



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
THIRTY-FIRST LEGISLATURE, 2021**

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 1298, H.D. 1, RELATING TO STATE FUNDS.

**BEFORE THE:**

SENATE COMMITTEE ON WAYS AND MEANS

**DATE:** Wednesday, March 24, 2021      **TIME:** 10:00 a.m.

**LOCATION:** State Capitol, Room 211, Via Videoconference

**TESTIFIER(S):** Clare E. Connors, Attorney General, or  
Randall S. Nishiyama, Deputy Attorney General

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Chair Dela Cruz and Members of the Committee:

The Department of the Attorney General (Department) provides the following comments regarding this bill.

This bill would transfer to the general fund the amounts in excess of the requirements of the funds or accounts as determined by the Legislature for fiscal year 2020-2021.

We note item 5, S-304-A-Pest Inspection, Quarantine and Eradication Fund (PIQE Fund), authorizes the transfer to the general fund of \$7,704,892.85 from this fund. The PIQE Fund, under section 150A-4.5, Hawaii Revised Statutes (HRS), provides a source of funding for the regulatory oversight of biosecurity and pest inspection for the State of Hawaii. It is funded by the fees and charges collected for its activities.

The transfer of the moneys from the PIQE Fund to the general fund may be subject to challenge under Hawaii Insurers Council v. Lingle, 120 Hawai'i 51, 201 P.3d 564 (2008). In that case, the Hawaii Supreme Court opined that transferring "legitimate regulatory fees" from an insurance special fund into the State's general fund violated the separation of powers doctrine because administrative fees and assessments imposed by an administrative agency can only be used for the purposes of providing services to the persons or entities paying such fees. Any other use of the fees would constitute a tax, which can only be imposed by a Legislature. The Court adopted a three-pronged

test to determine whether any assessment was a regulatory fee and therefore was probably not transferable to the general fund. The test asks (1) whether a regulatory agency assesses the fee, (2) whether the agency places the money in a special fund, and (3) whether the assessment "is expended for general public purposes or [instead] used for the regulation or benefit of the parties on whom the assessment is imposed." Id. at 66, 201 P.3d at 579.

In this instance, while section 150A-4.5, HRS, allows the PIQE fund to receive legislative appropriations, federal funds, other grants, and gifts, in addition to fees assessed and collected by the Plant Quarantine Branch (PQB) of the Department of Agriculture, the moneys in the PIQE fund come exclusively from the fees assessed and collected by the PQB. All the moneys in the fund are used to run the PQB's Biosecurity and Pest Inspection, Quarantine, Eradication, and Monitoring Program to provide services to and regulate the users of the program. Accordingly, the moneys in the fund are regulatory fees that are placed in the fund and expended "for the regulation or benefit of the parties on whom the assessment is imposed" under the three-pronged test. Consequently, moneys in the PIQE Fund serve a regulatory purpose and cannot be transferred to the general fund.

The Department asks that the Committee delete the PIQE Fund from consideration of transferring excess fund balances to the general fund.

Thank you for the opportunity to present this testimony.



Statement of  
**Nicholas Comerford**  
Dean and Director for Research and Cooperative Extension  
College of Tropical Agriculture and Human Resources  
before the  
**Senate Committee on Ways and Means**  
Wednesday, March 24, 2021 at 10:00 am  
in consideration of  
**HB 1298 HD1 Relating to State Funds**

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Senate Committee on Ways and Means:

Thank you for the opportunity to comment on HB 1298 HD1 as the Dean and Director of the College of Tropical Agriculture and Human Resources (CTAHR). Given that this bill effects the budget of another state agency, and that we are in a difficult economic time, it is not appropriate for a college in the University of Hawai'i System to voice an opinion. We do not support or oppose the bill. Our purpose is to provide information that can be used by the committee in its deliberations.

CTAHR has a close collaboration with the Hawai'i Department of Agriculture (HDOA) and with the Department of Land and Natural Resources (DNLN). CTAHR is one of the state programs that is responsible for research that benefits agricultural and natural resources communities; and for extending information to agriculturalist and land managers across the state. CTAHR has benefited from grants and contracts of both state organizations. Using HDOA as an example, the table below provides the level of funding that HDOA has put toward solving Hawai'i's problems through grants and contracts to CTAHR.

**HDOA Funding to CTAHR through Grants and Contracts**

2017 – 16 awards for \$1,760,829  
2018 – 8 awards for \$402,987  
2019 – 21 awards for \$1,448,405  
2020 – 10 awards for \$812,377

These grants and contracts over the past 4 years funded by the special funds (with particular reference to S-304 and S-333) have addressed a variety of agricultural issues. One of the advantages of these funds is their flexibility because issues can arise without warning and the ability to react quickly to address serious concerns is necessary. The recent outbreak of Coffee Leaf Rust is a good example of such an unplanned need.

A sampling of the topics of contracts and grants HDOA supplied to CTAHR is detailed in the table below:

### **Selected Titles of Contracts and Grants for CTAHR Funded by HDOA**

Expanding Research, Extension, and Education Activities to Improve Sustainable and Organic Farming  
Development of Beginner Farmer Education Plots on Maui  
Classical and Augmentative Biological Control for Coffee Berry Borer in Hawai'i  
Demonstration of Pruning Techniques to Increase Farm Profitability for Coffee Producers  
Selecting and Developing Industrial Hemp Cultivars for High Performance in the Hawaiian Environment  
GoFarm Hawai'i: A Relocation of Kaua'i Site  
Shrimp Disease Diagnostic Laboratory in Hawai'i  
Macro-propagation Techniques for Disease Free Banana Planting Material in the Pacific  
4-H Agricultural Education Activities  
The Hawai'i Egg Quality Assurance Education and Implementation Program Phase II  
Evaluating the Quality of Locally Produced Organic Fertilizers and Variety Selection Under Organic Systems in the Tropics  
Farm Food Safety Training for Local and Immigrant Crop Producers  
Enhancing Local Pork Marketing for Oahu Hog Producers  
Distribution of New Green Tea Cultivar for Hawai'i Growers  
Hawai'i Integrated Pest Management Program for Diamondback Moth and Other Lepidopteran Pests on Crucifers  
Improvement of Reproductive Efficiency of Hawaiian Beef and Dairy Cattle  
Prosapia bicincta (Two Lined Spittle Bug) Detection and Control in Hawai'i  
Promotion of Off-Season Mango Production to Meet Increased Market Demand for Local Produce  
Integrated Pest Management for Macadamia  
COVID-19 EF Relief – Pig Farmer Feed Assistance

Hawai'i's agriculture and natural resource management is an essential component of the future of the state. In order to move toward food security for our remote islands, a continued collaboration between HDOA and CTAHR will be necessary. As an example, HDOA contracts and grants amounts averages approximately 6-7% of the extramural contract and grant budget of CTAHR; but most importantly, it addresses issues that do not fit under federal grant programs. HDOA focuses on Hawai'i's problems and works for solutions for those problems through its collaboration with CTAHR and other research and education entities in Hawai'i. The question to be addressed is: How will this bill affect the future of agriculture in the state?

DAVID Y. IGE  
GOVERNOR

JOSH GREEN M.D.  
LT. GOVERNOR



ISAAC W. CHOY  
DIRECTOR OF TAXATION

STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

To: The Honorable Donovan M. Dela Cruz, Chair;  
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair;  
and Members of the Senate Committee on Ways and Means

From: Isaac W. Choy, Director  
Department of Taxation

Date: March 24, 2021

Time: 10:00 A.M.

Place: Via Video Conference, State Capitol

**Re: H.B. 1298, H.D. 1, Relating to State Funds**

The Department of Taxation (Department) offers the following comments on H.B. 1298, H.D. 1, for your consideration.

As it relates to the Department's special funds, H.B. 1298, H.D. 1, transfers \$15,000,000 to the general fund from the Tax Administration Special Fund (TASF) established under Hawaii Revised Statutes (HRS) section 235-20.5 and transfers \$1,000,000 from the Cigarette Tax Stamp Administrative Special Fund (CTSASF) established under HRS section 245-41.5. This measure is effective upon approval, and shall take effect retroactively on June 30, 2021.

Tax Administration Special Fund

There are three types of revenue that go into the TASF: (1) fees collected for comfort rulings and research credit certifications; (2) revenue collected by the Special Enforcement Section (SES); and (3) fines collected for transient accommodations tax advertising violations. The bulk of the revenue deposited into the TASF comes from the revenue collected by SES. Under HRS section 235-20.5(2), any amount in excess of \$2 million collected by SES is deposited into the general fund. Funds deposited into the TASF may be expended on: (1) issuing various types of ruling to taxpayers; (2) issuing research credit certifications; (3) SES operational costs; (4) SES support staff positions; and (5) various taxpayer education costs.

As stated above, the TASF is unique in that, on an annual basis, any amount in excess of \$2 million is already deposited into the general fund. The TASF balance reflects the difference between amount expended from the TASF and the maximum amount of revenue that may be retained under the statute.

The main function of the TASF, in terms of the Department's operations, is that funds all SES operations, including support staff. This funding has been critical as SES is responsible for enforcing general excise and transient accommodations tax in the vacation rental industry. The Department's main concern, regarding the TASF, is to provide sufficient funding for SES operations, including payroll and other related expenses.

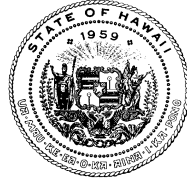
#### Cigarette Tax Stamp Administration Special Fund

The only source of revenue that goes into the CTSASF is a portion of the stamp fee collected under HRS section 245-26. The total stamp fee is 1.7 percent of the denominated value of each stamp sold; of which 0.2 percent goes into the CTSASF. Funds deposited into the CTSASF may be expended on: (1) the cost of providing the stamps and administering stamp tax provisions; and (2) other costs deemed necessary effectuate the purposes of HRS chapter 245.

Funds deposited into the CTSASF are used to pay for cost of: (1) printing the cigarette tax stamps; (2) services provided by a financial institution in administering the cigarette tax stamp program authorized under HRS section 245-24 (including collection of payments and delivery); the State Central Services Fee required under HRS section 36-27; and the Special Fund Reimbursement for Departmental Administrative expenses required under HRS section 36-30.

The Department's main concern, regarding the CTSASF, is to have sufficient funds to pay for the costs associated with the administration of the cigarette stamp tax listed above. As currently written, the Department believes that H.B. 1298, H.D. 1, provides sufficient funding for the administration of the cigarette stamp tax. Without this funding, the Department will not be able to administer the tax.

Thank you for the opportunity to provide testimony on this measure.



**STATE OF HAWAII**  
**DEPARTMENT OF HEALTH**  
P. O. Box 3378  
Honolulu, HI 96801-3378  
doh.testimony@doh.hawaii.gov

**Testimony COMMENTING on HB1298 HD1  
RELATING TO STATE FUNDS.**

SENATOR DONOVAN M. DELA CRUZ, CHAIR  
SENATE COMMITTEE ON WAYS AND MEANS

Hearing Date: March 24, 2021

Room Number: N/A

1 **Department Testimony:** The Department of Health (DOH) provides recommendations on  
2 select special funds that balance a collective response to the current fiscal crisis and continuity of  
3 critical public health programs.

4 S-313-H Deposit Beverage Container Special Fund: The department has serious concerns  
5 regarding the transfer of funds from the Deposit Beverage Container Special Fund (S-313-H) due  
6 to needed cash flow to reimburse redemption centers, higher redemption rates (due to poor  
7 economic conditions) that will result in higher expenditures, and lower sales of eligible  
8 containers (due to poor economic conditions) that will result in lower revenue.

9 S-315-H Environmental Health Administration: The department supports conversion of 1.00  
10 FTE (#123122 (#97111H) Information Technology Band C) to 100% general funds (from 50%  
11 general, 50% special) in HTH 849/FA and the transfer of the special fund cash balance in HTH  
12 849/FA (S-315-H) to the general fund.

13

1 S-322-H Noise, Radiation, and Indoor Air Quality Special Fund: If the Noise, Radiation, and  
2 Indoor Air Quality Special Fund (S-322-H) is repealed and the cash balance transferred to the  
3 general fund, the department supports a dollar-for-dollar conversion of the special fund cash  
4 balance to general funds for the Indoor and Radiological Health Branch (HTH 610/FR) base  
5 budget to ensure continuity of operations such as providing safety and licensure of radiographers,  
6 nuclear medicine technologists, radiation therapists, and the department's Radiological  
7 Emergency Response Team. Insufficient funding will decrease the department's ability to  
8 protect human health and the environment from hazardous sources of radiation and excessive  
9 noise in the community, and ensure indoor health through proper design, installation, and  
10 maintenance of air conditioning and ventilation systems statewide.

11 S-323-H Asbestos and Lead Abatement Special Fund: If the Asbestos and Lead Abatement  
12 Special Fund (S-323-H) is repealed and the cash balance transferred to the general fund, the  
13 department supports the conversion of 3.00 FTE (#40632 Environmental Health Specialist IV,  
14 #42316 Environmental Health Specialist III, and #45346 Environmental Health Specialist III)  
15 from this special fund to general funds (HTH 610/FR). Insufficient funding will negatively  
16 impact operations including the ability to ensure hazard management of asbestos and lead-based  
17 paint in school, commercial, industrial, and public buildings as well as accredit training providers  
18 and certify all individuals involved in hazard abatement, inspection, and design statewide.

19 Thank you for the opportunity to testify.



**HB-1298-HD-1**

Submitted on: 3/22/2021 8:52:14 PM

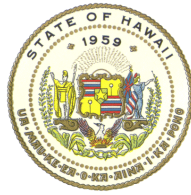
Testimony for WAM on 3/24/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Cynthia Gomez	Testifying for DLNR	Support	No

Comments:

I am available for questions. Please allow me Zoom access. Thank you.

DAVID Y. IGE  
GOVERNOR OF HAWAII



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
SUZANNE D. CASE  
Chairperson**

**Before the Senate Committee on  
WAYS AND MEANS**

**Wednesday, March 24, 2021  
10:00 AM**

**State Capitol, Via Videoconference, Conference Room 211**

**In consideration of  
HOUSE BILL 1298, HOUSE DRAFT 1  
RELATING TO STATE FUNDS**

House Bill 1298, House Draft 1 proposes to transfer the excess balances of various non-general funds from various state departments and agencies to the general fund. **The Department of Land and Natural Resources (Department) supports this bill provided that its passage does not adversely impact the Department's priorities in carrying out its mission and its budget priorities.**

Thank you for the opportunity to comment on this measure.

**SUZANNE D. CASE**  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

**ROBERT K. MASUDA**  
FIRST DEPUTY

**M. KALEO MANUEL**  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LIEUTENANT GOVERNOR



ANNE E. PERREIRA-EUSTAQUIO  
DIRECTOR

JOANN A. VIDINHAR  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
830 PUNCHBOWL STREET, ROOM 321  
HONOLULU, HAWAII 96813  
[www.labor.hawaii.gov](http://www.labor.hawaii.gov)

March 24, 2021

To: The Honorable Donovan M. Dela Cruz, Chair,  
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair, and  
Members of the Senate Committee on Ways and Means

Date: Wednesday, March 24, 2021  
Time: 10:00 a.m.  
Place: Conference Room 211, State Capitol

From: Anne Perreira-Eustaquio, Director  
Department of Labor and Industrial Relations (DLIR)

**Re: H.B. No. 1298 HD1 RELATING TO STATE FUNDS**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee,

Thank you for the opportunity to comment on this measure that provides a full accounting of non-general funds including those under the DLIR.

For S-19-311, the department prefers that \$80,000 remain in the fund for the purposes of 371-12.5, HRS.

Thank you for the opportunity to testify on this important matter.

