



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

---

**ON THE FOLLOWING MEASURE:**

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

**BEFORE THE:**

SENATE COMMITTEE ON WAYS AND MEANS

**DATE:** Monday, March 29, 2021 **TIME:** 9:35 a.m.

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

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

---

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.

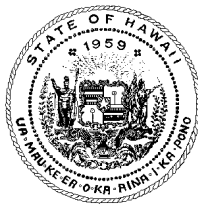
The transfer of the moneys from the PIQE Fund to the general fund may be subject to challenge under Hawaii Insurers Council v. Lingle, 120 Hawai'i 51, 201 P.3d 564 (2008). In that case, the Hawaii Supreme Court opined that transferring "legitimate regulatory fees" from an insurance special fund into 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.



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,  
SENATE DRAFT 1 PROPOSED  
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

Monday, March 29, 2021; 9:35 a.m.  
State Capitol, Conference Room 211 and  
Videoconference

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

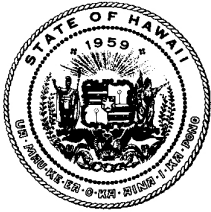
House Bill (HB) 1298, House Draft (HD) 1, Senate Draft (SD) 1 Proposed transfers to the General Fund the unrequired balance of \$700,000 from the Department of Public Safety's (PSD) Automated Victim Information and Notification System (SAVIN) Special Fund and the unrequired balance of \$8,055.13 from the Drug Law Enforcement Equipment Procurement Account. PSD is not opposed to these transfers and provides the following additional information regarding these funds.

§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 to maintain outreach and interface with victim assistance providers and the SAVIN Governance Committee.

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, SD 1 Proposed, 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.

The Drug Law Enforcement Equipment Procurement account is no longer needed due to the termination of the program.

Thank you for the opportunity to present this testimony on House Bill 1298, HD1, SD1 Proposed.



## DISABILITY AND COMMUNICATION ACCESS BOARD

1010 Richards Street, Room 118 • Honolulu, Hawaii 96813  
Ph. (808) 586-8121 (V) • Fax (808) 586-8129

March 29, 2021

### TESTIMONY TO THE SENATE COMMITTEE ON WAYS AND MEANS

House Bill 1298, HD1 – Relating to State Funds  
House Bill 1298, HD1, SD1 Proposed – Relating to State Funds

The Disability and Communication Access Board (DCAB) supports Senate Bill 1298, HD1, because DCAB's special fund is active and does not exceed the requirements of the fund.

However, DCAB strongly opposes House Bill 1298, HD1, SD1 Proposed because it would transfer \$3,000,000 from DCAB's special fund to the general fund, which would severely impact the start of the new FB21-23 with available monies needed for operating expenditures, personnel costs and funding for the statewide Parking for Disabled Persons Program that issues disability parking permits to qualified persons with disabilities per Hawaii Revised Statutes (HRS), Chapter 291, Part III.

Because of the COVID-19 pandemic, there was a decline in construction projects that caused a decline in our review of plans for new construction and alteration of State and county buildings, facilities, and sites for compliance with applicable Americans with Disabilities Act and Fair Housing Act accessibility guidelines per HRS §103-50, which resulted in a decline in revenue from plan review fees. We expect revenue from plan review fees to increase as State and county construction projects begin to ramp up as the economy recovers from the pandemic.

DCAB understands the intent of the proposed measure and would support the transfer of not more than \$1,000,000 from the DCAB special fund to the general fund.

We respectfully request additional time to collect more revenue from construction plan review fees per HRS §103-50 and the transfer of not more than \$1,000,000 from the DCAB special fund to the general fund.

Thank you for the opportunity to provide testimony.

Respectfully submitted,

KIRBY L. SHAW  
Executive Director

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 29, 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: Monday, March 29, 2021  
Time: 9:35 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**

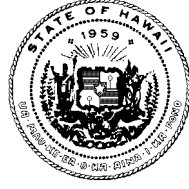
Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee,

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.

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 25, 2021

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

FROM: Cathy Betts, Director

SUBJECT: **HB1298 HD1 Proposed SD1 – RELATING TO STATE FUNDS.**

Hearing: March 29, 2021, 9:35 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 the DHS fund balances that may be lapsed to the general fund.

