

TESTIMONY BY WESLEY K. MACHIDA  
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STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NOS. 171 AND 172

February 18, 2015

MAKING AN APPROPRIATION TO THE HURRICANE RESERVE TRUST FUND  
MAKING AN APPROPRIATION TO THE EMERGENCY AND BUDGET RESERVE  
FUND

House Bill (H.B.) Nos. 171 and 172 propose to make two separate \$50 million general fund appropriations to be deposited into the Emergency and Budget Reserve Fund (EBRF) and the Hurricane Reserve Trust Fund (HRTF), respectively. The appropriations are to the departments responsible for administering the funds (the Departments of Budget and Finance and Commerce and Consumer Affairs, respectively).

We support the general intent to further capitalize the State's reserve funds. A \$50 million appropriation to the EBRF would increase the fund's projected FY 16 balance from \$103.4 million to \$153.4 million. Similarly, a \$50 million appropriation to the HRFT would increase the fund's projected FY 16 balance from \$181.8 million to \$231.8 million.

However, we have concerns that specific appropriations of this magnitude would seriously reduce the general fund balance. Should H.B. No. 171 and H.B. No. 172 pass, the projected general fund ending balances under the Administration's financial plan would be reduced to \$247.7 million for FY 16, \$51.6 million for FY 17, and \$21.5 million for FY 18. Lower ending balances would limit the State's flexibility to deal with any unforeseen emergencies and could also jeopardize the Executive budget request.

For these reasons, we recommend passing out H.B. No. 171 and H.B. No. 172 with an unspecified dollar amount at this time to allow continued discussions on this matter during the legislative session.