TESTIMONY OF  
JAMES P. GRIFFIN, Ph.D.  
CHAIR, PUBLIC UTILITIES COMMISSION  
STATE OF HAWAII

TO THE  
SENATE COMMITTEE ON  
WAYS & MEANS

March 24, 2021  
10:00 a.m.

Chair Dela Cruz and Members of the Committee:

**MEASURE:** H.B. No. 1298 HD1

**TITLE:** RELATING TO STATE FUNDS.

**DESCRIPTION:** Transfers to the general fund the excess balances of various non-general funds from various state departments and agencies. Effective 6/30/21. (HD1)

**POSITION:**

The Public Utilities Commission (“Commission”) offers the following comments for consideration.

**COMMENTS:**

The Commission supports the previous committee’s amendment to remove the Public Utilities Commission Special Fund (“PUC Special Fund”) from the list of affected special funds. The Commission stresses the importance of the PUC Special Fund and the programs that it supports.

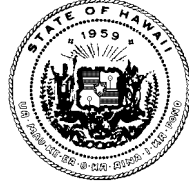
The PUC Special Fund is the primary source of funding for the programs of the Commission as well as the Department of Commerce and Consumer Affairs’ Division of Consumer Advocacy. These programs are essential in supporting the State’s energy goals and serving the public interest.

Given the importance of the programs funded by the PUC Special Fund, and noting that, by law, excess funds above \$1,000,000 are already transferred to the general fund at the end of each fiscal year, the Commission respectfully requests that this measure continue to omit the PUC Special Fund from the list of affected funds.

H.B. No. 1298 HD1  
Page 2

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE  
GOVERNOR



CATHY BETTS  
DIRECTOR

JOSEPH CAMPOS II  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

P. O. Box 339  
Honolulu, Hawaii 96809-0339

March 23, 2021

TO: The Honorable Senator Donovan M. Dela Cruz, Chair  
Senate Committee on Ways & Means

FROM: Cathy Betts, Director

SUBJECT: **HB1298 HD1 – RELATING TO STATE FUNDS.**

Hearing: March 24, 2021, 10:00 a.m.  
Via Videoconference, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) understands the intent of the measure, and provides comments related to DHS related funds. In the chart below, we indicate which fund balances may be lapsed to the general fund.

DHS appreciates the amendments of the House Committee on Finance regarding HMS funds. The House Committee on Finance amended the measure by:

- (1) Lapsing only the amounts to the general fund for various non-general funds that are either inactive or have been determined by each state department to be in excess of the requirements of the funds;
- (2) Ensuring that if this measure is signed into law after June 30, 2021, it shall retroactively take effect on that date; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

**PURPOSE:** The purpose of this measure is to transfer to the general fund the excess balances of various non-general funds from various state departments and agencies. Effective 6/30/21. (HD1)

The remaining HMS funds subject to this measure are:

Account Code - Fund Name		Minimum amount in excess of the requirements of the fund as determined by the legislature	Amount authorized to be transferred to the general fund by the director of finance
<b>Department of Human Services</b>			
46	S-302-K-GENERAL SUPPORT FOR HEALTH CARE PAYMENTS	14,355.00	14,355.00
47	S-339-K-FINANCIAL ASSISTANCE FOR HOUSING	1,769.44	1,769.44
48	S-368-K-NURSING FACILITY SUSTAINABILITY SP FUND	28,097.30	28,097.30
49	S-372-K-NURSING FACILITY SUSTAINABILITY SP FUND	1,119,729.15	1,119,729.15
50	S-382-K-NURSING FACILITY SUSTAINABILITY PROG SF	166,325.66	166,325.66
51	T-920-K-KAHIKOLU OHANA O WAIANAE PROJECT	1,061.50	1,061.50

In general, these special funds were used to support a variety of continuing programming. However, DHS agrees that the balances may be lapsed to the general fund.

Thank you for the opportunity to provide comments on this measure.

DAVID Y. IGE  
Governor

JOSH GREEN  
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER  
Chairperson, Board of Agriculture

MORRIS M. ATTA  
Deputy to the Chairperson

State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
1428 South King Street  
Honolulu, Hawaii 96814-2512  
Phone: (808) 973-9600 FAX: (808) 973-9613

TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER  
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

MARCH 24, 2021  
10:00 A.M.  
VIA VIDEOCONFERENCE

HOUSE BILL NO. 1298  
RELATING TO STATE FUNDS

Chairperson Dela Cruz and Members of the Committee:

Thank you for the opportunity to present testimony on House Bill 1298. This bill transfers unencumbered balances of various non-general funds to the general fund. The Department respectfully opposes the sections relating to its non-general funds referenced below and offers the following comments.

In general, it appears that amounts identified in the bill as excess does not consider operating expenditures for the remainder of the current fiscal year and operating funds for the upcoming biennium. Insufficient balances in the funds may necessitate a reduction-in-force and prevent the programs from maintaining core operations. We would also note that the business of agriculture requires the ability to quickly respond to unexpected threats from pests, disease, natural disasters, market disruption, and transportation disruption that has been exacerbated by the pandemic. The special funds provide the Department the flexibility and capacity for rapid response necessary for protecting and supporting agriculture and our farmers in a timely manner. The Department currently receives only 0.3% of the State budget and operates at "bare bones" levels while seeking food security and sustainability for Hawai'i. The Department respectfully requests that the special funds listed below remain funded to ensure that we have the capacity to respond to serious and imminent threats to the State's local food supply in a timely manner.

Impacts to the specific programs are as follows:





**S-301 Agricultural Loan Reserve Fund:** The agricultural loan reserve fund is critically needed to support the agricultural loan program. Interest and fees collected from loans are deposited into the account and is used to pay for salaries and all other operating costs of the program such as utilities, fees, leases, rent, travel, and vehicle expenses, etc. As allowed by statute, surplus funds in the account may be transferred to the Agricultural Loan Revolving fund to make more money available for loan to farmers and ranchers. Funds appropriated in HB 200, HD 1 to supplant these funds are insufficient to fund the program's operating costs.

**S-304 Pest Inspection, Quarantine, and Eradication Fund:** The revenues going into this fund are largely regulatory and the legality of transferring these funds to the general fund is highly questionable.

**S-305 Non-Agricultural Park Land Special Fund:** Fund income is generated from lease and revocable permit rents to the department. Fund expenses are used solely to operate, maintain, and improve infrastructure for the Non-Agricultural Park Program and include salaries and other operational expenses such as utilities, vehicle purchases, repair, and maintenance, appraisal contracts, equipment, supplies, etc. Through the ceiling, the special fund allows the program the capacity and flexibility to respond to unanticipated expenses like appraisals for lots unexpectedly vacated during the year, flexible salaries for new hires, and unpredictable repairs and maintenance to non-agricultural park's infrastructure. Balances are necessary to keep the solvent and meet future program expenditures when revenue from lease and revocable permit rents are less than the programs necessary expenditures. This happens when appraisals for re-openings and dispositions are flat for several years leading to no increases in revenue while operating costs continue to increase due to inflation and salaries.

**S-308 Seal of Quality Special Fund:** Fund was established to cost share the administrative expenses with local producers/companies participating in the program that identifies premium Hawaii-grown and Hawaii-made products. It is the only statewide branding program for products whose content and manufacture must originate in Hawaii. The member-funded program is expended for promotional activities in support of their Hawaii-grown and Hawaii-made products. This arrangement is beneficial to the State and is most effective when the participating producers/companies has an investment of money and effort in the program's results. Since deposits are derived from program application fees, sales of labels, and other collaterals from local producers/companies, it normally increases in periods of economic expansion and diminishes in periods of recession. Funds are normally expended to inspect quality standard and enforce program compliance (in partnership with QAD), produce educational materials, and to conduct marketing and related promotion activities.

**S-309 Measurement Standards:** This special fund is the Measurement Standards Branch portion of the Agricultural Development and Food Security Special fund and supports operations and staff salaries and fringe benefits. Staff supported by this fund include a Program Manager (Position #122022) and three Measurement Standards Inspectors (Position #122945 for Oahu; Position #122947 for Maui; Position #122946

for Hilo). If fund is abolished, Measurement Standards Branch is unable to support personnel expenditures to enforce regulatory functions under HRS 486 to protect consumers. The legislature's determination to replace S-309 with General fund is acceptable if it supports personnel expenditures for both filled (Hilo inspector) and vacant positions (Manager, Oahu inspector, Maui inspector).

**S-310 Aquaculture Loan Reserve Fund:** The aquaculture loan reserve fund is used to build up the aquaculture revolving fund making more money available for loans to assist and develop the aquaculture industry. Aquaculture is one of the areas identified as having the greatest promise to increase agriculture's contribution to the local economy and attain our food sustainability goals. The loss of the fund will require general fund injections to increase funding as the need arises and will hinder or deter rapid growth of the aquaculture industry.

**S-317 Agricultural Parks Special Fund:** Fund income is generated from lease and revocable permit rents to the department. Fund expenses are used solely to operate, maintain, and improve infrastructure for the Agricultural Park Program and include salaries and other operational expenses such as utilities, vehicle purchases, repair, and maintenance, appraisal contracts, equipment, supplies, etc. Through the ceiling, the special fund allows the program the flexibility to respond to unanticipated expenses like appraisals for lots unexpectedly vacated during the year, flexible hiring salaries for new hires for Unit 13, and unpredictable repairs and maintenance to agricultural park's infrastructure. Balances are necessary to keep the fund solvent and meet future program expenditures when revenue from lease and revocable permit rents are less than the programs necessary expenditures. This happens when appraisals for re-openings and dispositions are flat for several years leading to no increases in revenue while operating costs continue to increase due to inflation and salaries.

**S-319 General Administration for Agriculture:** This special fund is the general administration's portion of the Agricultural Development and Food Security Special fund and supports operations and staff salaries and fringe benefits. Staff supported by this fund include a Planner and neighbor island clerical personnel. These funds are also used to fund unforeseen needs for the administration and various departmental programs.

**S-321 Agricultural Development and Food Security- ADD:** The Agricultural Development Division (ADD) is totally reliant on the S-321-A funds to conduct marketing and promotional activities for locally grown/produced agricultural products on a continuing basis in the Hawaii domestic market. Such activities include procurement of television and media advertisements and participation/sponsorship in high demand, local trade shows (e.g. Made in Hawaii Festival and Hawaii State Farm Fair). We are equally reliant on S-321-A funds to procure challenging but popular statistical survey reports from the USDA-NASS on various yearly commodities production (e.g. vegetables/melons, fruits, aquaculture, and floriculture). Without these available funds,

ADD will be severely handicapped in delivering these critical and necessary support in vigorous demand by our local farmers, ranchers, operators, and allied partners.

**S-331 Agricultural Development and Food Security:** The large balance in the Agricultural Development and Food Security special fund is necessary since the programs with appropriations from the fund will be increasingly dependent on these funds since large portions of the department's general fund appropriation (approximately \$ 900K) are proposed to be deleted. Funds for food safety, marketing, ag innovation, repairs and maintenance, the queen bee program, agriculture workforce development, statewide strategic planning, baseline data analysis, the emergency farmer relief due to the pandemic and climate change will need to be funded by these special funds. In consideration to the sustainability initiatives for the reduction of the use of fossil fuels, the department anticipates that the revenues to the Agricultural Development and Food Security special fund will decrease over time.

**S-333 Agricultural Development and Food Security- PI:** These funds are necessary for critical needs of our Plant Industries Division, such as legal consultation, sustainable organic farming systems, and plant-based food security. The Pesticide Branch, in particular, has experienced significant need for legal advice and representation due to ongoing enforcement, compliance, and environmental matters.

**S-335 Agricultural Development and Food Security- ARM:** Funds are used solely to operate, maintain, and improve infrastructure for the Agricultural Resource Management Division and include salaries and other operational expenses such as, dam safety fees, irrigation infrastructure maintenance contracts, utilities, vehicle purchases, repair, and maintenance, consultant and construction contracts, equipment, supplies, etc. Through the appropriation, the special fund allows the program the capacity and flexibility to respond to unexpected expenses like infrastructure emergencies, and unpredictable repairs and maintenance to the division's facilities. This fund's operational appropriation is depleted every year. Transferring the balance to the general fund, in addition to eliminating the division's rapid response capabilities, will negate its ability to contract this year's Molokai pump maintenance contract, and dam safety fees.

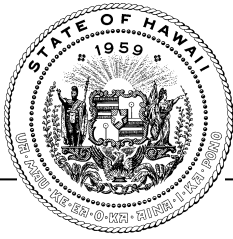
**S-337 Agribusiness Development and Research:** Eliminating the Agricultural development and food security special fund will reduce the ADC's ability to effectively develop, fund, and manage programs. Without these funds the ADC will need to ration services such as security and maintenance, which may lead to costly unintended consequences. Expanding agricultural production requires an investment of time and most importantly money. The ADC reinvests the funds it receives from the Agricultural development and food security special funds back into the land and infrastructure, which benefits our farmers and the State of Hawaii. These funds are also critical to make up for any shortfalls due to unanticipated costs. Agriculture is a tough business and we cannot afford to lose these funds.

**S-352 Agricultural Development and Food Security- Commodities:** The S-352-A special fund supports the Commodities Branch program operations and staff salaries

and fringe benefits. Program staff supported by this fund include two Agricultural Commodities Marketing Specialists (Position Nos. 122961 & 122556). If fund is abolished, the Branch will be unable to support expenditures needed to enforce FSMA produce safety rule and related inspection and certification functions to protect consumers.

**S-354 Hawaii Water Infrastructure Special Fund:** The Hawaii water infrastructure special fund is used to fund water infrastructure loans. The program assists in providing safe potable water, safe dams and reservoirs, and affordable irrigation water to develop agricultural regions. The loss of the fund will effectively eliminate the program and place the integrity of State's water infrastructure program in jeopardy.

Thank you again for the opportunity to testify on this measure.



# HAWAII STATE ENERGY OFFICE STATE OF HAWAII

DAVID Y. IGE  
GOVERNOR

SCOTT J. GLENN  
CHIEF ENERGY OFFICER

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 587-3807  
Fax: (808) 586-2536  
Web: energy.hawaii.gov

Testimony of  
**SCOTT J. GLENN, Chief Energy Officer**

before the  
**SENATE COMMITTEE ON WAYS AND MEANS**

Wednesday, March 24, 2021  
10:00 AM  
State Capitol, Conference Room 211 via videoconference

In consideration of  
**HB 1298, HD1**  
**RELATING TO STATE FUNDS.**

Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee, the Hawaii State Energy Office (HSEO) **offers comments** on HB 1298, HD1, which authorizes the Director of Finance to transfer specified amounts from various non-general funds to the general fund, including HSEO's Energy Security Special Fund (ESSF).

The ESSF was established in 2008 to provide additional resources for the energy initiatives to carry out Hawaii's long-term energy strategy in order to secure a sustainable energy future for Hawaii. HSEO accepts the proposed transfer of \$2,400,000 from the ESSF to the General Fund as being necessary given current economic conditions. HSEO also respectfully requests consideration of the Executive Biennium Budget requests for an ESSF expenditure ceiling to address priority areas of HSEO's mission which cannot be supported by HSEO's existing General Fund appropriation.

Thank you for the opportunity to testify.



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

**DAVID Y. IGE**  
GOVERNOR  
**MIKE MCCARTNEY**  
DIRECTOR  
**CHUNG I. CHANG**  
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: [dbedt.hawaii.gov](http://dbedt.hawaii.gov)

Telephone: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**MIKE MCCARTNEY**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**

Wednesday, March 24, 2021  
10:00 AM  
State Capitol, Conference Room 211

In consideration of  
**HB 1298, HD1**  
**RELATING TO STATE FUNDS.**  
and  
**HB 1299, HD1**  
**RELATING TO NON-GENERAL FUNDS.**

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) would like to offer its comments on HB1298, HD1 and HB1299, HD1, which repeals various non-general funds and/or transfers the unencumbered balances to the General Fund.