DHS also provides comments of concern related to the Department of Health's Early Intervention and the Disability and Communication Access Board special funds added by the Proposed SD1. DHS recipients and Hawaii residents benefit from these programs, and these services are not provided by any other public entity.

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 proposed SD1 transfers to the general fund the excess balances of various non-general funds from various state departments and agencies. Effective 6/30/2021. (SD1 Proposed)

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>			
53	S-302-K-GENERAL SUPPORT FOR HEALTH CARE PAYMENTS	14,355.00	14,355.00
54	S-339-K-FINANCIAL ASSISTANCE FOR HOUSING	1,769.44	1,769.44
55	S-368-K-NURSING FACILITY SUSTAINABILITY SP FUND	28,097.30	28,097.30
56	S-372-K-NURSING FACILITY SUSTAINABILITY SP FUND	1,119,729.15	1,119,729.15
57	S-382-K-NURSING FACILITY SUSTAINABILITY PROG SF	166,325.66	166,325.66
58	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.

DHS is concerned with the transfer of funds of all programs that provide services to vulnerable populations and expresses great concern regarding the transfer of these

Department of Health funds:

44	S-331-H-EARLY INTERVENTION	1,000,000.00	1,000,000.00
45	S-334-H-DISABILITY AND COMM ACCESS BOARD	3,000,000.00	3,000,000.00

The Early Intervention Special Fund supports the State's Early Intervention Program that provides crucial developmental and disability services to children birth to three years old and their families. Early intervention services are required by Part C of the Individuals with Disabilities Education Act (IDEA), and encompass timely and appropriate delivery of services, such as assistive technologies, speech – language therapy, nutrition therapy, physical therapy, occupational therapy, behavioral therapies, family engagement, and care coordination. Early intervention services help families learn how to address and support their child's developmental needs. Developmental processes are sequential, and children's foundational



developmental capacities need to be supported so later developmental milestones can be optimally achieved. Without timely and needed interventions, unaddressed developmental delays will continue to impact a child's long term social, emotional, and educational outcomes that will likely require more expensive services as the child ages.

Early intervention services are particularly important for children involved in child welfare services due to abuse and neglect. It is well documented that the largest cohort of children placed into foster care are children under 1 year old and that these children are at high risk of developmental delay. It is part of the child welfare case to address the health care and development needs of children in care, and these infants and toddlers in foster care especially need access to early intervention services.

DHS defers to testimony of the Disability Communication and Access Board (DCAB) that describes the importance of the \$3,300,000 balance that supports the Disabled Persons Parking Program as there is no alternative source of funding. Hawaii's individuals with disabilities and their caretakers rely on the Disabled Persons Parking Program to assist with access to public accommodations. Having sufficient parking with space that provides enough room to facilitate use of a wheel chair, or other devices, increases safety by improving visibility and reducing the distance needed to traverse through parking lots. Accessible parking also encourages socialization and reduces isolation of individuals with disabilities as well as the isolation experienced by caregivers. DCAB provides valuable services to the community and needs to have an appropriate level of resources to serve the community.

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



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

**Date:** 03/29/2021  
**Time:** 09:35 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, SD1 Proposed 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:**

**Department:** Education  
**Testifier:** Dr. Christina M. Kishimoto, Superintendent of Education  
**Title of Bill:** HB 1298, HD1, SD1 Proposed 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 fund, 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 "Minimum 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 of 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. To support this, reserves are needed, requiring us to not spend all of our special and trust fund monies.

The following are the impacts related to each of the specific funds affected by this 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 -- or, 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.

Schools and complex areas should be allowed to continue to 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;

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; the 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 for when the staff is unable to service all students with the Weighted Student Formula (WSF) funds 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 replacement air conditioners, and to move multiple offices to make room for additional classroom/dorm spaces for students. Without these 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; 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 Use of School 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, leveling the playing field 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 been 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 and 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, the University of Hawaii, 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 monies 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)**

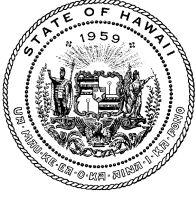
This fund was created in 1998 to support the Hawaii Teachers Standard Board (HTSB), which establishes standards governing teacher licensing and credentialing within the Department, conducts cyclical review of standards, and suggests revisions for their improvement. Act 161, SLH 2019, repealed the HTSB 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).



# STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

DAVID Y. IGE  
GOVERNOR OF HAWAII

ELIZABETH A. CHAR, M.D.  
DIRECTOR OF HEALTH

SERAFIN COLMENARES, JR., Ph.D., M.P.H.  
ADMINISTRATOR

1177 Alakea St., #402, Honolulu, HI 96813 Phone: 587-0788 Fax: 587-0783 www.shpda.org

## Senate Committee on Ways and Means

### HB 1298 SD 1, Relating to the State Budget

#### Testimony of Serafin Colmenares, Jr. SHPDA Administrator

Monday, March 29, 2021  
9:35 a.m., Videoconference

1 The State Health Planning and Development Agency is providing testimony in strong  
2 opposition to House Bill 1298 SD 1.

3 House Bill 1298 SD 1 proposes to transfer \$400,000 of the State Health Planning and  
4 Development special fund to general funds. This would amount to a reduction of almost 2/3 of  
5 the current SHPDA special fund.

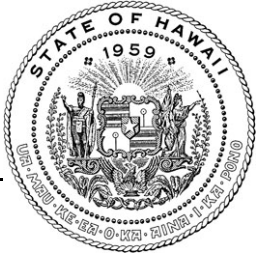
6 SHPDA was established by law (HRS 323D) as an administratively attached agency in  
7 the Department of Health and tasked with the responsibility for promoting accessibility for all  
8 the people of Hawaii to quality health care services at reasonable cost. Its functions include  
9 the administration of the state's statutorily mandated certificate of need program, the  
10 preparation and implementation of the state health services and facilities plan, the coordination  
11 of statewide community health planning activities to determine the health needs of the state,  
12 and the collection of data and conduct of studies regarding the causes of health care costs.

13 SHPDA's special fund was established under HRS323D-12.6 "to assist in offsetting  
14 program expenses of the agency." The legislature has set an annual ceiling of \$114,000 for  
15 this purpose and the so-called "excess" fund is meant to ensure that this annual ceiling is  
16 sustained..

1           The fund has provided the agency needed support in the performance of its mandated  
2 functions. SHPDA also intends to use it to support staff position(s) that may not be funded by  
3 general funds. Transferring the \$400,000 would thus adversely affect SHPDA's ability to  
4 "offset program expenses" and perform its statutory functions.

5           We understand that, owing to the budgetary shortfall that was expected due to the  
6 COVID-19 pandemic, the State has to plan on budget cuts, layoffs and other measures to keep  
7 it afloat. However, these actions appear to be no longer needed with the passage of the 2021  
8 American Recovery Act. Thus, we believe that the proposed transfer of SHPDA's special fund  
9 is not necessary.

10           Thank you for this 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**

Monday, March 29, 2021  
9:35 AM  
State Capitol, Conference Room 211

In consideration of  
**HB 1298, HD1, PROPOSED SD1  
RELATING TO STATE FUNDS.**  
and  
**HB 1299, HD1  
RELATING TO NON-GENERAL FUNDS.**

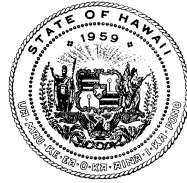
Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) supports HB1298, HD1, Proposed SD1 and HB1299, HD1, which repeals various non-general funds and/or transfers the unencumbered balances to the General Fund.

DBEDT agrees with the Proposed SD1, which transfers the following funds into the general funds:

<b>Department of Business, Economic Development, and Tourism</b>			
21	S-302-B-FOREIGN TRADE ZONE	250,000.00	250,000.00
22	S-305-B-ENERGY SECURITY FUND	2,400,000.00	2,400,000.00
23	S-308-B-HYDROGEN INVESTMENT CAPITAL SPECIAL FUND	1,303.29	1,303.29
24	S-309-B-CREATIVE INDUSTRIES DIVISION	30,000.00	30,000.00

In addition, DBEDT agrees with Part IV (Section 10) of HB1299, HD1, which abolishes the Hydrogen Investment Capital Special Fund.

