

STAND. COM. REP. NO.

1269

Honolulu, Hawaii

MAR 25 2021

RE: H.B. No. 1297
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committees on Health and Higher Education, to which was referred H.B. No. 1297, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO STATE FINANCES,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require each department to submit program measures, costs elements, and accounting reports for all non-general funds to the Legislature by October 1 of each year;
- (2) Specify that the cigarette tax revenues deposited to the credit of the cancer research special fund shall only be used for capital expenditures and only until July 1, 2041;
- (3) Make certain special funds subject to deductions for central service expenses into the general fund; and
- (4) Transfer to the credit of the general fund, beginning July 1, 2021, surcharges and cigarette tax revenue allocated to the trauma systems special fund.



Your Committees received testimony in support of this measure from the Department of Public Safety. Your Committees received testimony in opposition to this measure from the University of Hawai'i System, American Cancer Society Cancer Action Network, Hawai'i Tourism Authority, University of Hawaii Professional Assembly, Hawaii Substance Abuse Coalition, Ho'ōla Lāhui Hawai'i, Alana Dung Research Foundation, Friends of UH Cancer Center, and eighteen individuals. Your Committees received comments on this measure from the Department of Budget and Finance, Department of Education, Department of Human Services, Department of Taxation, Department of Transportation, Hawai'i Pacific Health, and Hawai'i Pacific Health Wilcox Medical Center.

Your Committees find that the coronavirus disease 2019 (COVID-19) pandemic caused severe economic harm to the State. Requiring non-general fund balances to be transferred to the general fund is a necessary measure to address the State's budget shortfall. Removing exemptions for most special funds from the five percent deduction into the general fund and dissolving other special funds will contribute to the State's economic recovery. Your Committees also find that consolidating the administrative services of the University of Hawaii Cancer Center (UHCC) and the John A. Burns School of Medicine (JABSOM) will save much needed funds and that consolidating the management of public resources provided to the UHCC and JABSOM will avoid unnecessary duplication of administrative expenses or conflicting priorities.

Your Committees recognize the testimony of various stakeholders who raised concerns that requiring the Director of the UHCC to report to the Dean of JABSOM would jeopardize UHCC's status as a National Cancer Institute designated cancer center. Therefore, your Committees have amended this measure by:

- (1) Removing the requirement that the Director of the UCHH report to the Dean of JABSOM;
- (2) Requiring the University of Hawaii to report to the Legislature on the monies in the Hawaii cancer research special fund annually instead of semi-annually; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



As affirmed by the records of votes of the members of your Committees on Health and Higher Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1297, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1297, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Health and Higher
Education,



DONNA MERCADO KIM, Chair



JARRETT KEOHOKALOOLE, Chair