DBEDT is in agreement to the Senate's version of SB1091, SD2, which transfers the following funds into the general funds:

(15)	Foreign trade zone	\$250,000.00
(16)	State disaster revolving fund	\$280,615.00
(17)	Energy security fund	\$2,400,000.00
(18)	Hydrogen investment capital special fund	\$13,013.00
(19)	Creative industries division	\$30,000.00

DBEDT also agrees to the abolishment of the following funds as listed in SB1091, SD2, which are under the purview of DBEDT:

- (3) Electrical vehicle charging system rebate program special fund;
- (8) Research and development special fund;
- (9) Energy audits-recipients' share of cost account;
- (10) 2019-energy systems and technology training account.

In addition, DBEDT is in agreement with Part IV (section 10) of HB1299, HD1, which abolishes the Hydrogen Investment Capital Special Fund.

DBEDT affirms its commitment to work with the Committee to come to an amicable agreement on the various DBEDT programs' unencumbered cash balances that can be reverted to the General Fund and repeal of certain special funds.

Thank you for the opportunity to comment.

**HB-1298-HD-1**

Submitted on: 3/23/2021 9:42:12 AM

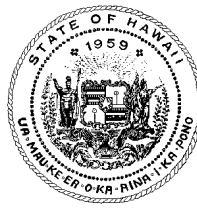
Testimony for WAM on 3/24/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Robert K. Masuda	Testifying for DLNR	Support	No

Comments:

I am available for questions. Please allow me Zoom access. Thank you.





STATE OF HAWAII  
**DEPARTMENT OF PUBLIC SAFETY**  
919 Ala Moana Boulevard, 4th Floor  
Honolulu, Hawaii 96814

**MAX N. OTANI**  
DIRECTOR

**Maria C. Cook**  
Deputy Director  
Administration

**Tommy Johnson**  
Deputy Director  
Corrections

**Jordan Lowe**  
Deputy Director  
Law Enforcement

No. \_\_\_\_\_

TESTIMONY ON HOUSE BILL 1298, HOUSE DRAFT 1  
RELATING TO STATE FUNDS.

by  
Max N. Otani, Director

Senate Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair

Wednesday, March 24, 2021; 10:00 a.m.  
State Capitol, Conference Room 211 and  
Videoconference

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

House Bill (HB) 1298, House Draft (HD) proposes to transfer to the General Fund the unrequired balance of \$700,000 from the Department of Public Safety's (PSD) Automated Victim Information and Notification System (SAVIN) Special Fund. PSD is not opposed to this transfer and provides the following additional information on the SAVIN Special Fund.

§353-136(d), Hawaii Revised Statutes (HRS) requires that the SAVIN Special Fund be used only for the SAVIN program, including operating expenses and the salary of the SAVIN Coordinator to oversee the program. The Department has a current budget request to make the SAVIN Coordinator position permanent to ensure that the automated system operates efficiently and that outreach and interface with the victim community and the SAVIN Governance Committee are maintained.

The current cash balance reflects funds accumulated since the establishment of the SAVIN Special Fund in July 2012. PSD has determined that

there are sufficient funds at this time to provide for the Coordinator's salary and expenses for the automated system in addition to the \$700,000 that will be directed to the General Fund through HB 1298, HD 1, but wishes to clarify that it is crucial for the fund to be sustainable in succeeding years to provide for the ongoing operations of the SAVIN system, including funding for the dedicated coordinator. Without continuous funding, crime victims may face disruption in receiving notifications, communication and connection to community service providers, system queries, follow-up on inquiries and other related services, which will add to the stigma of victimization.

Thank you for the opportunity to present this testimony on House Bill 1298, HD1.



STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

**Date:** 03/24/2021

**Time:** 10:00 AM

**Location:** CR 211 & Videoconference

**Committee:** Senate Ways and Means

**Department:** Education

**Person Testifying:** Dr. Christina M. Kishimoto, Superintendent of Education

**Title of Bill:** HB 1298, HD1 RELATING TO STATE FUNDS.

**Purpose of Bill:** Transfers to the general fund the excess balances of various non-general funds from various state departments and agencies. Effective 6/30/21. (HD1)

### **Department's Position:**

The Hawaii State Department of Education (Department) is opposed to the portion of HB 1298, HD1 that relate to the proposed raid of the Use of School Facilities special fund (S-325), has concerns with the raid of Olelo Educational Program Public TV raid, and offers comments for the other Department funds in this measure.

This testimony addresses each of the funds identified in the bill for the Department of Education, but the following are examples of the types of concerns the Department has with the proposed transfer of a "(M)inimum amount in excess of requirements of the fund as determined by the Legislature":

1. the appearance of a mixed message sent by raiding funds, including the Use of School Facilities fund, while also suggesting the Department explore revenue generating activities to support its operational needs in lieu of additional state support;
2. the inequity of sweeping funds that support school operations system-wide, at a time of declining state support for public schools;
3. the *Lingle v. Hawaii Insurance Council* decision that determined it is unconstitutional to transfer fees collected pursuant to rates set in Administrative Rules to the general fund (constituting an illegal tax) and the implications for potential lawsuits of doing so; and,
4. a general lack of clarity on the working definition of "requirement" in the statement "(M)inimum amounts in excess of the requirements of the fund as determined by the legislature."

These special and trust fund accounts provide predictable and stable resources for critical school programs. The Department is already facing severe shortages in General Fund

resources assessed in fiscal year (FY) 2021 and will not have the ability to cover reductions in non-General Funds if funds are diverted for other uses. Any reductions from these funds will compound the disruption schools have already been experiencing since March 2020.

HRS sections 37-52.3(4) and 37-52.4(4) require any special or revolving fund to demonstrate the capacity to be financially self-sustaining. These balances should not be viewed as excess, but as a reflection of prudent use of funds and proper fund management to maximize the longevity of each program. Diverting special funds would elicit bad fund management behavior and encourage programs to spend resources hastily simply to avoid future raids.

HRS section 37-53 already allows departments, with the approval of the Governor or the Director of Finance if so delegated by the Governor, to transfer special funds to general funds. Balances are currently being spent down throughout FY 2021; therefore, the amounts listed in the bill will not accurately reflect the true balances at the end of the fiscal year.

Stable, predictable, and reliable funding is necessary to ensure quality public education for our students, which requires us to not spend all of our special and trust fund monies; reserves are needed.

The following are the impacts related to each of the specific funds affected by the bill, with input as indicated ranging from Oppose to simply Comments.

#### **OPPOSE:**

##### **S-325-E Use of school facilities fund (§302A-1148)**

The fund was established in 1982 to collect fees and charges from those who use school buildings, facilities, grounds, and equipment for recreational and community purposes. The monies in this special fund come from fees charged to community users of school facilities to cover costs related to the care and maintenance of those public school facilities. Allowable expenses include payment of custodial services, replacement of custodial and janitorial supplies, and the repair, maintenance, and replacement of equipment used. Hawaii Administrative Rules Section 8-39-6 provides for the specific disposition of these proceeds: after the assessment of statutory special fund assessments, 70% of the fees collected are credited to the schools and 30% credited to the districts -- but for practical, organizational purposes to the complex areas.

Especially in light of significant current and anticipated budget reductions, all funds are required for payment of custodial services, replacement of custodial and janitorial supplies, and the repair, maintenance, and replacement of equipment used. Fees may not be sufficient to cover all costs related to facility maintenance in every circumstance of community use of school facilities.

The Department is already facing severe shortages in General Fund resources and will not have the ability to cover costs related to community use of school facilities if the special funds are diverted for other uses; this will compound the disruption schools have already been experiencing since March 2020. Also, stable, predictable, and reliable funding, which is necessary to ensure quality public education for our students, requires us not to spend everything; reserves to address the inevitable extraordinary circumstances that will arise are non-discretionary.

Please also be aware that the use of funds is ongoing for this FY 2021.

Use these funds to cover costs related to the general maintenance of school facilities that are used by the community.

The rationale behind revenue sharing at a complex area-level includes recognition that not all schools have an equal opportunity to collect user fees and the need to provide equitable access

and benefit from these resources for all schools, including smaller and remote schools.

Having access to these resources at the complex area also provides a source of funds for Complex Area Superintendents to respond to extraordinary circumstances that will inevitably arise with school operations. Without this risk management role at the complex area, each individual school would need to maintain the capacity to address unforeseen circumstances, which creates inefficiencies that can be avoided by not raiding this fund.

The balance of \$2,390,000 indicated in this measure for this special fund was held by the Department's 15 Complex Areas throughout the State in early March 2021. The pandemic has impacted the ability of schools to rent out their facilities, resulting in lower-than-expected revenues into the fund. If the funds are transferred to the general fund and new revenues are not generated, the Complex Areas will no longer be able to support its schools with these funds.

The Department respectfully requests that none of the monies be transferred into the General Fund. The Department would again like to note the *Lingle v. Hawaii Insurance Council* decision and the potential implications for lawsuits alleging illegal taxation with the transfer of various fees set by Hawaii Administrative Rules into the general fund.

Without these funds, the following Complex Areas and the schools they support will be negatively affected:

#### Kau-Keaau-Pahoa Complex Area

These funds provide flexibility for the complex area, giving it the ability to fund school and complex area operational needs, ranging from minor project requests to supplies.

#### Hilo-Waiakea Complex Area

The funds are used to support the much-needed repairs, maintenance, and improvements for a facility that currently houses multiple Complex Area offices that directly support the schools. This building is nearly 100 years old and in constant need of repair. As school buildings receive first priority for any available funding for facility repair, buildings such as these must either wait for possible funding or find other means of funding. The special funds allow the Complex Area to make building improvements to enable the Complex Area to offer special programs for its students.

#### Honokaa-Kealakehe-Kohala-Konawaena Complex Area

The vast geography of this Complex Area renders the seamless delivery of people and supplies to schools a challenge. Mileage is a significant expense. These funds fill in the gaps when school funds are inadequate for classroom supplies, cleaning supplies, and, particularly during the last year, to assist with technology needs.

During the last two years, expenditures from these funds have significantly exceeded income, and funds are about 33% lower while needs continue to increase. Losing these funds would severely limit the ability of the Complex Area to support schools. With the expectation that schools will increase in-person learning in the 4th quarter, Complex Area employees will also travel distances to assist the schools with in-person coaching and modeling supports in classrooms. The loss of these funds would significantly deter assistance to schools.

#### Baldwin-Kekaulike-Maui Complex Area

Indexed Complex Area Allocation (ICAA) funding is used primarily for the Complex Areas to assist the schools with executing their academic plans and provide guidance and support for complex area initiatives. However, ICAA funds for operations are very limited. In the current and prior fiscal year, Use of School Facilities special funds have been used to upgrade the technology in the district conference rooms where professional development is provided for school-level teachers and staff. Other expenditures include providing student learning applications to all schools in the complex area.

### Hana-Lahainaluna-Lanai-Molokai

ICAA funding is used primarily for the Complex Areas to assist the schools with executing their academic plans and provide guidance and support for complex area initiatives. However, ICAA funds for operations are very limited. In the current and prior fiscal year, Use of School Facilities special funds have been used to upgrade the technology in the district conference rooms where professional development is provided for school-level teachers and staff. Other expenditures include providing student learning applications to all schools in the complex area.

### Kapaa-Kauai-Waimea Complex Area

The Complex Area uses these funds to support its 16 schools including Niihau School, Kokee Discovery Center, and the Kauai Complex Area office, with repairs and maintenance as well as emergency expenses. Examples include, but are not limited to, custodial supplies, pumping of the septic tank, facilities truck repairs, phone system repairs, and training. Emergency expenses have even included cleanup of the Anahola campus due to homeless encampments.

In anticipation of inadequate ICAA funds for FY 2021-2022, monies from the special fund will also be needed to cover mileage expenses for district personnel to support the schools, telephone, copier, storage rental, and unanticipated expenditures.

### Kaimuki-McKinley-Roosevelt Complex Area

These funds are critical for the Complex Area to support its 29 schools with emergency needs and unforeseen circumstances, and whenever they are unable to service all students on the Weighted Student Formula (WSF) alone.

### Farrington-Kaiser-Kalani Complex Area

These funds are critical for the Complex Area to support its 25 schools with emergency needs and to supplement project budgets when needed. Funds have been used to make classroom improvements for a robotics/Science, Technology, Engineering, and Math (STEM) program, install new or replace air conditioners, and to move multiple offices to make room for additional classroom/dorm spaces for students. Without the funds, such actions would have been delayed, or not possible at all.

### Leilehua-Mililani-Waialua Complex Area

These funds provide the Complex Area with the flexibility to help any and all of its schools whenever facilities needs arise, as well as address needs related to facilities that house complex area staff, many of whom are located on school campuses. Funds help the schools pay for custodial support and supplies, room cleaners, and other office supplies. Funds were used in the past year to help schools when a cafeteria worker at a serving kitchen tested positive for COVID-19, and the meals had to continue to be provided to our students while the kitchen was closed.

If these funds are removed, schools will need to spend funds earmarked to address "regular" student needs to cover emergency expenses.

### Aiea-Moanalua-Radford Complex Area

These funds are critical for the Complex Area to support its 22 schools with unforeseen needs, including technology for the schools, school operations, and district office needs, especially when ICAA funds have been allocated for planned expenses. The funds cover such expenses to ensure there is no disruption in the provision of educational services to our students.

### Pearl City-Waipahu Complex Area

The transfer of these monies out of the Community Use of Facilities special fund would have a significant and detrimental impact on the Complex Area and its 17 schools. These funds have been used to directly support schools in times of emergency, budget shortfalls, and other dire and unexpected situations such as the ongoing COVID-19 pandemic.

Uses of the funds for schools include:

- Cleaning supplies and equipment;
- Unexpected, unbudgeted telecom charges;
- Facility and office rental which includes reimbursement to schools for host site expenses (e.g., custodial costs) related to events such as District Spelling Bees, Science Fairs, and other student-centered activities, as well as professional development training and Educational Leadership Institutes; and
- Unexpected and/or urgent health and safety expenses such as feral cat trap/capture costs.

If these funds are taken away from the Complex Area, the discretion and flexibility to assist schools outside of their appropriated general funding would be lost. This would especially affect smaller schools that are often left with less than adequate support in years with budget shortfalls.

### Nanakuli-Waianae Complex Area

These funds allow equitable access to funds for smaller schools that may not have the facilities to generate income through the use of their facilities, making the playing field more even for all schools in the complex area. The funds are also used by the Complex Area to help the schools pay for unexpected expenses without disrupting instructional support, especially during budget shortfalls when funds are restricted.

The funds support both the Complex Area and its schools with grounds repairs and maintenance, air conditioning upgrades/repairs, and security.

If the balance is transferred to the State's general fund, the schools will no longer have an emergency funding source that the Complex Area has been able to provide. Within the last year, the Complex Area has been able to support its staff and schools with the funding needed to create a safe work and school environment, as well as a place where families could pick up the necessary supplies to facilitate the switch to distance learning, and pick up meals to sustain our students. These funds have allowed the entire Complex Area, from district to school level, to provide our students and families with the tools needed to safely navigate this year of unimaginable loss.

### Campbell-Kapolei Complex Area

As these funds are generated by the community use of school facilities, the Complex Area's share is used toward school support. This support is provided in two ways: funds are returned directly to schools for repairs and maintenance associated with use for their facilities, or the Complex Area makes purchases on behalf of the schools. These funds have and continue to be used to pay for expenses such as repairs and maintenance, and replacement of classroom and cafeteria furniture, telecommunications infrastructure equipment and maintenance (e.g., VOIP, Internet). The loss of this school-earned revenue would be severe; without this source of funding, schools would need to utilize funds needed for other school, staff, and student support.