DBEDT affirms its commitment to work with both the Finance and Ways and Mean Committees 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 testify.



**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 29, 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-311-H Trauma System Special Fund: The trauma system special fund has supported the  
5 development and maintenance of Hawaii's comprehensive trauma system. The fund supports  
6 trauma initiatives in all 4 counties:

COUNTY (Island)	Trauma Centers	Critical Access Hospitals
Hawaii	3	3
Oahu	3	3
Kauai	1	2
Maui	1	3

1 Fund initiatives support trauma centers (training, equipment, emergency surgery services), injury  
2 prevention functions to save lives of resident and visitors who experience a trauma injury.  
3 Directly funds 4 injury prevention staff including epidemiologist, office assistant, and prevention  
4 specialists in senior falls and traffic safety.

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

10 S-314-H Neurotrauma Special Fund: The Neurotrauma Special Fund (NSF) funds successful  
11 programs including concussion awareness and management, return to play protocols for public  
12 school athletics, and other initiatives to protect the safety of the public. Sweeping the NSF would  
13 increase State and medical stroke-related expenditures over time. The NSF-funded Stroke  
14 Network, which improves access to stroke treatment and care, and reduces mortality and  
15 disability due to stroke, is estimated to have saved the State \$19.1 million in direct medical costs  
16 between March 2013 to May 2019 ; 28% of patients who receive early treatment will experience  
17 less disability.

18 S-315-H Environmental Health Administration: The department supports conversion of 1.00  
19 FTE (#123122 (#97111H) Information Technology Band C) to 100% general funds (from 50%  
20 general, 50% special) in HTH 849/FA and the transfer of the special fund cash balance in HTH  
21 849/FA (S-315-H) to the general fund.

1 S-319-H Electronic Device Recycling Fund: In 2017, the Legislature amended HRS 339D to  
2 allow the department to fund county collections retroactively to January 1, 2016. The department  
3 specifically requested an increase in ceiling appropriation for FY21 to accommodate this action.  
4 With the transfer of \$1M from the Electronic Device Recycling Fund to general funds, the  
5 department will not be able to honor the intent of the 2017 legislative change. Any transfer of  
6 funds beyond the proposed \$1M will impact the current level of annual distribution of funds to  
7 counties for electronic waste collection, which will increase the amount of electronic waste  
8 disposed into the landfill or otherwise dumped and will potentially harm the environment.

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

19 S-323-H Asbestos and Lead Abatement Special Fund: If the Asbestos and Lead Abatement  
20 Special Fund (S-323-H) is repealed and the cash balance transferred to the general fund, the  
21 department supports the conversion of 3.00 FTE (#40632 Environmental Health Specialist IV,

1 #42316 Environmental Health Specialist III, and #45346 Environmental Health Specialist III)  
2 from this special fund to general funds (HTH 610/FR). Insufficient funding will negatively  
3 impact operations including the ability to ensure hazard management of asbestos and lead-based  
4 paint in school, commercial, industrial, and public buildings as well as accredit training providers  
5 and certify all individuals involved in hazard abatement, inspection, and design statewide.

6 S-331-H Early Intervention Special Fund: The early intervention (EI) Special Funds are needed  
7 to support the delivery of mandated services statewide as specified under federal law (P.L. 108-  
8 446 IDEA, Part C). The funds will need to be accessed for the following: 1) Contract service  
9 providers for the 13 vacant DOH positions that were abolished. 2) Contract Care Coordinators  
10 (CC) to cover services for the DOH positions that are under the hiring freeze. 3) Support the use  
11 of the new web-based data system by providing wireless access to the internet for CCs and  
12 service providers while in the homes of EI eligible children. 4) Provide training for care  
13 coordinators and service providers as EIS scales up activities under the State Systemic  
14 Improvement Plan (SSIP) which address the social emotional development of infants and  
15 toddlers. The activities listed are required in order for Hawaii to correct non-compliance and  
16 maintain compliance with federal regulations. EIS is currently determined as a "needs assistance"  
17 by the federal Office of Special Education Programs (OSEP). If these activities are not  
18 implemented, Hawaii will be at risk for other costly requirements that may be applied by  
19 OSEP. This special fund currently supports 6.00 FTE: Pos #54734, 117194, 117195, 120549,  
20 117401, and 117074



1 S-334-H Disability and Comm Access Board: Transfer no more than \$1M of current balance to  
2 general fund for next fiscal year only. More than \$1M severely impacts the FB21-23 budget for  
3 operating expenditures, personnel costs, and the statewide Parking for Disabled Persons program  
4 for the issuance of disability parking permits to qualified persons with disabilities, per HRS  
5 Chapter 291, Part III.

