

# SB2758

Measure Title: RELATING TO THE HURRICANE RESERVE TRUST FUND.

Report Title: Hurricane Reserve Trust Fund; Interest and Other Earnings

Description: Requires the interest and other moneys earned on the principal of the hurricane reserve trust fund to be deposited into the trust fund instead of being diverted to the general fund.

Companion:

Package: None

Current Referral: CPN, WAM

Introducer(s): IGE, BAKER, CHUN OAKLAND, ESPERO, GALUTERIA, L. THIELEN, TOKUDA, English, Ihara, Kahele, Keith-Agaran, Nishihara, Slom, Solomon

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION  
ON  
SENATE BILL NO. 2758

January 29, 2014

RELATING TO THE HURRICANE RESERVE TRUST FUND

Senate Bill No. 2758 requires the interest and other moneys earned on the principal of the Hurricane Reserve Trust Fund be deposited into the trust fund instead of the current requirement of diverting the moneys to the general fund.

The Department of Budget and Finance supports this approach as part of a forward-looking long-term strategy to support the Administration's objective and approach to build State reserves. The Administration has set a targeted objective that the State should have formal reserves equal to, at least, 10% of general fund revenues. Granted, this is a considerable objective to have as a goal. Considering that general fund revenues are currently anticipated to be just in excess of \$6 billion for FY 2014, and the current level of reserves (Hurricane Relief Fund plus Emergency Budget Relief Fund) are anticipated to grow to about \$207 million before the end of FY 2014 - or, about 3.4% of general fund revenues - building reserves to the targeted objective will take time. The significance of the strategy is the pro-active progress to get to the target. Committing interest that is earned on funds already held in the reserves is a prudent and rational approach that should help reach the target sooner. It will also help contribute to keeping the reserves funded at a level equal to the target once the objective is achieved.

STATE OF HAWAII  
DEPARTMENT OF DEFENSE

TESTIMONY ON SENATE BILL 2758  
A BILL RELATING TO THE HURRICANE RESERVE TRUST FUND

PRESENTATION TO  
THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

BY

MAJOR GENERAL DARRYLL D. M. WONG  
ADJUTANT GENERAL AND DIRECTOR OF STATE CIVIL DEFENSE  
January 29, 2014

Chair Baker, Vice Chair Taniguchi, and Members of the Senate Committee on Commerce and Consumer Protection.

I am Major General Darryll D. M. Wong, State Adjutant General and the Director of State Civil Defense. I am testifying in **SUPPORT** of Senate Bill 2758.

The Hurricane Reserve Trust Fund supports the state's recovery efforts after a major disaster. Currently, the state's General Fund receives any interest and other moneys made from Hurricane Reserve Trust Fund investments. Senate Bill 2758 will require the deposit of investment returns into the Hurricane Reserve Trust Fund.

Any increase in funding today will reduce the state's expenditures in the future. This funding increase is an important investment in Hawaii's future.

I ask the committee for your support of this funding increase of the Hurricane Reserve Trust Fund.

Thank you for the opportunity to testify in **SUPPORT** of Senate Bill 2758.

STATE OF HAWAII  
DEPARTMENT OF DEFENSE

TESTIMONY ON SENATE BILL 2758  
A BILL RELATING TO THE HURRICANE RESERVE TRUST FUND

PRESENTATION TO  
THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

BY

DOUG MAYNE  
VICE DIRECTOR OF STATE CIVIL DEFENSE  
January 29, 2014

Chair Baker, Vice Chair Taniguchi, and Members of the Senate Committee on Commerce and Consumer Protection.

I am Doug Mayne, Vice Director of State Civil Defense. I am testifying in **SUPPORT** of Senate Bill 2758.

Senate Bill 2758 will require the return any interest and other moneys made from Hurricane Reserve Trust Fund investments. Current law requires the return of interest and other moneys to the General Fund. Any increase to the Hurricane Reserve Trust Fund now will boost to the money available after major hurricane.

I ask for your support of this increase of the Hurricane Reserve Trust Fund.

Thank you for the opportunity to provide testimony in **SUPPORT** of Senate Bill 2758.

# HAWAII HURRICANE RELIEF FUND

335 Merchant Street #213

Honolulu, HI 96813

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To The Senate Committee on Commerce and Consumer Protection

Twenty-Seventh Legislature  
Regular Session of 2014

Wednesday, January 29, 2014  
9:00 a.m.

## WRITTEN TESTIMONY ONLY

TESTIMONY ON SENATE BILL NO. 2758-RELATING TO THE HURRICANE  
RESERVE TRUST FUND

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF  
THE COMMITTEE

My name is Lloyd Lim, acting executive director of the Hawaii Hurricane Relief  
Fund ("HHRF"). I am testifying on behalf of the HHRF Board of Directors.

HHRF takes no position on SB 2758, but we offer the following comments.

HHRF is currently operationally dormant. As a result, HHRF does not have an urgent  
present need to receive the interest on the hurricane reserve trust fund. That said, the  
risk exposure faced by the HHRF when it is operational is very large. In addition,  
once HHRF restarts its operations, interest should be paid into the hurricane reserve  
trust fund for the benefit of its policyholders. We leave the issue in the wisdom of the  
Legislature, but would be pleased to retain custody of the interest moneys.

We thank the Committee for the opportunity to present testimony on this matter.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [CPN Testimony](#)  
**Cc:** [alan@associahawaii.com](mailto:alan@associahawaii.com)  
**Subject:** Submitted testimony for SB2758 on Jan 29, 2014 09:00AM  
**Date:** Monday, January 27, 2014 2:05:15 PM

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**SB2758**

Submitted on: 1/27/2014

Testimony for CPN on Jan 29, 2014 09:00AM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alan Takumi	Individual	Support	No

Comments: It just makes sense to have the fund increase by the interest gained. This will help to keep pace with inflation.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [CPN Testimony](#)  
**Cc:** [lynhowe1946@yahoo.com](mailto:lynhowe1946@yahoo.com)  
**Subject:** \*Submitted testimony for SB2758 on Jan 29, 2014 09:00AM\*  
**Date:** Friday, January 24, 2014 7:32:33 PM

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**SB2758**

Submitted on: 1/24/2014

Testimony for CPN on Jan 29, 2014 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Lyn Howe	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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