### Castle-Kahuku Complex Area

The Complex Area uses these funds to support its two small schools (Waiāhole and Ka'a'awa Elementary Schools), its other schools that do not receive monies through use of their facilities, and the district. Funds are used for:

- Repair and maintenance of school and district facilities that provide space for meetings and professional development;
- Assisting schools that do not receive enough funds through the WSF; and
- Emergency purposes, including termite treatment in school classrooms and cafeterias.

The funds cover costs that include security, custodial supplies and equipment, classroom supplies, technology needs, air conditioning repair and maintenance.

The flexibility of and ability to carry over these funds provides the Complex Area with the

opportunity to support the schools and district in times of immediate need. With school and complex area budgets being inconsistent from year to year, especially amidst the threat of budget restrictions, these funds are necessary to have in reserve.

#### Kailua-Kalaheo Complex Area

The Complex Area uses these funds for repair & maintenance (R&M), replacement, and new equipment costs for the schools, District Office, and District Annex at Keolu. Examples include, but are not limited to, R&M and replacement of window and split air-conditioning units, technology needs, furniture purchases to comply with social distancing, cleaning supplies, alarm system maintenance, audio visual equipment, and facilities rental costs for various meetings.

#### CONCERNS:

##### **T-916-E Olelo Educational Program Public TV**

The program uses these funds to cover costs related to the salaries of their staff and the provision of accredited educational services and programs, including but not limited to distance learning, credit and non-credit courses, arts and humanities programs, life-long learning programs, and lower and higher education programming access, including expenses for the Akaku Maui Community Television program.

Per the Hawaii Educational Networking Consortium that distributes the Olelo funds to the Department, UH Manoa, and the Hawaii Association of Independent Schools, these are considered to be restricted funds provided by the telecom companies for use exclusively for cable television (CATV) programming. The program's ability to cover costs may be hindered if funds were transferred into the State's General Fund. Additionally, if these funds are removed, alternative sources of funds may need to be found to allow for the continuation of services which would be difficult during these challenging economic times; if not, the program would have to be terminated.

Transfer of funds to the general fund may put into jeopardy the agreement between the cable providers and the Department of Commerce and Consumer Affairs Cable Television Division. The agreement with Time Warner Entertainment specifically indicates that use of funds for non-PEG (Public, Educational, and Governmental) access purpose is grounds to suspend paying the Access Operating Fee and Capital Fund Payments.

In addition, as the fees collected that are deposited to this fund are not established in State Statute, the Lingle v. Hawaii Insurance Council ruling would appear to apply here too. As such, the transfer to the general fund would appear to constitute an unconstitutional / illegal tax.

#### COMMENTS:

##### **S-350-E Driver Education Program**

Revenues for this fund are primarily received from the Department of Commerce and Consumer Affairs in accordance with HRS sections 431:10C-115 and 431:10G-107, from fees collected by the Insurance Commissioner from motor vehicle insurers. Allowable expenses support the drivers education program and a traffic safety specialist position. The program has indicated that a raid of the amount contained in this measure will allow the program to continue to operate

##### **S-333-E Private trade, vocation & technical school licensure (§302A-425.5)**

Revenues for the fund come from licensing fees collected by the Department pursuant to HRS section 302A-425. Applications for licensure are usually done in odd years. Monies in the



special fund shall be used to fund activities related to the licensure requirements established under HRS section 302A-425, including funding for one permanent half-time position and administrative and operational costs.

If this funding is redirected to the general fund, there would no longer be a means to manage the program, the purpose of which is to protect consumers from false, deceptive, misleading, and unfair practices, and to ensure adequate educational quality. As such, general fund support to maintain the program will be required.

**S-305-E/S-328-E Special education & student support services (§302A-707)**

This fund was established to create a receptacle for moneys received as repayment from students who have breached their contractual agreements under the Felix stipend program. Use of the special fund monies is restricted to providing ongoing funding for the provision of tuition assistance to students for the Felix consent decree recruitment and retention programs or any successor programs, and related costs.

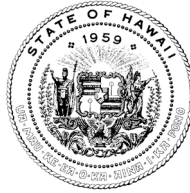
While the Department recognizes that the long standing challenge of recruiting and retaining qualified special education teachers, this level of transfer proposed in this measure will allow the program to maintain current levels of operation.

**S-321-E Hawaii teacher standards board special fund (§302A-806)**

This fund was created in 1998 to support the Hawaii Teachers Standard Board (HTSB), which establishes standards governing teacher licensing and credentialing within the Department, conducts cyclical review of standards, and suggests revisions for their improvement. Act 161, SLH 2019, repealed the HTSB special fund effective 7/1/19 with any balances reverting to the Treasury; this fund has not had new collections since then. The Legislature also fully funded HTSB with General Funds and it was no longer necessary to collect license or permit fees from teachers. Sweeping any remaining balance to the general fund in this circumstance would be a normal practice.

Thank you for the opportunity to provide testimony on this measure.

The Hawai'i State Department of Education is committed to delivering on our promises to students, providing an equitable, excellent, and innovative learning environment in every school to engage and elevate our communities. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at [www.hawaiipublicschools.org](http://www.hawaiipublicschools.org).



**OFFICE OF ENTERPRISE TECHNOLOGY SERVICES**

P.O. BOX 119, HONOLULU, HI 96810-0119  
Ph: (808) 586-6000 | Fax: (808) 586-1922  
ETS.HAWAII.GOV

Written Testimony of  
**DOUGLAS MURDOCK**  
Chief Information Officer  
Enterprise Technology Services

Before the

SENATE COMMITTEE ON WAYS AND MEANS  
TUESDAY, MARCH 24, 2021

HOUSE BILL 1298 HD1  
RELATING TO STATE FUNDS

Dear Chair Dela Cruz, Vice Keith-Agaran, and members of the committee:

In a hearing before the House Committee on Finance, the Office of Enterprise Technology Services (ETS) previously supported provisions in this bill that transfers the unencumbered balances of \$1,000,000 from the Information Management and Technology Services Fund (S-333-M) to the general fund.

However, due to the substantial amount of modernization projects ongoing or starting in the next year, we respectfully request the entire amount be left in the fund to allow ETS to provide more support the departments using this money.

Thank you for the opportunity to provide testimony on this measure.

**LATE**

**HB-1298-HD-1**

Submitted on: 3/23/2021 11:39:03 AM  
Testimony for WAM on 3/24/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Donna Mau	Testifying for HSEO	Comments	No

Comments:

I would like to have access to the hearing via Zoom in the event Scott Glenn is unavailable.



**American  
Heart  
Association.**

## **American Heart Association testimony in strong **OPPOSITION** to HB1298, HD1 Related to State Funds**

The American Heart Association, the nation's oldest and largest voluntary organization dedicated to fighting heart disease and stroke, urges Hawaii state legislators to **oppose HB1298, HD1** that would transfer state special funds aimed at improving and preserving community health to the general fund.

### **Chairman of the Board**

Glen Kaneshige

### **President**

Michael Lui, MD

### **Board Members**

Rick Bruno, MD, FACEP

Jackie De Luz

Brandt Farias

Jason Fujita

Mimi Harris

Zia Khan, MD

Brandon Kurisu

Arnold Martines

Michael Rembis, FACHE

Andrew S. Rosen

Timothy Slottow

Jennifer Walker

HB1298, HD1 would threaten vital work aimed at preventing and controlling stroke by draining funds from the Neurotrauma Special Fund. That fund, over the last five years, has helped Hawaii acute stroke care hospitals and local EMS agencies to make great strides to improve stroke care statewide. Through a collaborative effort, representatives of Hawaii stroke care hospitals, state and county EMS agencies, the American Heart Association and the Department of Health are employing the American Heart Association's Get With The Guidelines patient quality care tool to collect and share stroke patient data with the goal of raising the level of stroke patient care in all hospitals statewide. Neurotrauma Special Fund allocations are helping Hawaii's smaller rural hospitals participate in that data registry tool by covering the annual registration fee for the tool.

As a result, since 2010 Hawaii hospitals have risen from the bottom percentage nationally in treating stroke patients in under one hour or less from time of arrival, to on average being one of the highest-ranking states in quick treatment times, no matter where care is provided in the state. In 2010, stroke patients received clot-dissolving medication in under 60 minutes upon arrival at a hospital only 31% of the time. By 2019, through their collaborative data-driven effort, Hawaii hospitals improved the "door to needle" time for stroke patient to on average 92%, exceeding the national average of 84%. The window of treatment using clot-dissolving medication is limited to 6 hours from the onset of stroke, with better health outcomes usually occurring the earlier the treatment is administered. Studies of the effectiveness of tPA have shown that for every 100 patients treated with tPA within 90 minutes of symptom onset, 28 patients will be less disabled than if they had not received the medication. Because of this reduction in chronic disability, the cost savings for tPA treatment is estimated as \$45,000 per treated patient.

Also, guided by the data, Stroke Coalition members also worked to establish new City and County of Honolulu EMS stroke patient transport guidelines which has shaved an average of approximately 84 minutes off treatment times for the most severe stroke patients with large vessel occlusions (LVO) on Oahu. Almost 2 million brain cells are lost each minute that blood flow to the brain is restricted, so 84 minutes translates to roughly 168,000,000 brain cells being saved in the most severe stroke patients. Patient outcome data is still being compiled for study, but it is expected that this effort is translating to improved health outcomes for those most severe stroke patients.

Neurotrauma Special Fund dollars have also been used to purchase and install RAPID CT perfusion software at six Hawaii hospitals along with training of frontline staff at these hospitals. The hospitals are Wahiawa General Hospital, Hilo Medical

*Serving Hawaii since 1948*

### **Our Mission:**

"To be a relentless force for a world of longer, healthier lives."

For more information on the AHA's educational or research programs, visit [www.heart.org](http://www.heart.org) or contact your nearest AHA office.

Center, Kona Community Hospital, Kauai Veterans Memorial Hospital, Adventist Castle Medical Center, and Kuakini Medical Center. The grant includes initial installation fees and licensing fees for the first three years, after which participating hospitals will be expected to pay for ongoing fees to maintain licensing for the RAPID software. The RAPID software is being used to help provide access to treatment for LVO stroke patients by allowing physicians at smaller hospitals, often without the support of a neurologist at their facilities, to share brain scans with the Queen's Medical Center (QMC), Hawaii's only comprehensive stroke center. QMC neurologists then quickly review the scans to determine and advise whether the stroke patient would benefit from quick medical transfer to QMC for mechanical removal of the blood clot. Medical transport from neighbor islands can often result in air ambulance costs of at least \$40,000, so the RAPID software is not only reducing delays in transfer of patients who need to be treated with mechanical thrombectomy, but also helping to screen and limit unnecessary transfer of patients who might not benefit from receiving the more advanced treatment at QMC.

Disease prevention is key to the sustainability of Hawaii's Pre-Paid Healthcare law, as well as for the sustainability of the federal Affordable Care Act. As the costs of healthcare continues to sharply rise for largely preventable chronic diseases and the risks factors that drive them, our healthcare system will be challenged to remain viable or affordable to those most greatly affected.

Stroke is Hawaii's third leading cause of death and the leading cause of major disability. Stroke is also very costly. It affects not only the patient, but also the family members forced into caregiving roles when a stroke health outcome is poor. Here are just some of the financial costs of being a family caregiver:

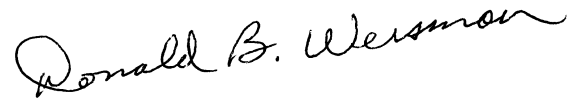
- They spend \$5,531 out-of-pocket in annual direct costs (for such items as assistive devices, modifications to the home, etc.).
- They provide an average of 20.4 hours of unpaid care per week.
- Seven in 10 caregivers cut back on work hours, change jobs, or stop working.
- Loss of wages, Social Security benefits, and pensions for caregivers age 50 or older average \$283,716 for men and \$324,044 for women.
- One in 3 caregivers use their savings to be a caregiver.
- One in 4 caregivers cut back on spending for their own preventative health or dental care.

Stroke-related costs in the United States came to nearly \$46 billion between 2014 and 2015.<sup>2</sup> This total includes the cost of health care services, medicines to treat stroke, and missed days of work. On average, someone dies of a stroke every 3 minutes and 33 seconds in the United States. There are about 405 deaths from stroke each day, based on 2018 data.

Benjamin Franklin's famous adage "An ounce of prevention is worth a pound of cure," has never been truer than during the current pandemic. The American Heart Association urges Hawaii legislators to rethink plans to drain the important Neurotrauma Special Fund, to seek to fill state budget funding needs through other

revenue sources, and to continue the state's commitment to the health of Hawaii's people.

Respectfully submitted,

A handwritten signature in black ink that reads "Donald B. Weisman". The signature is written in a cursive style with a horizontal line above the name.

Donald B. Weisman  
Government Relations/Communications Director



## HAWAII

1003 Bishop St.  
Pauahi Tower, Ste. 740  
Honolulu, HI 96813  
T: 808.524.8694  
[tpl.org](http://tpl.org)

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## THE TRUST FOR PUBLIC LAND'S TESTIMONY OPPOSING HB 1298 HD1 & COMMENTS ON HB 1299 HD1

Senate Committee on Ways & Means  
Wednesday, March 24, 2021, 10:00 a.m.  
Conf. Rm. 211

The Trust for Public Land opposes HB 1298 HD1 and has comments on HB 1299 HD1. We recognize the current fiscal crisis facing the State and appreciate the Governor, this Committee, and the Legislature for its difficult work. However, the dedicated special fund and source of funding (a portion of the conveyance tax) for the Legacy Land Conservation Fund is critical to qualify for 75% of federal matching funding. In addition, base levels of funding of \$5.1 million annually (staff/operating and land acquisition capital/grants) should continue in order to capitalize on \$900 million of federal conservation funding made available by the 2020 Great American Outdoors Act, and secure federal funding for important Hawai'i projects such as Nā Wai 'Eha on Maui.

HB 1298 HD 1 proposes to authorize the Finance Director to transfer up to \$15 million of existing Legacy Land Conservation Fund balances into the general fund, which is a reduction from the initial draft of the bill authorizing transfer of up to \$26 million. HB1299 HD 1 proposes to eliminate a number of special funds, and initially proposed to eliminate the Legacy Land Conservation Fund, but has been amended in HD1 to exclude the Legacy Land Conservation Fund. We thank the Committee members for their thoughtful amendments and continue to advocate for base funding in the special designated fund.

If deposits in the Legacy Land Conservation Fund are stopped and the designated fund eliminated, Hawai'i will be unable to capitalize on millions of dollars of federal funding opportunities that can provide up to 75% of matching funding because Hawai'i has established a dedicated source of conservation funding via the Legacy Land Conservation Fund. In the Summer of 2020, Congress passed and the President signed the Great American Outdoors Act, which fully funded the Land and Water Conservation Fund (LWCF) at **\$900 million annually**. LWCF finances conservation programs like the U.S. Forest Legacy Program under the U.S. Department of Agriculture, the Outdoor Recreation Legacy Partnership under the National Park Service, and U.S. Fish & Wildlife Recovery Land Acquisition and Habitat Conservation Plan Acquisition Programs. As a result, federal funding has increased (in some cases, more than doubled) for these federal programs.

The Legacy Land Conservation Fund provides an important source of local/state match for these federal conservation programs. Because Hawai'i has a dedicated source of funding – the Legacy Land Conservation Fund – the match requirements for some federal programs are more favorable, allowing 75% federal share and 25% state/local share (in the absence of a dedicated fund, some programs will only allow a 50% federal share and require a 50% local/state match).