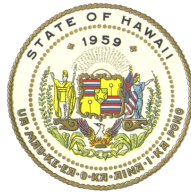
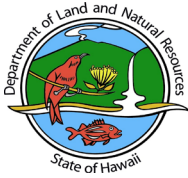
6 S-340-H Sanitation and Environmental Health Special Fund: The department has serious  
7 concerns regarding the transfer of funds from or repeal of the Sanitation and Environmental  
8 Health Special Fund (S-340-H) as there are 27 positions (mostly Food Safety Specialists (FSS))  
9 that are supported by this fund. These positions are highly productive, and their performance is  
10 metric-based and directly linked to improving public health outcomes that prevent, mitigate, or  
11 stop potential and actual disease outbreaks including the current pandemic. FSS staff confront  
12 violators of COVID-19 proclamations, HRS, and HAR to reduce the risk to the public of being  
13 infected with communicable diseases such as COVID-19. FSS positions are the enforcement  
14 arm of the department that works directly with and assists the Disease Outbreak Control Division  
15 in enforcing HAR to obtain contact tracing and other pertinent information needed to halt or  
16 mitigate disease outbreaks. These positions also protect the public from foodborne and  
17 waterborne diseases at restaurants and public swimming pools and from the practice of tattooing.  
18 The special fund ensures continuity of operations and continued funding for the 27.00 FTE  
19 budgeted in HTH 610 that are supported by this fund.

20

21 Thank you for the opportunity to testify.



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**

**Monday, March 29, 2021  
9:35 AM**

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

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

House Bill 1298, House Draft 1, proposed Senate 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

**HB-1298-HD-1**

Submitted on: 3/27/2021 10:18:58 PM

Testimony for WAM on 3/29/2021 9:35:00 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 comments. Please allow me Zoom access. Thank you.

**HB-1298-HD-1**

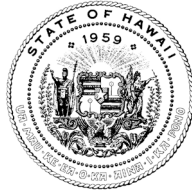
Submitted on: 3/27/2021 10:20:50 PM

Testimony for WAM on 3/29/2021 9:35:00 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.



**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  
MONDAY, MARCH 29, 2021

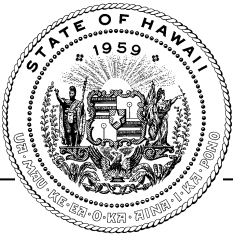
HOUSE BILL 1298 HD1  
RELATING TO STATE FUNDS

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.



# 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**

Monday, March 29, 2021  
9:35 AM  
State Capitol, Conference Room 211 via videoconference

In consideration of  
**HB 1298, HD1, Proposed SD1  
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, Proposed SD1, 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.

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

TO THE  
SENATE COMMITTEE ON  
WAYS & MEANS

March 29, 2021  
9:35 a.m.

Chair Dela Cruz and Members of the Committee:

**MEASURE:** H.B. No. 1298 HD1 PROPOSED SD1

**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 6/30/2021. (SD1 Proposed)

**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



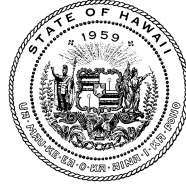
H.B. No. 1298 HD1 PROPOSED SD1  
Page 2

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.

Thank you for the opportunity to testify on this measure.

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 29, 2021

Time: 9:35 A.M.

Place: Via Video Conference, State Capitol

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

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

As it relates to the Department's special funds, H.B. 1298, H.D.1, Proposed S.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 this measure, 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.

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 29, 2021  
9:35 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 of Agriculture (“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 has been advised by the Office of the Attorney General that S-304, that the Pest Inspection Quarantine Special Eradication Fund is a regulatory fund which is not subject to transfer to the general fund. The Department defers to the testimony from the Office of the Attorney General on this matter.

