funds and within a short period of time we will be forced to spend more to treat our water and remediate the effects of erosion and flooding. Of course remediation is always more expensive than prevention. Net result: more costs for the state, more environmental damage, lower water quality standards. Some studies show the savings generated by such

conservation programs generate \$6 for every dollar spent.

As tourist industry leaders have repeatedly warned, the number one complain voiced by visitors to Hawaii is overdevelopment and suburban sprawl. If we do not fund conservation we are in effect eating our seed corn and undermining our biggest industry with inevitable economic consequences. Net result: fewer tourists and less tourism income.

Indeed the rational thing to do would be to ramp up this program now to seize advantage of lower land prices. It may be a long time before conservation of vital farmland and scenic coastal areas is this affordable again.

Finally, mothballing the program, as this proposal suggests, has costs itself. It will cost money to shut down the fund and disband the Legacy Land Conservation Commission. If and when we decide to restart the fund, it will cost money to recruit and train new staff and to recoup the institutional knowledge that we will have lost.

On the surface this may seem like an easy and logical place to save money. But in both the short term and the long term we would be cutting off our nose to spite our face.

I respectfully urge you not to do so.

Mahalo

anthony aalto

SB120

Roger Lukas
3138 Waialae Ave. #427
Honolulu, HI 96816

April 5th, 2011

Honorable members of the State of Hawaii Senate Finance Committee:

I understand the need for your committee to help guide the Legislature towards budget closure.

Certainly, there are some special funds that are a legacy, and their continuation makes it more difficult for you to meet your responsibilities in closing the budget. Some of those funds should be considered for reprogramming.

However, the special funds that are associated with the University of Hawaii should not be lumped into that category.

These funds contain the working capital for the University in pursuing its mission and meeting its various responsibilities to the State of Hawaii and its citizens. Sweeping those special funds will gut the University.

The near-term impacts of doing that will only be dwarfed by the collective failure of the State to maintain the possibility of meaningful higher educational opportunities for future generations of Hawaii's citizens.

Please do not sweep the special funds that are vital to the continued mission of the University of Hawaii.

Thank you.

Roger Lukas

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 12:39 PM
To: FINTestimony
Cc: Dougcole@Hawaii.rr.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Douglass Cole
Organization: North Shore Community Land Trust
Address:
Phone:
E-mail: Dougcole@Hawaii.rr.com
Submitted on: 4/5/2011

Comments:

Aloha Chair and members of the House Finance Committee,

My name is Doug Cole and I am the Executive Director of the North Shore Community Land Trust. I submit this testimony in opposition to SB120.

The Legacy Land Conservation Fund (LLCF) was passed in 2005 with broad support of the conservation and affordable housing communities, and the vast majorities of the House and Senate.

Since that time the LLCF has resulted in several signature Legacy projects in all of the areas that the fund was established to protect. For example, MA'O Farm for agriculture, Lapakahi State Historical Park for Hawaiian culture and coastal access, Honouliuli Forest Reserve for watershed and habitat protection. These projects and others demonstrate that the LLCF has been a huge success and will continue to accomplish great things.

To zero out the LLCF now would be a huge mistake and bad public policy. The LLCF leverages a limited amount of state funds to bring in substantial amounts of federal, county, and private dollars, and results in significant ecosystem services. Studies in other areas of the U.S. suggest that land conservation returns \$6 in ecosystem services for every \$1 spent (e.g., avoiding treatment of drinking water, erosion and flood control, scenic resources that draw tourism).

Additionally, today's down economy is an opportune time to invest in once-in-a lifetime land conservation opportunities that will never happen again -- land values are down, and land conservation of scenic coastlines, agricultural land, and other important resources to Hawai'i -- are more possible than ever. If we do not have a state program like the LLCF we will miss out on these opportunities forever.

Zeroing out the LLCF would result in, among other things, staff losing their jobs, disbandment of the volunteer Legacy Land Conservation Commission, termination of ongoing efforts to pass administrative rules for the LLCF, lost public benefits that would result from valuable pending and future conservation transactions, and loss of institutional knowledge. Starting the program back up from scratch in the future would be very difficult and costly.

Please do not pass SB120.

Thank you,

Doug Cole
Executive Director
North Shore Community Land Trust

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 12:45 PM
To: FINTestimony
Cc: palmtree7@earthlink.net
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: jAnice palma-glennie
Organization: Individual
Address:
Phone:
E-mail: palmtree7@earthlink.net
Submitted on: 4/5/2011

Comments:

I am appalled that Hawai'i Islands APPOINTED representative introduced such a bad bill when the citizens of her district have been clamoring for land protection for decades.

The Legacy Land Conservation Fund (LLCF) has resulted in a signature Legacy project in all the areas in which the fund was established to protect. For example, MA'O Farm for agriculture, Lapakahi State Historical Park for Hawaiian culture and coastal access, Monouliuli Forest Reserve for watershed and habitat protection. The LLCF allows significant sources of federal, county, and private dollars to be matched to provide funding to protect special lands that results in invaluable protection of drinking water, prevents erosion and flood control, protects scenic resources that draw tourism, etc. etc. A less booming economic time is a strategic time to invest in once-in-a lifetime land conservation opportunities. If we lose programs like this one, we will lose these opportunities forever.

The program is a win-win, including economically. Please do not strip this important program from what's little is left of its funding.

Mahalo.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 1:06 PM
To: FINTestimony
Cc: sarahyapuh1@yahoo.com
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Sarah Yap
Organization: Individual
Address:
Phone:
E-mail: sarahyapuh1@yahoo.com
Submitted on: 4/5/2011

Comments:

I am opposed to the transfer of funds from the University of Hawaii Campus Center Operations Fund because all funds are accounted for to maintain student union buildings, services and programs. These funds support the development of students and enhance their educational experience as they prepare to be responsible and productive citizens. Funds are saved so that they used for identified maintenance and service initiatives. Without these funds, projects will be delayed.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 1:34 PM
To: FINTestimony
Cc: ffurutom@hawaii.edu
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Faye Furutomo
Organization: Individual
Address:
Phone:
E-mail: ffurutom@hawaii.edu
Submitted on: 4/5/2011

Comments:

I want to reiterate my solid opposition of this bill. It will severely endanger programs at the University of Hawaii that support online learning, which will keep neighbor island students from receiving important courses in higher education and training. The University cannot continue to be the source of cuts in our State, especially with such a broad stroke to accounts that affect a myriad of programs and services.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 1:38 PM
To: FINTestimony
Cc: ariana@hawaii.edu
Subject: Testimony for SB120 on 4/5/2011 4:30:00 PM

Testimony for FIN 4/5/2011 4:30:00 PM SB120

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: ariana eichelberger
Organization: Individual
Address:
Phone:
E-mail: ariana@hawaii.edu
Submitted on: 4/5/2011

Comments:

Please do NOT pass this bill it will be devastating to the College of Education and its distance education programs. Distance education is critical in providing educational opportunities, especially those for students preparing to be teachers.
I urge this body to not pass this bill

SB 120

**We received over 50
similar/form testimony
in OPPOSITION.**