For example, The Trust for Public Land and DLNR/DOFAW are currently working on an U.S. Fish & Wildlife Service application for funding the purchase of the Nā Wai 'Eha watershed on Maui. DLNR/DOFAW previously secured \$3 million of U.S. Forest Legacy funding for Nā Wai 'Eha. We need approximately \$2 million of state/local match to complete an estimated over \$9 million purchase. We plan to apply for FY22 Legacy Land Conservation Program funding this year. DLNR/DOFAW has several other projects for which it is also applying for federal funding to take advantage of the \$900 million annually funding federal conservation programs, and the Legacy Land Conservation Fund provides additional federal leverage, and a source of matching state/local funds.

The COVID-19 crisis has proved that DLNR's mission to maintain and manage our natural and cultural resources is critical to our physical and mental well-being, our shrinking freshwater supplies threatened by climate change, our public shorelines and reefs, and our unique plant and animal species found nowhere else in the world. Current DLNR programs and staffing levels should continue for the reasons stated above to secure Hawai'i's optimum share of up to 75% federal funding for important projects.

Mahalo to the Legislature for continuing funding to the State Legacy Land Conservation Program at its current/base level to pay for staff and the base program, and for maintaining the dedicated fund.

Me ke aloha,



Lea Hong  
State Director

Edmund C. Olson Trust Fellow





**Submitted to the Senate Committee on Ways and Means  
Hearing: Wednesday, March 28, 2021 10:00am  
Hawaii State Capitol Room 211, Video Conference  
HB 1298 HD1: Relating to State Funds and HB 1299 HD1: Relating to Non-General Funds**

Conservation Council For Hawaii **strongly opposes HB 1298 HD1 and offers comments on HB 1299 HD1.**

HB1298 HD 1 authorizes the Director of Finance to transfer up to 15M out of the Legacy Land Conservation Fund while HB1299 HD 1 abolishes special funds, but does not seem to include the Legacy Land Conservation Fund which we would like to express our gratitude to the legislators for excluding the fund from the list of special funds that have been repealed. Base levels of funding for the Legacy Land Conservation Program of \$5.1 million annually (staff/operating and land acquisition capital/grants) should continue in order to capitalize on \$900 million of federal conservation funding made available by the 2020 Great American Outdoors Act, and secure federal funding for important Hawai'i projects such as Nā Wai 'Eha on Maui. A designated special fund like the Legacy Land Conservation Fund qualifies the State for 75% match of federal funds – eliminating the funds would reduce federal matches to 50%.

The COVID-19 crisis has proved that DLNR's mission to maintain and manage our natural and cultural resources is critical to our physical and mental well-being, our shrinking freshwater supplies threatened by climate change, our public shorelines and reefs, and our unique plant and animal species found nowhere else in the world. Current DLNR programs and staffing levels should continue. As discussed below, base/core funding of \$5.1 million per year for the Legacy Land Conservation Program is critical for Hawai'i to secure its share of federal funding for important projects.

If deposits in the Legacy Land Conservation Fund are ended, Hawai'i will be unable to capitalize on millions of dollars of federal funding opportunities that can provide up to 75% of matching funding because Hawai'i has established a dedicated source of conservation funding via the Legacy Land Conservation Fund. In the Summer of 2020, Congress passed and the President signed the Great American Outdoors Act, which fully funded the Land and Water Conservation Fund (LWCF) at **\$900 million annually**. LWCF finances conservation programs like the U.S. Forest Legacy Program under the U.S. Department of Agriculture, the Outdoor Recreation Legacy Partnership under the National Park Service, and U.S. Fish & Wildlife Recovery Land Acquisition and Habitat Conservation Plan Acquisition Programs. As a result, federal funding has increased (in some cases, more than doubled) for these federal programs.

The Legacy Land Conservation Fund provides an important source of local/state match for these federal conservation programs. Because Hawai'i has a dedicated source of funding – the Legacy Land Conservation Fund – the match requirements for some federal programs are more favorable, allowing 75% federal share and 25% state/local share (in the absence of a dedicated fund, some programs will only allow a 50% federal share and require a 50% local/state match).



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[www.labor.hawaii.gov](http://www.labor.hawaii.gov)

March 22, 2021

To: The Honorable Donovan M. Dela Cruz, Chair,  
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair, and  
Members of the Senate Committee on Ways and Means

Hearing: Wednesday, March 24, 2021

Time: 10:00 a.m.

Place: Conference Room 211, via videoconference

From: Jovanie Domingo Dela Cruz, Executive Director  
Office of Community Services

**Re: H.B. 1298, HD 1 RELATING TO STATE FUNDS**

**I. OVERVIEW OF PROPOSED LEGISLATION**

This bill would transfer multiple State special funds into the general fund. With respect to the Office of Community Services (OCS), it would transfer two very small special funds, one holding \$270 and one holding \$1,080, into the general fund. The Office of Community Services **supports** this measure.

**II. CURRENT LAW**

Under current law, the State has many special funds. Periodically, the Legislature reviews whether various special funds should retain their special status or whether they should be consolidated into the general fund.

**III. COMMENTS ON THE PENDING BILL**

OCS supports this bill because the amounts involved are far too small for OCS to effectively use them, and OCS does not expect those amounts to be increased anytime soon. Moreover, OCS recognizes that it is appropriate for each agency to contribute whatever sums it can to the general fiscal needs of the State in this time of economic crisis.

Thank you for this opportunity to testify.



HEARING OF THE SENATE COMMITTEE ON WAYS & MEANS

ATTN: CHAIR DONOVAN M. DELA CRUZ & VICE CHAIR GILBERT S.C. KEITH-AGARAN

Testimony in Strong Opposition to HB1298 HD1 and  
Comments on HB 1299 HD1

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March 24, 2021, 10:00 a.m.  
Via Videoconference

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126 Queen St., Ste. 306  
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[www.hilt.org](http://www.hilt.org)

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and Honorable Members of the Senate Committee on Ways and Means,

Hawaiian Islands Land Trust, d/b/a Hawai'i Land Trust ("HILT") is Hawai'i's islands-wide land trust that is both a Hawai'i 501(c)3 nonprofit, and a nationally accredited land trust. Our mission is to protect and steward the lands that sustain Hawai'i, and to perpetuate Hawaiian values by connecting people to 'āina. HILT is actively working with willing landowners, government, and private sector partners to protect over 5,500 acres of coastlines, forests, and lands that grow healthy food for local families throughout Hawai'i through the acquisition of conservation easements and fee ownership and stewardship of lands in partnership with community. HILT also owns and stewards seven preserves totaling 2,033 acres of coastal and cultural landscapes where in a year of hardship, we were able to hire 47 temporary conservation workers during the COVID-19 pandemic, getting Federal funds into local households and provide open space reprieve for over 26,000 individuals.

We appreciate the opportunity to provide testimony in strong opposition to HB1298 HD1 and provide comments on HB1299 HD1.

**Strong Opposition to HB1298 HD1**

HILT strongly opposes HB1298 HD1 as it negatively impacts our ability to serve our communities and State and effectively restricts the State's ability to capitalize on the \$900 million of federal matching funds available annually for land conservation acquisitions. HILT requests that at the least, base levels of funding for the Legacy Land Conservation Program of \$5.1 million annually should continue. The following HILT projects will be greatly compromised without continued State Legacy Land Conservation Fund appropriations:

**Mālama Mokae's coastal lands at Hāna, Maui (34 acres):** a conservation acquisition project that will protect local community stewardship and access to an indigenous food source and ensure the permanent protection of this open space resource sung about by the late Pekelo Cosma. In partnership with Ke Ao Hāli'i, local 501(c)(3), the County of Maui's Open Space Fund has earmarked the matching funds for this project and State funds are needed for a successful close of this fourth and final phase of the community's landscape conservation effort to protect the entire coastline from Hamoa Beach to Waioka Pond.

(continued on next page)



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Laura H. E. Kaakua

ph: 808.791.0729  
126 Queen St., Ste. 306  
Honolulu, Hawaii 96813  
www.hilt.org

**Māhukona Navigational & Cultural Complex at Kohala, Hawai'i (642 acres):** land that was once slated as another resort development along the Kohala coastline, to an opportunity for us to protect the lands and waters that have and continue to teach generations of navigators the living cultural practice of non-instrumental navigation. HILT is working in partnership with Nā Kālai Wa'a, local 501(c)(3), and the greater Kohala and Hawai'i Island community to protect the home of over 175 cultural sites including Ko'a Heiau Holomoana and community access and stewardship to lands that have and can continue to serve as a hub for educational and cultural resiliency and opportunities for climate change mitigation. Māhukona ranked the #1 priority project in 2020 for the County of Hawai'i's open space program to provide matching funds for, alongside Federal and private funding partners—we hope the State Legacy Land Conservation Program can be a part of this incredible community effort.

**Comments on HB1299 HD1**

HB1299 HD1 appears to repeal special funds, but does not seem to include the Legacy Land Conservation Fund. We would like to thank the Hawai'i State Legislature for excluding the Legacy Land Conservation Fund from the list of special funds being repealed.

As HILT steps into its 10-year anniversary in 2021, we are humbled and equally emboldened in how our mission directly provides reprieve and addresses the environmental and community resiliency issues our Hawai'i families face statewide. As we grow our strength in connection and storytelling, we hope we were able to communicate the **importance and security that the State of Hawai'i's Legacy Land Conservation Fund holds for a resilient future for Hawai'i.**

Mahalo nui loa for your public service and for the opportunity to submit testimony. We look forward to working collaboratively to protect our most special places in Hawai'i. Please do not hesitate to reach out as we would love to have you and your 'ohana out on the land with us.

Mālama pono,

Shae Kamakaala  
Director of 'Āina Protection, [shae@hilt.org](mailto:shae@hilt.org), 808-940-0639

Enclosure

# HAWAIIAN ISLANDS LAND TRUST

## 2020 HIGHLIGHTS AND ACCOMPLISHMENTS

In 2020, HILT encountered a variety of challenges and opportunities brought about by the Global Coronavirus Pandemic. However, the strong foundation built over the previous two years, our dedicated volunteer board, and support from generous donors allowed us to successfully weather these challenges. HILT retained its employees and grew our staff by 4, protected 3 special places, and connected thousands with the land by welcoming everyone on our preserves, and providing 'āina-based education. We are thrilled by the building momentum that will ensure the protection and community stewardship of even more of Hawai'i's coastlines, Hawaiian cultural landscapes, and lands that grow food for Hawai'i's people.

### BY THE NUMBERS

**21,650** Total Acres Protected

**26,300** Visitors at HILT Preserves

**4,724** Community Volunteer Hours

**7** HILT Preserves & **45** HILT Conservation Easements

### PROTECT (Conservation Purchases and Easements):

- Partnered with the Hāna community group Ke Ao Hāli'i to protect **27** acres of coastal ranchland of great cultural significance at Pu'u Hele, Moka'e, Hāna Coast, Maui
- Finalized the protection of Hakipu'u Lo'i Kalo, Ko'olaloa, O'ahu. A project more than 10 years in the making, HILT worked with community nonprofit Ho'āla 'Āina Kūpono, The Trust for Public Land, and the City & County of Honolulu to forever protect this **1.5**-acre historic wetland taro farm.
- Conserved **1,752**-acres of Ulupalakua Ranchland to be reforested with koa creating habitat for 'Ōpe'ape'a (Hawaiian Hoary Bat).
- Total places protected following HILT's Strategic Land Protection Priorities: **3**
- Total acreage protected in 2020: **1,780.5**
- Significantly advanced **8** protection projects to close in 2021 through 2023
- Increased capacity to own and steward land in **8** communities
- Signed **5-year** Agricultural Conservation Easement Program Agreement with Federal Agency NRCS
- Added **1** new position to lead HILT's Protect work. Shae Kamaka'ala was hired as HILT's Director of 'Āina Protection based on Hawai'i Island in February 2020
- Developed **1** Community Guide to Land Conservation in Hawai'i in partnership with The Trust for Public Land
- Achieved **#1** ranking for HILT's Māhukona Project by the County of Hawai'i Public Access, Open Space and Natural Resources Commission

### STEWARD (Caring for HILT's Preserves, and Conservation Easement Annual Monitoring):

- Completed **Climate Change Resiliency Plan** for Waihe'e Coastal Dunes and Wetlands Refuge
- Planted **1,659** native and rare plants at HILT's preserves
- 1,262** volunteers gave 4,724 hours of stewardship to HILT preserves
- Installed **950"** of ungulate-proof fence at Maunawila Heiau Complex
- Hosted **93** volunteer days at Waihe'e Refuge, Kāhili Beach Preserve, and Maunawila Heiau Complex
- Continued cultivation of over **50** different rare Kalo species through partnership with E Kupaku Ka 'Āina's Maka'aka Lo'i at Waihe'e Coastal Dunes and Wetlands Refuge
- Hired **47** temporary conservation workers during COVID-19 pandemic, getting Federal funds into local households
- Provided annual monitoring for **45** Conservation Easements per national standards
- Hired **3** part-time stewardship & education staff at Kāhili Beach Preserve on Kaua'i in March 2020
- Hosted **2** Community Kilo Programs at Kāhili Beach Preserve and Maunawila Heiau Complex
- Cleared **2** streambeds to prohibit flooding issues at Kālepa Stream (which now flows to the ocean) at Waihe'e Refuge, and Puna'iki Stream at Maunawila Heiau Complex
- Removed invasive plants from **2** acres at Waihe'e Refuge, Nu'u Refuge, Maunawila Heiau Complex, and Kāhili Beach Preserve
- Obtained **State LUC approval** to retain agricultural designation on the makai portion of Kūkūau Forest to actively restore the forest
- Mapped **1** cultural site – Kealaka'ihonua heiau on Waihe'e Refuge
- Expanded **¼** acre of native habitat at Waihe'e Coastal Dunes & Wetlands Refuge

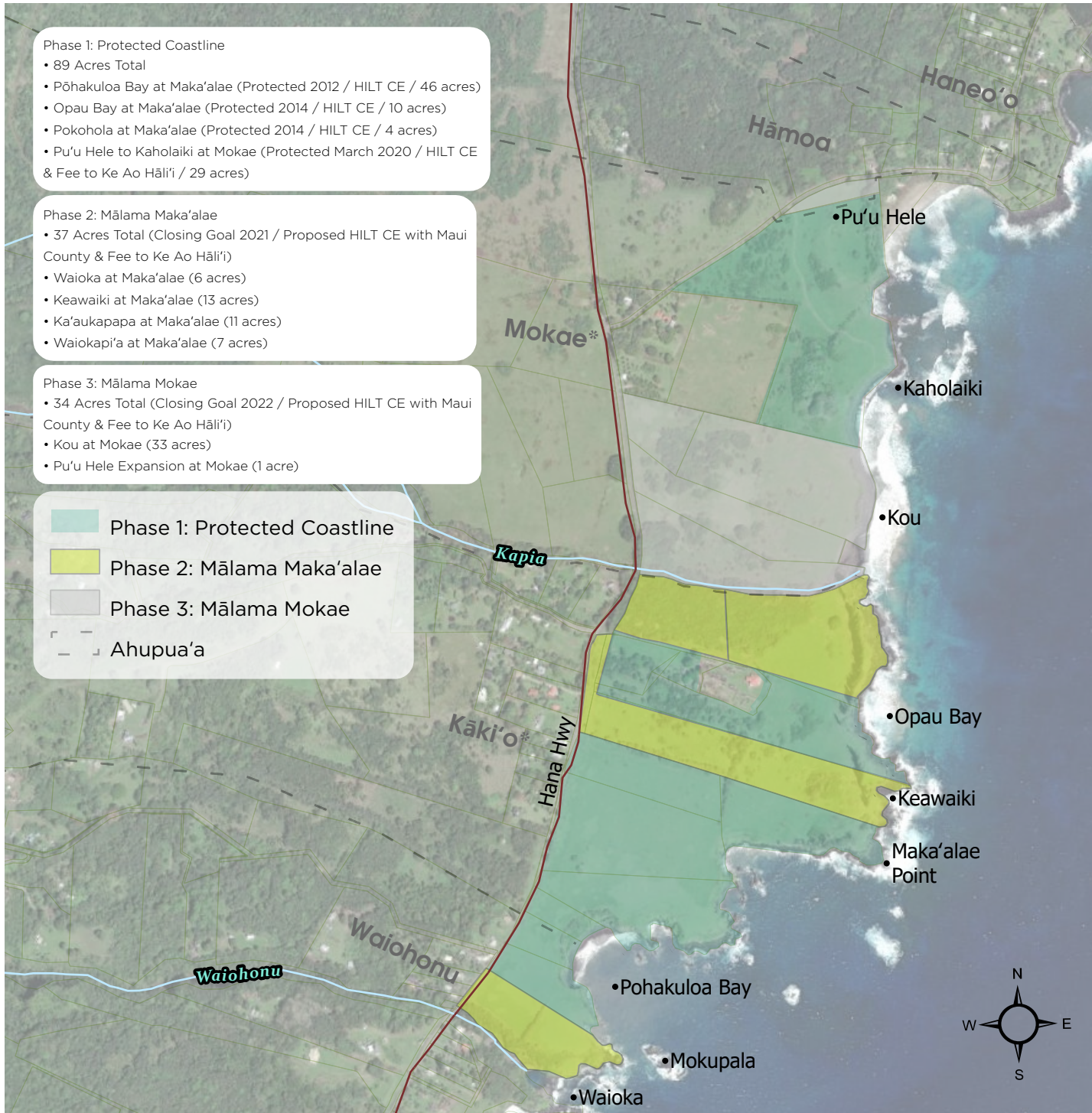
### CONNECT ('Āina Engagement and Education):

