

**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-EIGHTH LEGISLATURE, 2016**

ON THE FOLLOWING MEASURE:
H.B. NO. 1745, RELATING TO HEALTH.

BEFORE THE:
HOUSE COMMITTEE ON HEALTH

DATE: Friday, February 5, 2016 **TIME:** 8:30 a.m.

LOCATION: State Capitol, Room 329

TESTIFIER(S): Douglas S. Chin, Attorney General, or
Blair Goto, Deputy Attorney General

Chair Belatti and Members of the Committee:

The Department of the Attorney General provides the following comments.

The purposes of the bill are to: (1) create a disease outbreak response fund (fund), (2) authorize the Director of Health to allot fund moneys, declare an epidemic, and use moneys in the fund, and (3) appropriate an unspecified amount of general funds for fiscal year 2016-2017 to be deposited into the fund.

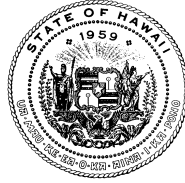
The bill would create a new section in chapter 325, Hawaii Revised Statutes, that requires the Director of Health to submit requests to the Legislature to appropriate sufficient general funds to respond to an epidemic. The new section, however, lacks wording that would actually establish the fund, specify the type of fund that it is to be, and specify where the fund is to be created. This problem may be remedied by adding the word "special" to the title of the new section 325- and a sentence at the beginning of the new section 325- (a) to read:

"§325- Disease outbreak response special¹ fund. (a) There is established within the state treasury a special fund to be known as the disease outbreak response special fund to be administered and expended by the department of health"

Also, the name of the special fund on page 5, lines 4-5 and 18, should be conformed to the name of the established fund.

We respectfully ask the Committee to pass this bill with the recommended amendments.

¹Because expenditures from trust funds may be made without appropriation or allotment, the disease outbreak response fund would not appear to be a trust fund. *See* Haw. Rev. Stat. § 37-40 (2015). Similarly, because it is to be replenished by legislative appropriations of general funds, the disease outbreak response fund would not appear to be a revolving fund which is to be replenished by charges made for goods and services or from transfers from other accounts or funds. *See* Haw. Rev. Stat. § 37-62, definition of "revolving fund" (2009).



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**Testimony COMMENTING on HB1745
RELATING TO ACCESS TO HEALTH**

REPRESENTATIVE DELLA BELATTI, CHAIR
HOUSE COMMITTEE ON HEALTH

Hearing Date: February 5, 2016

Room Number: 329

1 **Fiscal Implications:** Variable depending on appropriation request.

2 **Department Testimony:** The Department of Health respectfully requests this measure be
3 deferred due to existing mechanisms for funding disease outbreak response.

4 The concept of a disaster relief trust fund is intriguing and may be further examined, however the
5 added value of declaratory powers, spending caps, and reporting requirements proposed by
6 HB1745 is not immediately apparent. For example, DOH may seek an emergency appropriation
7 from the Legislature, a Treasury Loan, seek federal disaster declaration designation, and other
8 protocols.

9 DOH sincerely appreciates the intent of HB1745 but strongly recommends robust funding for
10 routine population health preventive practices and surveillance as an alternative.

11 **Offered Amendments:** None.

12

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HEALTH
ON
HOUSE BILL NO. 1745

February 5, 2016

RELATING TO HEALTH

House Bill (H.B) No. 1745 authorizes the Director of the Department of Health (DOH), rather than the Governor, to declare a State epidemic and states that the Director shall submit requests to the Legislature to appropriate general revenues of the State sufficient moneys as may be necessary for expenditure by or under the direction of the Governor for immediate relief in response to an epidemic control suppression or prevention activity, subject to Section 325-6. The bill further states that the Director may not expend in excess of \$5 million for immediate relief as a result of any single emergency or disaster. The bill establishes a Disease Outbreak Response Fund for the purpose of providing immediate relief in response to an emergency or disaster in any part of the State and appropriates an unspecified sum of general funds for FY 17 for deposit into the new fund.

Additionally, H.B. No. 1745 provides that the DOH may deposit federal reimbursement moneys received for epidemic relief into a trust account with, and under the control of the DOH, which shall not lapse to the general fund.

The Department of Budget and Finance takes no position on the disease outbreak initiatives to support epidemic control operations in the State. However, the department does have concerns with the Disease Outbreak Response Fund.

First, it is unclear whether the bill establishes a special, revolving or trust fund. Second, as a matter of policy, the department does not support the creation of special or revolving funds which do not meet the requirements of Section 37-52.3, Hawaii Revised Statutes. Special or revolving funds should:

- 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process;
- 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue;
- 3) provides an appropriate means of financing for the program or activity; and
- 4) demonstrates the capacity to be financially self-sustaining.

The Disease Outbreak Response Fund does not appear to comply with the criteria.

HLTtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 04, 2016 10:43 PM
To: HLTtestimony
Cc: hawaiifishingfanatic@gmail.com
Subject: *Submitted testimony for HB1745 on Feb 5, 2016 08:30AM*

HB1745

Submitted on: 2/4/2016

Testimony for HLT on Feb 5, 2016 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Don Aweau	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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