

STAND. COM. REP. NO.

490

Honolulu, Hawaii

FEB 17 2017

RE: S.B. No. 304  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,  
to which was referred S.B. No. 304 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII HURRICANE RELIEF  
FUND,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the interest earned on the balance of the Hawaii Hurricane Reserve Trust Fund to be retained in the trust fund;
- (2) Require the Board of Directors of the Hawaii Hurricane Relief Fund to conduct a study of the acquisition of a catastrophic hurricane loss financing arrangement with all or a portion of the interest earned in the trust fund; and
- (3) Appropriate Hurricane Reserve Trust Fund monies for the study.

Your Committee received testimony in support of this measure from the Board of Directors of the Hawaii Hurricane Relief Fund and Hawai'i Association of REALTORS. Your Committee received comments on this measure from the Department of Accounting and General Services.



Your Committee finds that since 2002, the interest earned on the balance of the Hurricane Reserve Trust Fund has been transferred and deposited into the general fund, which helped mitigate the revenue shortfalls that affected the State during the Great Recession. Your Committee further finds that because the State's economy has improved and general fund revenues from tax sources have and are projected to increase at fairly healthy annual rates, the general fund no longer needs the interest transferred from the Hurricane Reserve Trust Fund. This measure therefore requires the interest earned on the balance of the Hurricane Reserve Trust Fund to be retained in the trust fund.

Your Committee additionally finds that this measure requires the Board of Directors of the Hawaii Hurricane Relief Fund to conduct a feasibility study regarding catastrophic hurricane loss financing. The Board of Directors of the Hawaii Hurricane Relief Fund indicated in testimony that the State Risk Management and Insurance Office may be in a better position to assess the feasibility of pursuing parametric insurance to cushion the State from catastrophic financial losses from a major hurricane.

However, the Department of Accounting and General Services testified that the Risk Management Office's primary functions are to work with the State's insurance broker to secure property and liability insurance policies that protect the State's property and employees, provide guidance to state agencies on insurance matters, and conduct training for departmental risk management coordinators. As such, a feasibility study on catastrophic hurricane loss financing or the purchase of parametric insurance for non-state property is beyond the statutory scope of the Risk Management program. Your Committee agrees with this assessment and concludes any such study should remain the responsibility of the Board of Directors of the Hawaii Hurricane Relief Fund.

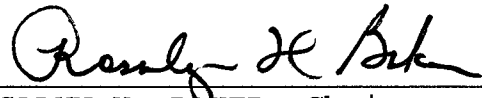
Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 304, as amended herein, and



recommends that it pass Second Reading in the form attached hereto as S.B. No. 304, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce, Consumer  
Protection, and Health,



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ROSALYN H. BAKER, Chair