- Led **30 Talk Story on the Land Hikes** across the islands, sharing the importance of mālama 'āina with over 100 participants
- Taught **566** students in 'āina-based education on HILT preserves and developed **12** educational videos being used by teachers across Hawai'i
- Distributed **600** Ahu'awa seed packets to **4** elementary schools
- Provided **23** high school and college internships in natural and cultural resource management and land protection
- Welcomed **26,300** visitors to our preserves across Hawai'i
- Hosted **966** campers at HILT preserves
- 15** 'āina & kai-based cultural practices perpetuated on HILT's preserves
- Trained **9** teachers in conservation career pathways and 'āina-based education in partnership with KUPU
- Staff presented at **3** different local and national conferences
- Ran **2** after school youth education programs at Maunawila Heiau Complex and Kāhili Beach Preserve
- Created **2** Virtual Tours for Waihe'e and Maunawila
- Developed **2** QR Code Self-Guided Tours in English and 'Ōlelo Hawai'i at Maunawila Heiau Complex
- Created **1** new position to lead HILT's Connect work, Makana Reilly transitioned to HILT's Director of 'Āina Connection based on Kaua'i

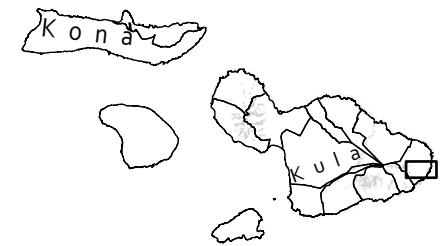


# SAVE HĀNA COAST: MOKAE TO MAKĀ'ALAE

WAIOHONU, KĀKI'O, AND MOKAE • HĀNA • MAUI

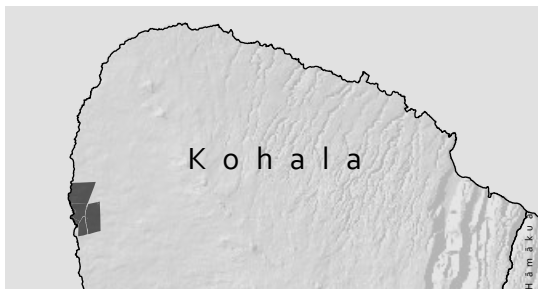
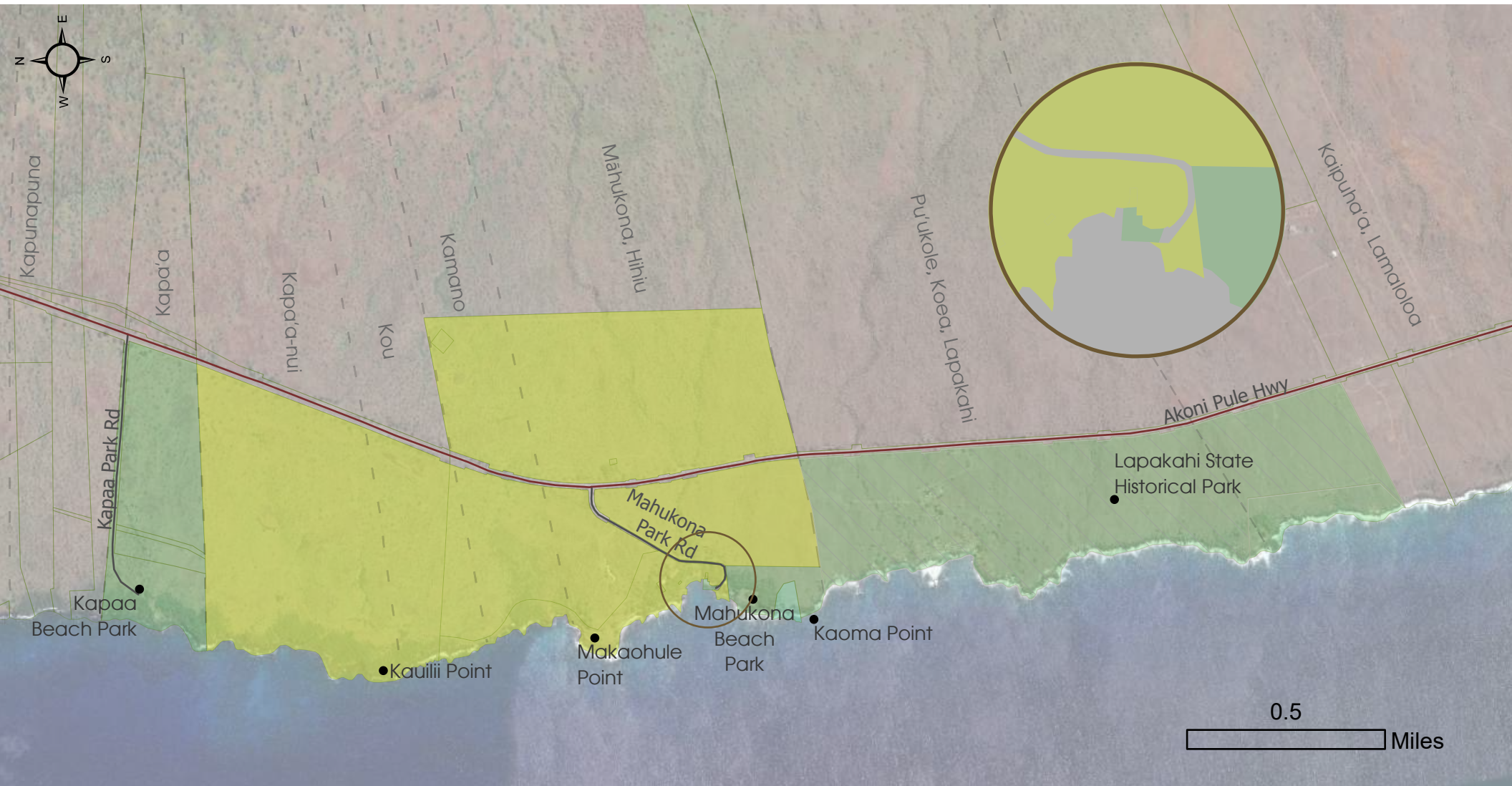


**Ke Ao Hāli'i**  
*Save Hāna Coast*



# MĀHUKONA NAVIGATIONAL AND CULTURAL COMPLEX

KAPA'A NUI, KOU, KAMANO, MĀHUKONA, HIHIU, AND KAOMA AHUPUA'A, KOHALA, HAWAI'I ISLAND



## Map Key

- Project Area (642 acres)
- State of Hawaii
- United States of America
- Ahupuaa
- Tax Map Boundaries





**Hawaiian Islands Land Trust**  
**Māhukona Navigational & Cultural Complex, Kohala Coast, Hawai'i Island**  
**List of Support Letters Received**  
August 2020

1. **Ka Ua Paliloa, Pūnana Leo o Waimea**  
(Maluhia O'Donnell)
2. **The Kohala Center**  
(Cheryl Lupenui)
3. **Hui Aloha Kīhola**  
(Nahaku Kalei)
4. **Waikōloa Dry Forest**  
(Jen Lawson)
5. **Kohala Institute**  
(Kamana'opono Crabbe)
6. **Kuamo'o Foundation**  
(Lehua Kaulukukui)
7. **Polynesian Voyaging Society**  
(Clyde Namu'o)
8. **USGS, Pacific Island Ecosystems Research Center**  
(Gordon Tribble)
9. **Kohala, Hawai'i Resident**  
(Michael Frailey)
- \* 10. **Kohala Unupa'a & Kohala, Hawai'i Resident**  
(Hokani K. Maria)
11. **Kohala Unupua'a & Kohala, Hawai'i Resident**  
(Johnelle "Amoo" Ching Kainoa)
12. **Kohala Lihikai & Kohala, Hawai'i Resident**  
(Joseph A. Carvalho)
13. **Nā Kālai Wa'a o Kaua'i and 'Ohana Wa'a**  
(Dennis Chun)
14. **Hawai'i Wildlife Fund**  
(Megan Lamson)
15. **Huliaupa'a**  
(Kelley L. Uyeoka)
16. **Kānehūnāmoku Voyaging Academy**  
(Ed Enos)
17. **Lonoa Honua LLC and Hālau 'Ōhi'a Hawai'i Stewardship Training Program**  
(Kekuhi Kanahale)
18. **Hawai'i Institute of Pacific Agriculture**  
(Dash Kuhr)
19. **Moloka'i Resident & Navigator**  
(Vernett "Penny" Martin)
20. **Kona, Hawai'i Resident and Captain Navigator**  
(Chad Kālepa Baybayan)
- \* 21. **Stanford University**  
(Peter Vitousek)
22. **Hilo, Hawai'i Resident**  
(Pua Kanakaole Kanahle)
- \* 23. **O'ahu Resident & Navigator**  
(Bruce Blankenfeld)
24. **Kohala, Hawai'i Resident**  
(Wendy Noritake)
25. **Kohala, Hawai'i Resident**  
(Randee Golden)
- \* 26. **Kamehameha Schools West Hawai'i Region**  
(Alapaki Nahale-a)
27. **Hui o Wa'a Kaulua**  
(Kala Tanaka)
28. **Nohopapa Hawai'i**  
(Kelley L. Uyeoka)
29. **Ulu Mau Puanui**  
(Kēhaulani Marshall)
30. **Nohopapa Hawai'i**  
(Kelley L. Uyeoka)
31. **Edith Kanakaole Foundation**  
(Kalāho'ohie Mossman)
32. **Ala Kahakai Trail Association**  
(Linda Kaleo Paik)
33. **Edith Kanakaole Foundation**  
(Kalāho'ohie Mossman)
34. **National Park Service, Ala Kahakai National Historic Trail**  
(Aric Arakaki)
35. **Edith Kanakaole Foundation**  
(Kalāho'ohie Mossman)
36. **E Mau Nā Ala Hele**  
(Kamuela Plunkett)

\*Support Letters Provided on Following Pages

**Hawaiian Islands Land Trust**  
**Māhukona Navigational & Cultural Complex, Kohala Coast, Hawai'i Island**  
**Support Petitions**  
September 2020

1. **Māhukona 'Ohana Support Petition (47 Individual Supporters):** Nā Kālai Wa'a and HILT gathered with 'ohana who were born and raised in Māhukona to share about our efforts. A simple paper petition to support the protection of Māhukona was circulated that day where approximately 47 individual supporters signed on in support.
2. **Protect Māhukona Online Petition Results (3,569 Individual Supporters):** As of 9/22/2020, HILT has received over 3,569 support signatures from individuals throughout Hawai'i County, the State of Hawai'i, the continent, and the Pacific. The petition will remain live in preparation for the State Legacy Land Conservation Program application. The petition is accessible at: <https://www.change.org/protectmahukona>.

## Support for the Protection of Māhukona



 Hawaiian Islands Land Trust started this petition to [Public and Private Funders](#)

Hawaiian Islands Land Trust (HILT) and Nā Kālai Wa'a, 501(c)(3), have partnered to purchase and permanently protect the Māhukona Navigational and Cultural Complex, encompassing 642 acres and six ahupua'a along leeward Kohala, Hawai'i's cultural, agricultural, and coastal landscape. With its prime location and agricultural and resort land use designations, the lands of Māhukona are at risk to be sold to resort and high-scale residential developers.

3,569 have signed. Let's get to 5,000!



Sonja Baris signed 1 hour ago





caroline caluag signed 4 hours ago



 Share on Facebook

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Show this petition to more potential supporters

Promote this petition

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, INCOME, ADMINISTRATION, Raid on Special Funds

BILL NUMBER: HB 1298, HD1

INTRODUCED BY: House Committee on Finance

EXECUTIVE SUMMARY: Transfers to the general fund the unencumbered balances of various non-general funds of various state departments.

SYNOPSIS: Provides, in a non-codified section, that on June 30, 2021, the director of finance may transfer into the general fund specified amounts from listed special funds. 81 special funds are now in the list, with a total amount of \$104.8 million authorized to be transferred to the general fund. The list includes \$15 million from the Tax Administration Special Fund.

EFFECTIVE DATE: 6/30/2021.

STAFF COMMENTS: The bill essentially raids the specified funds. The State's justification is that additional funds from various special funds are needed for transfer to the general fund to ensure continued funding of critical state programs.

We cannot argue with the proposition that excess balances in special funds should be repurposed first before reducing core services or increasing taxes.

Appropriation is not supposed to be difficult. Lawmakers, with the help of our Council on Revenues, figure out how much money we're expected to collect. They listen as the various executive agencies and departments show them what their respective programs have achieved for the people of Hawaii. Lawmakers then decide which programs and services are worthy of how much of our hard-earned taxpayer dollars, and off we go for another fiscal year.

This, however, isn't enough for some people (or departments), who are absolutely fixated on securing a "dedicated funding source" for their favorite program or department. A dedicated funding source usually means setting up a special fund, which is tougher to police using the appropriation process, and a grab on tax revenues before they can be counted with the rest of state realizations during the budgeting processes. Dedicated funding sources can and do protect inefficient or questionable programs and expenditures.

Legislators argue that the Legislature exercises more than adequate oversight over these special funds even though they aren't covered in the normal appropriation process. But how does that explain findings like the State Auditor's Report No. 20-06, which found more than \$75 million in accounts associated with inactive special or revolving funds? Or Report No. 20-07, which found tens of millions of dollars in special funds that swelled in size over the years, indicating an imbalance between the so-called dedicated funding source and the programs and services it was supposed to fund? Or Report No. 20-08, which built on Report No. 20-06 and made the bold

statement, “More than \$483 million in excess moneys may be available to be transferred from 57 special and revolving fund accounts to the General Fund without adversely affecting programs”?

The continued existence of a program or service is supposed to be earned. If a program or service efficiently delivers value to the people of Hawaii, then it is worthy of our continued support. It’s not supposed to be forced by tax grabs, special funds, and other gimmicks. We need to start recognizing that this “dedicated funding source” rhetoric is taking us down the wrong path.

Finally, especially with some of the bigger items on the list, some further inquiries should be made to find out why the special fund was able to build up an unreasonably large balance. It is probable that, assuming there is a need for the special fund in the first place, such a fund contains improper revenue sources. Just as an example, the Tax Administration Special Fund in section 235-20.5, HRS, which was originally created to take in user fees for issuing taxpayer-specific rulings (on eligibility and mechanics of credits, primarily, which is why the fund is in the Income Tax Law) now receives revenues from special enforcement section collections and transient accommodations tax fines. Tax collections, from whatever source, are government realizations under the law imposing the tax, and penalties and fines are treated as additional taxes (see, for example, section 231-39(b), HRS, providing that penalties “shall be added to and become a part of the tax imposed by such tax or revenue law, and collected as such”).

Digested 3/22/2021



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

Testimony Presented Before the  
Senate Committee on Ways and Means  
March 24, 2021 at 10:00 a.m.

by  
Kalbert K. Young  
Vice President for Budget and Finance/Chief Financial Officer  
University of Hawai'i System

### HB 1298 HD1 – RELATING TO STATE FUNDS

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i (UH) supports House Bill No. 1298 House Draft 1, Relating to State Funds but has a few suggested amendments. This measure would transfer balances from various non-general funds to the State General Fund.

For the University, this bill would transfer \$89,345.98 from various UH funds to the State General Fund. The amounts listed in the bill are presented below:

Listed Name	Amount
S-396-D Legis Claims Against the State-HWY	\$ 99.16
S-309-F Center for Nursing Special Fund	\$ 0.96
S-320-F Grant for Bridge-to-Hope	\$ 87,659.78
S-399-F Legislative Relief for Claims - UH	\$ 1,586.08
Total	\$ 89,345.98

Unfortunately, it appears that there is an error in this table. We do not believe that the "S-396-D Legis Claims Against the State-HWY" fund listed is a UH account but rather is a Department of Transportation fund.

The correct section for UH should read:

Listed Name	Amount
S-309-F Center for Nursing Special Fund	\$ 0.96
S-320-F Grant for Bridge-to-Hope	\$ 87,659.78
S-399-F Legislative Relief for Claims - UH	\$ 1,583.25
Total	\$ 89,243.99

The Grant for Bridge-to-Hope and the amount for Nurse Training are from old appropriations from the Emergency Budget and Reserve Fund ("Rainy Day Fund") and are not currently used by UH. While it might be most appropriate to return those amounts to the Rainy Day Fund, given the age of the appropriation and the fact that the General Fund has made contributions to the Rainy Day Fund in recent years, it is probably justifiable for those funds to be transferred to the General Fund.

The Center for Nursing Special Fund and the Legislative Relief for Claims amounts are old funds that UH does not use and those may be transferred to the General Fund with no impact to UH.

Thank you for this opportunity to testify.



Testimony Before The  
Senate Committee on Ways and Means  
**IN OPPOSITION TO HB 1298 HD1**  
March 24, 2021, 10:00AM, Room 211

We are Kevin Chang and Miwa Tamanaha the Co-Directors of Kua'āina Ulu 'Auamo (or KUA). KUA works to empower grassroots rural and Native Hawaiian mālama 'āina groups to celebrate their places and pass on their traditions to better Hawai'i and achieve 'āina momona— an abundant, productive ecological system that supports community well-being.

**KUA opposes HB 1298 HD1** which propose to stop conveyance tax deposits into the Legacy Land Conservation Fund and transfer all Legacy Land Conservation Funds into the general fund.

KUA works to empower communities to improve their quality of life through caring for their environmental heritage together. We employ a community-driven approach that currently supports a network of more than 36 mālama 'āina community groups collectively referred to as E Alu Pū (moving forward together), 38 fishpond projects and practitioners called the Hui Mālama Loko I'a, and a growing hui of Limu practitioners all from across our state.

A primary function of KUA includes development of the 'auwai, a stream of resources tools, bridges and networks that help to cultivate and take our communities' work to greater levels of collective impact. A core source of the flow in this 'auwai includes the partnerships and programs within government that empower communities to care for and/or own land outright or in partnership with government. The Legacy Land's program is one of the most important programs helping see this through and as at home, national conversations look to broaden conservation capacity as part of our economic recovery. Base levels of funding for the Legacy Land Conservation Program of \$5.1 million annually (staff/operating and land acquisition capital/grants) should continue in order to capitalize on \$900 million of federal conservation funding made available by the 2020 Great American Outdoors Act, and secure federal funding for important Hawai'i projects such as Nā Wai 'Eha on Maui. A designated special fund like the Legacy Land Conservation Fund qualifies the State for 75% match of federal funds – eliminating the funds would reduce federal matches to 50%.

It is important to shore up on some of our fiscal concerns but this proposal could stifle the pathways toward growth and resources important to Hawai'i's fiscal and environmental future.

Mahalo for this opportunity to testify.

Aloha 'Āina Momona.



March 22, 2021

2021  
**BOARD OF DIRECTORS**

Senate Ways & Means Committee  
Wednesday March 24, 2021, 10:00am.

Elizabeth Reilly  
**President**

RE: Livable Hawaii Kai Hui's Testimony Regarding HB 1298 HD1 and HB 1299 HD1

Allen Tateishi  
**Vice President**

Aloha Chair Dela Cruz, and Honorable Senators,

Dianne Gleis  
**Secretary**

Livable Hawaii Kai Hui **strongly opposes HB 1298 HD1 and would like to offer comments for HB 1299 HD1.** Our organization has strong reservations that HB 1298 HD1 still authorizes the transfer of \$15 million out of the Legacy Land Conservation Fund; noting this is an improvement from zeroing out the entire \$26 million balance in the original bill draft. Regarding HB 1299 HD1, Livable Hawaii Kai Hui appreciates the Legislature for not including the Legacy Land Conservation Fund among the list of special funds being repealed.

Marian Grey  
**Treasurer**

Dean Takebayashi  
**Director**

Gary Weller  
**Director**

Our organization successfully acquired Hāwea Heiau & Keawāwa Wetlands (4.5 acres) and the Ka Iwi Mauka lands (182 acres) in east Honolulu because of grant contributions through the Legacy Land Conservation Fund. During the challenges brought by the COVID-19 pandemic in the past year, Livable Hawaii Kai Hui has experienced increased public interest through self-management mālama volunteer opportunities and people yearning to connect with their own communities.

Kendrick Chang  
**Community Outreach**

Dylan Ramos  
**Communications**

The Legacy Land Conservation Program has been invaluable to our community, allowing our organization to preserve the last undeveloped parcels of a scenic shoreline, a Heiau, and a wetland preserve. We support other local communities throughout the State who want to conserve their own special places, and therefore believe that continued funding for the Legacy Land Conservation Fund serves an even larger purpose in this current environment.

**Website**

[www.hawaiikaihui.org](http://www.hawaiikaihui.org)  
[www.kaiwicoast.org](http://www.kaiwicoast.org)

**Like us on Facebook**  
Livable Hawaii Kai Hui  
Aloha Aina O Kamilo Nui  
Ka Iwi Coast

We are extremely grateful to the Legislature for establishing this incredible program that has and will benefit so many generations. Suspending fund deposits will hurt our natural resources and the many communities that have come together to serve our lands. Please help our local communities and preserve current funding for the State Legacy Land Conservation Program.

Livable Hawaii Kai Hui is a 501c(3) non-profit, community organization serving East Honolulu since 2004. We strive to promote sensible growth, respect for cultural & natural resources and upholding the integrity of the East Honolulu Sustainable Communities Plan.

Elizabeth Reilly  
Founder/President  
Livable Hawaii Kai Hui

Kendrick S. Chang  
Community Outreach  
Livable Hawaii Kai Hui





P.O. Box 253, Kunia, Hawai'i 96759  
Phone: (808) 848-2074; Fax: (808) 848-1921  
e-mail [info@hbf.org](mailto:info@hbf.org); [www.hbf.org](http://www.hbf.org)

March 24, 2021

HEARING BEFORE THE  
SENATE COMMITTEE ON WAYS AND MEANS

**TESTIMONY ON HB 1298, HD1**  
**RELATING TO STATE FUNDS**

Conference Room 211  
10:00 AM

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawaii Farm Bureau respectfully offers the following comments on HB 1298, HD1, which transfers to the general fund the excess balances of various non-general funds from various state departments and agencies.

HFB is mindfully aware of the financial difficulty that the COVID-19 pandemic has put the state of Hawaii in. Many individuals, families, businesses, farmers, and ranchers have suffered tremendous economic losses, which have affected state revenues. We understand that you have difficult choices to make.

The Department of Agriculture's Agricultural Development & Food Security Special Fund provides HDOA the flexibility to assist the agriculture sector quickly when unexpected needs occur. It also provides resources that support commodity groups, CTAHR, farmers, and agriculture organizations. The Hawaii State Farm Fair, which was started in 1962, receives annual support from HDOA's Sponsorship and Product Promotion Program (SPP). The Hawaii State Farm Fair is the single most important vehicle for promoting the significance of agriculture to residents and visitors to Hawaii. Many other organizations have been supported by the Agricultural Development & Food Security Special Fund. This includes the Hawaii Ag Foundation, Hawaii Floriculture & Nursery Association, Hawaii Cattlemen's Council, Hawaii Coffee Association, Hawaii Food Manufacturers Association, Hawaii Farmers Union, and the Hawaii Ag Leadership Foundation. Special funds also support marketing programs such as the Hawaii Seal of Quality Program and the Buy Local, It Matters program.

The Agricultural Development & Food Security Special Fund funds many worthy agricultural projects. For these important reasons and successes accomplished from the fund, we request that the funding remain and that the fund not be abolished.

We recognize that you face many difficult decisions this year to balance the budget amid this economic crisis but ask for your continued support for Hawaii's agriculture sector.

Thank you for your consideration of our concerns.



Hawaii Coffee Association  
PO Box 168, Kealahou, HI 96750

SENATE COMMITTEE ON WAYS AND MEANS  
March 24, 2021

**RE: Testimony in Opposition of HB 1298 HD1**

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and Senators,

I am Chris Manfredi, President of Hawaii Coffee Association

The Hawaii Coffee Association and the industry stakeholders we represent have concerns over HB1298 HD1 that would remove funds from S-304-A-PEST INSPECTION, QUARANTINE & ERADICATION FUND.

You may have heard that Hawaii's coffee industry is facing a devastating disease in Coffee Leaf Rust. This crisis has put the state's inadequate quarantine facilities under a microscope. We need improved quarantine facilities now, so that a transition to rust resistant varieties can be safely made. We regret that these funds were not utilized for this purpose sooner. The bill indicates that there is \$7,704,892.85 in this fund.

**§150A-4.5 Pest inspection, quarantine, and eradication fund** states (emphasis added):

**The moneys in the pest inspection, quarantine, and eradication fund shall be expended by the department for the operation of biosecurity and pest inspection, quarantine, eradication, and monitoring programs;** the electronic importer manifest program; **related facilities;** the **execution of emergency remedial measures** when pests are detected in the course of inspection and quarantine activities by the department; training of inspectors; **education of the agricultural industry,** permit and certificate holders, and the general public as to import requirements; **and for any other purposes deemed necessary to carry out the purposes of this chapter.** In addition, the moneys shall be expended to **facilitate the processing and issuance of permits and microorganism import documents and for the operations, activities, and monitoring of permitted and certified plants, animals, and microorganisms.** [L Sp 2007, c 9, pt of §1; am L 2008, c 236, §5; am L 2010, c 173, §4; am L 2012, c 127, §2]

**The text in bold above describes precisely what we need at this time. We respectfully ask that you remove this fund from the measure and encourage the use of these funds for their intended purpose.**

Coffee leaf rust (CLR) has been discovered on Hawaii Island, Maui, Oahu and Lanai. On February 5, 2021 **Governor Ige signed an EMERGENCY DECLARATION DUE TO LEAF RUST**. CLR poses a devastating threat to Hawaii's coffee industry. CLR is known to spread rapidly and leads to defoliation and tree death. Projected lost yields range between 30 and 80%. The discovery of Coffee Leaf Rust in Hawaii is an emergency and requires an emergency response.

Coffee is ranked by USDA as Hawaii's second highest value crop, second only to seed corn. The typical coffee farm in Hawaii is a small family farm, yet the largest farm in the state is also a coffee farm. For more details regarding Hawaii's coffee industry impacts on the State's economy, please see the attached document: *What's at Stake: The Loss of Hawaii's Coffee Industry, A Major Economic Driver*

We knew CLR was coming and we have tried to prepare for it. The regulatory process is stringent and multilayered, time consuming and often expensive. We tried to build resiliency into our industry but the regulatory hurdles are high. State quarantine facilities are inadequate

One of our largest producers with was met by insurmountable headwinds when they tried to import rust resistant varieties three short years ago. We are working with USDA and HDOA to streamline the importation and quarantine process for rust resistant coffee varieties and to build capacity of quarantine facilities.

Like so many other industries we are reeling in the wake of COVID. Our member surveys indicate that most producers' sales were severely impacted (80% or more), but unlike many other industries ours is layered with a devastating coffee disease that threatens our existence.

Senators, please ask yourselves if an industry whose raw annual crop value exceeds \$54MM, with significant upstream and downstream impacts, is worthy of an investment of ~ \$7.7MM.

Thank you for the opportunity to testify and for your support for Hawaii's coffee.



Hawaii Coffee Association  
PO Box 168, Kealahou, HI 96750

### **What's at Stake: The Loss of Hawaii's Coffee Industry, A Major Economic Driver**

As growers of the #2 crop in the State, we are just under 1,500 strong who tend more than 10,000 acres. The value of our coffee is second only to Hawaii's seed crops<sup>i</sup>. For the 2019-2020 season, Hawaii's unroasted coffee was valued at \$88.76 million<sup>ii</sup>, while its roasted value was more than \$120 million.

Now, we're facing the most destructive coffee disease in the world: Coffee Leaf Rust (CLR), a fungus that can kill an entire farm in a matter of weeks. Annually, CLR causes \$3 billion in damage and lost income around the world.

In Hawaii, the stakes are higher than elsewhere. While most other coffee-growing regions have planted rust-resistant varieties, all of the ones commercially grown in Hawaii are not resistant. And the best fungicides used to fight this disease have not been approved here.

CLR is spreading rapidly on Maui, Big Island and Oahu. Its spores move easily on wind or by hitchhiking on workers, equipment and tourists. As a result, farmers are facing defoliation and a loss of yield up to 70% or more.

**To help save our industry and the families that depend on it we need State, Federal and private support and we need it NOW.**

Without action, we stand to lose hundreds of millions of dollars in Hawaii's economy –a contribution that far exceeds the value of the beans themselves. To grow our coffee, we hire thousands of workers and buy from local industries such as transportation and vendors of agricultural supplies. This so-called "downstream economic impact" is valued at about \$182 million<sup>iii</sup>.

Then there is the "upstream economic impact" of Hawaii coffee, which is unquantified: Unlike most other crops grown here, Hawaii coffee is shelf stable. That makes it a major attraction for the souvenir market, drawing tourists to shops, cafes and agritourism operations statewide. In turn, these visitors create demand for Hawaiian coffee once they return home. Exports of coffee from Hawaii, valued at \$9.20 million<sup>iv</sup> in 2019, are an ongoing advertisement for the Hawaii islands.

The economic losses would have an outsized impact in rural areas, where few other industries exist. Remember the collapse of the local sugar industry? We can expect similar results: dramatically increasing unemployment -- especially of historically underserved and minority

populations – accompanied by increasing crime and drug use. Not to mention the harm to almost 200 years of coffee-growing history and the cultural heritage of our islands.

### **What We Need:**

- Statewide approval of the most effective CLR fungicides, and subsidies for farmers to purchase them.
- Support for development of the best CLR-management strategies in Hawaii, as well as support to educate farmers of them.
- Support for research of the best CLR resistant varieties that will maintain the quality of Hawaii coffees. Also support for the importation, propagation and distribution of CLR-resistant varieties, **including expanded plant quarantine facilities**. (This is a 5-10 year project.)
- Support for farmers to replace their existing fields with rust-resistant varieties.
- *Support for other ways to build capacity and resilience within farm communities.*

### **Contact:**

- Chris Manfredi, President, Hawaii Coffee Association [president@hawaiicoffeeassoc.org](mailto:president@hawaiicoffeeassoc.org)
- Suzanne Shriner, Administrator, Synergistic Hawaii Ag Council [suzanne@shachawaii.org](mailto:suzanne@shachawaii.org)

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<sup>i</sup> \$50.16 million vs \$105.7 million for Seed Crops (including seed corn), in 2018. Source: State of HI, HDOA Market Analysis and News Branch “Top 20 Agr Commodities Produced: State of Hawaii, 2018

<sup>ii</sup> \$88.76 million. Source: USDA-NASS. Jan 2020. “Coffee”. <https://downloads.usda.library.cornell.edu/usda-esmis/files/3t945q80c/7h14b624g/37720v92g/cafean20.pdf>

<sup>iii</sup> Using multiplier of 2.05. Correspondence from HDOA chair P. Shimabuku to USDA Secretary S. Perdue, dated November 19, 2020

<sup>iv</sup> \$5.33 million in roasted coffee from Hawaii + \$3.87 million in unroasted coffee from Hawaii. Source: USDA Global Agricultural Trade System. 2019 data.



**In Cooperation with the United States Department of Agriculture  
 National Agricultural Statistics Service, Pacific Region**

## Top 20 Agricultural Commodities Produced State of Hawaii, 2019

Commodity	Rank	Value of Production (1,000 dollars)
Seed Crops	1	109,500
Coffee	2	54,298
Macadamia Nuts	3	48,840
Other Aquaculture <sup>1</sup>	4	47,937
Cattle	5	41,387
Algae	6	32,652
Basil	7	28,030
Food Crops Grown Under Protection	8	11,000
Milk	9	9,492
Landscape Palms	10	7,914
Orchids-Other Potted Orchids <sup>2</sup>	11	6,685
Papayas	12	4,943
Bananas	13	4,659
Dendrobiums-Potted	14	4,091
Sweet Potatoes	15	3,630
Phalaenopsis-Potted	16	3,509
Palms-Potted for indoor or patio use	17	3,426
Lettuce-Leaf	18	3,260
Anthuriums-Cut	19	3,192
Cabbage-Chinese	20	2,830

<sup>1</sup> Excludes algae and ornamental aquaculture. <sup>2</sup> Excludes dendrobium, oncidinae and phalaenopsis potted orchids.

Sources:  
 USDA-NASS and HDOA-MANB

**Testimony of The Nature Conservancy  
In Opposition to HB 1298 HD1, RELATING TO STATE FUNDS.**

**Committee on Ways and Means  
Wednesday, March 24, 2021, 10:00 AM  
Conference Room 211 Via Teleconference**

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

**The Nature Conservancy opposes HB 1298 HD1**, which proposes to transfer \$15 million from the Land Conservation Fund into the general fund. Funding for the Legacy Land Conservation Program (LLCP), which is derived from the Land Conservation Fund, should continue in order to capitalize on \$900 million of federal conservation funding made available by the Great American Outdoors Act.

In the Summer of 2020, Congress passed, and the President signed, the Great American Outdoors Act, which fully funded the Land and Water Conservation Fund (LWCF) at \$900 million annually. LWCF finances conservation programs like the U.S. Forest Legacy Program under the U.S. Department of Agriculture, the Outdoor Recreation Legacy Partnership under the National Park Service, and U.S. Fish & Wildlife Recovery Land Acquisition and Habitat Conservation Plan Acquisition Programs. As a result, federal funding has increased (in some cases, more than doubled) for these federal programs.

The Land Conservation Fund provides an important source of local/state match for these federal conservation programs. Because Hawai'i has a dedicated source of funding – the Land Conservation Fund – the match requirements for some federal programs are more favorable, allowing 75 percent federal share and 25 percent state/local share (in the absence of a dedicated fund, some programs will only allow a 50 percent federal share and require a 50 percent local/state match). If the Land Conservation Fund is not funded, Hawai'i will be unable to capitalize on millions of dollars of federal funding opportunities at arguably one of the most important times to capitalize on the long-term sustainability and economic recovery these projects provide.

Mahalo for the opportunity to testify.

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*The Nature Conservancy of Hawai'i is a non-profit organization dedicated to the preservation of the lands and waters upon which all life depends. The Conservancy has helped protect more than 200,000 acres of natural lands in Hawai'i and Palmyra Atoll. We manage 40,000 acres in 13 nature preserves and work in over 50 coastal communities to help protect and restore the nearshore reefs and fisheries of the main Hawaiian Islands. We forge partnerships with government, private parties, and communities to protect forests and coral reefs for their ecological values and for the many benefits they provide to people.*

---

BOARD OF TRUSTEES

Duke E. Ah Moo Paul D. Alston (Chair) Kris Billeter Dr. C. Tana Burkert Anne S. Carter Richard A. Cooke III Ka'iulani de Silva  
Dave Eadie Matt Emerson Hon. Judith Epstein Dr. Alan M. Friedlander Benjy Garfinkle James J.C. Haynes III Sean A. Hehir  
Brett MacNaughton Kathy M. Matsui Janet Montag Alicia Moy Dustin E. Sellers Peter K. Tomozawa Richard N. Zwern



**Written Testimony Presented Before the Senate  
COMMITTEE ON WAYS AND MEANS**

**DATE: Wednesday, March 24, 2021**

**TIME: 10:00 AM.**

**PLACE: VIA VIDEOCONFERENCE**

**By**

**Laura Reichhardt, APRN, AGPCNP-BC  
Director, Hawai'i State Center for Nursing  
University of Hawai'i at Mānoa**

**LATE**

**Comments for HB 1298 HD1**

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means, thank you for the opportunity for the Hawai'i State Center for Nursing (HSCN) to provide **comments** for HB1298 HD1. This measure seeks to transfer unencumbered balances of non-general funds to the general fund. HSCN prefers the language in the HD1 as it relates to the Center for Nursing special fund, supports relinquishing the \$0.96 identified as inactive within the Center for Nursing Special Fund, and notes that the fund itself is still in use and that the fees deposited to this account continue to serve the mandates as set forth in Chapter 304A-1406.

Funded by a portion of nurse license fees placed in a special fund, the Hawai'i State Center for Nursing was established by Act 198, SLH 2003 to: collect and analyze data and prepare and disseminate written reports and recommendations regarding the current and future status and trends of the nursing workforce; conduct research on best practice and quality outcomes; develop a plan for implementing strategies to recruit and retain nurses; and research, analyze, and report data related to the retention of the nursing workforce. The Center has created statewide initiatives for nursing that address workforce needs to prevent predicted workforce shortages.<sup>1</sup> These initiatives include consistently providing workforce research on the nursing supply and education capacity for nurse education and creating statewide Evidence-Based Practice, Nurse Residency, and Centralized Clinical Placement programs. Each of these programs are notable for being the first statewide program in the nation and having broad partnerships with our nursing employers and schools of nursing.

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<sup>1</sup> "New UH center addresses nursing shortage". July 24, 2003  
<https://www.bizjournals.com/pacific/stories/2003/07/28/story5.html>

*The mission of the Hawai'i State Center for Nursing is that through collaborative partnerships, the Center provides accurate nursing workforce data for planning, disseminates nursing knowledge to support excellence in practice and leadership development; promotes a diverse workforce and advocates for sound health policy to serve the changing health care needs of the people of Hawai'i.*

In addition, HSCN has increased access to health care services in our rural and underserved communities through policy change that facilitated the doubling of the Advanced Practice Registered Nurse population in our state.

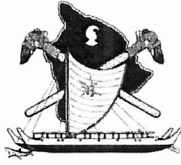
The Center continues to play a critical role in the response to COVID-19, including leading the call for nurses during the fall 2020 COVID hospital surge. In just two weeks, we received 1,900 responses from nurses; health care facilities and locally contracted staffing agencies continue to contact these nurses to support COVID-19 surge staffing needs and support vaccination efforts. The Center produced data reports that the Department of Health and HiEMA used for crisis response, vaccination planning, and other uses. The Center partnered with the University of Hawai'i at Mānoa and Healthcare Association of Hawai'i to increase relevant, locally produced, accredited nursing professional development on COVID-19 for nurses in all settings of care and co-lead an initiative with state stakeholders to identify and tactically respond to provider shortages.

The nurse license fee, and consequently the HSCN fee revenue, has not been increased since 2003. Of the license fee revenue sources into the Center since 2003, this measure indicates that all but \$0.96 is encumbered. The Center is using the encumbered funds as intended and to the fullest extent possible.

Any loss to the HSCN budget beyond the \$0.96 identified in this measure will result in job loss for the staff who have dedicated years of service. It will impact the ability of the state to have quantitative data on the nursing workforce demand and supply to guide state policy development. The Hawai'i State Center for Nursing is concerned that any loss of budget will revoke the functional capacity of the Center and our services to policymakers, employers, educators, and nurses.

*The mission of the Hawai'i State Center for Nursing is that through collaborative partnerships, the Center provides accurate nursing workforce data for planning, disseminates nursing knowledge to support excellence in practice and leadership development; promotes a diverse workforce and advocates for sound health policy to serve the changing health care needs of the people of Hawai'i.*

2528 McCarthy Mall, Webster 402 Honolulu, HI 96822  
T 808.956.5211 F 808.956.0547 [hscfn@hawaii.edu](mailto:hscfn@hawaii.edu) [hawaiiicenterfornursing.org](http://hawaiiicenterfornursing.org)



# *Nā Kālai Waʻa*

*"He waʻa he moku, he moku he waʻa." Our canoe is our island, our island is our canoe.*

TESTIMONY OF NĀ KĀLAI WAʻA - OPPOSING HB 1298 HD 1  
Senate Ways and Means Committee  
Wednesday, March 24, 2021, 10:00 a.m.

**LATE**

Nā Kālai Waʻa, a 501(c) (3) organization on Hawaiʻi Island, strongly opposes HB 1298 HD 1 that would authorize the Director of Finance to transfer up to 15M out of the Legacy Land Conservation Fund. We recognize the current fiscal crisis facing the State and appreciate the Governor, this Committee, and the Legislature for its difficult work. We suggest, however, that base levels of funding for the Legacy Land Conservation Program of \$5.1 million annually should continue in order to capitalize on \$900 million of federal conservation funding made available by the 2020 Great American Outdoors Act, and to secure federal funding for important Hawaiʻi projects.

The Mahukona Navigational and Cultural Complex in Kohala, Hawaiʻi, includes 642 acres once slated as another resort development along the Kohala coastline. At the present time Nā Kālai Waʻa is partnering with Hawaiʻi Islands Land Trust and Kohala community groups to permanently protect the lands and waters that continue to teach generations of navigators and provide a sense of reprieve and well being for Kohala and Hawaiʻi Island families. These lands are home to over 175 cultural sites including Koʻa Heiau Holomoana, a navigational heiau that has been used for generations and is still used today to guide our Hawaiʻi voyagers. We are working with Hawaiʻi Islands Land Trust to ensure access and stewardship to these lands that can continue to serve as a place for educational, environmental, and cultural resiliency for the people of Hawaiʻi Island and throughout the state. We anticipate the the Legacy Land Conservation Program will be able to assist us in securing federal funds for this project.

HB 1298 HD 1 proposes to transfer up to 15M out of the Legacy Land Conservation Fund. Base /core funding of \$5.1 million per year for the Legacy Land Conservation Program is critical for Hawaiʻi to secure its share of federal funding for important projects such as the protection of the Mahukona lands. If funds are transferred out of the Legacy Land Conservation Fund, Hawaiʻi will be unable to capitalize on millions of dollars of federal funding opportunities that can provide up to 75% of matching funding because Hawaiʻi has established a dedicated source of conservation funding via this Legacy Land Conservation Fund. We urge the Legislature to continue funding the State Legacy Land Conservation Program at its current/base level, to not transfer any funds out of the fund, and to oppose HB 1298 HD 1.

Me ka ʻoia ʻiʻo,

Keōmailani Case

Executive Director

Nā Kālai Waʻa

65-1198 Mamalahoa Hwy

Kamuela, Hi. 96743

(808) 987-8709

Personal Testimony  
Submitted to Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair  
Wednesday, March 24, 2021, 10:00 am  
By Janel Yamamoto  
Opposition to HB 1298 and HB 1299

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means:

Thank you for the opportunity to submit testimony. My name is Janel Yamamoto and I am the current Director of GoFarm Hawai'i. I am submitting testimony as a private citizen in opposition of HB 1298 and HB 1299, which calls for transfers of unencumbered balances of various non-general funds to the general fund.

GoFarm Hawai'i (previously named the Agribusiness Incubator Program) has been providing business consulting services to farmers throughout the state since 2003. In 2012, in response to the lack of new farmer development, a beginning farmer training program called GoFarm Hawai'i was started in Windward O'ahu. Since then, the training program has grown to include five farmer training sites across the state and one agricultural technician training program at the Waiawa Correctional Facility.

In 2020, the GoFarm Hawai'i AgBusiness Team worked individually with 78 existing, new, and aspiring agribusinesses on business planning, marketing, developing financial projections, project planning, and more. The Team also supported farmers statewide by providing classroom and virtual training, reaching more than 1,000 attendees. GoFarm Hawai'i's beginning farmer training program has graduated over 400 individuals since 2012, with many starting farms or finding work supporting the agricultural industry.

As an extramurally funded program, GoFarm Hawai'i has relied solely on grants and donations to support its work. The Hawai'i Department of Agriculture has played a significant role in the program's ability to subsist by providing operational funding annually. Funds have also been provided to expand the program's capacity. This financial support directly impacts GoFarm Hawai'i's ability to train new and support existing farmers so that the state can 1) build the local agricultural workforce pathway and 2) strengthen the business operations of our existing local farmers.

Since the pandemic started, GoFarm Hawai'i has seen an increased demand for farmer training. Since Summer 2020, over 465 individuals participated in an introductory session, with 189 applying for 60 openings. With individuals currently willing to support the development of local agriculture, this is not the time to reduce funds for this important state department. To ensure the continued operation of programs like GoFarm Hawai'i, support from key funding partners like the Hawai'i Department of Agriculture are essential.

In addition to funding the GoFarm Hawai'i program, the Hawai'i Department of Agriculture has used non-general funds to develop local farmers and the industry through programs supporting food safety, marketing campaigns including the Seal of Quality program, agricultural innovation, and emergency farmer relief. I have seen these programs directly benefit and positively impact many of the farmers I work with. These programs help farmers comply with rules, increase revenues, remain competitive in the marketplace, and educate local consumers. The funds also provide resources to build capacity, improve production, and on occasion, recover from disasters.

In conclusion, I respectfully request that the Committee reject the transfer of Hawai'i Department of Agriculture funds to the general fund. The Department is essential to the growth and development of local agriculture and they need the financial ability to support their work and the farmers in Hawai'i.

Thank you for your consideration. Please contact me if you have any questions.

Mahalo,  
Janel Yamamoto

A handwritten signature in black ink, appearing to read "Janel Yamamoto". The signature is fluid and cursive, with the first name "Janel" and last name "Yamamoto" clearly distinguishable.

Director, GoFarm Hawai'i  
[janelyamamoto@gmail.com](mailto:janelyamamoto@gmail.com)  
Personal Testimony