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.



DAVID Y. IGE  
GOVERNOR



KENNETH S. HARA  
MAJOR GENERAL  
ADJUTANT GENERAL

STEPHEN F. LOGAN  
COLONEL  
DEPUTY ADJUTANT GENERAL

**LATE**

STATE OF HAWAII  
**DEPARTMENT OF DEFENSE**  
**OFFICE OF THE ADJUTANT GENERAL**  
3949 DIAMOND HEAD ROAD  
HONOLULU, HAWAII 96816-4495

TESTIMONY ON HOUSE BILL 1298 HD1  
A BILL RELATING TO RELATING TO STATE FUNDS

PRESENTATION TO  
Ways and Means

BY

MAJOR GENERAL KENNETH S. HARA  
ADJUTANT GENERAL AND DIRECTOR OF STATE EMERGENCY MANAGEMENT AGENCY

MARCH 22, 2021

Chair Donovan M. Dela Cruz, and Vice Chair Gilbert S.C. Keith-Agaran, and Members of the Committee.

I am Major General Kenneth S. Hara, State Adjutant General and the Director of the Hawaii Emergency Management Agency. I am testifying with comments of House Bill 1298 HD1.

HB1298 identifies account S-350, Personal Protective Equipment. These funds originated from CARES ACT funding provided in ACT 9. The measure is in conflict of ACT 9, which states On December 28, 2020, any unexpended funds shall be transferred to the unemployment compensation trust fund established under section 383-121, Hawaii Revised Statutes. HB1298 states that excess funds in S-350 be transferred to the General Fund.

HB1298 also identifies T-905-G-ASSET FORFEITURE TRUST ACCOUNT. The funds remaining in this account derived from the Kokua Ohana Aloha (KOA) Program. The goal of the program was to offer status offenders and their families an alternative to entering the Juvenile Justice System. The funds were transferred to DOD from DOH and co-mingled in this trust fund.

Thank you for the opportunity to testify on HB1298 HD1. If you have any questions or need additional information to our response, please contact our administrative services officer Rusty Spray at (808) 330-7744 or at [rusty.spray@hawaii.gov](mailto:rusty.spray@hawaii.gov)



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

March 29, 2021

HEARING BEFORE THE  
SENATE COMMITTEE ON WAYS AND MEANS

**TESTIMONY ON HB 1298, HD1, PROPOSED SD1**  
RELATING TO STATE FUNDS

Conference Room 211  
9:35 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, **Proposed SD1**, 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.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

Testimony Presented Before the  
Senate Committee on Ways and Means  
March 29, 2021 at 9:35 a.m.

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

HB 1298 HD1 Proposed SD1 – 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, Proposed Senate 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 UH, 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	\$ 1,586.08
Total	\$ 89,246.82

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 Legislative Relief for Claims amounts is an old fund that UH does not use and that amount may be transferred to the General Fund with no impact to UH.

Thank you for this opportunity to testify.



## THE QUEEN'S HEALTH SYSTEMS

---

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

From: Colette Masunaga, Director, Government Relations & External Affairs, The Queen's Health Systems

Date: March 29, 2021

Re: Opposition to HB1298, HD1 – Proposed SD1: Relating to State Funds

---

The Queen's Health Systems (Queen's) is a nonprofit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, and more than 1,500 affiliated physicians and providers statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's appreciates the opportunity to testify in opposition to the proposed SD1 for HB1298, HD1, which would severely impact the Trauma System Special Fund. While we appreciate the unprecedented economic challenges our state is facing as a result of the COVID-19 pandemic, we urge this Committee to consider exempting the transfer of unspent dollars in this fund which underpins critical programs in our hospital. We respectfully urge this Committee to consider amending the proposed SD1, HB1298, HD1 by exempting the Trauma System Special Fund.

The Trauma System Special Fund is important for the sustainability of the statewide trauma program. Queen's is the only Level 1 trauma center for the state, providing services to 2,900 patients annually. Trauma services at Queen's must include 24/7 on-call specialist coverage, in-house trauma surgery, in-house anesthesia and operating room staff, as well as numerous other specialized services and equipment to deliver life-saving interventions on a moment's notice. Queen's houses the 24/7 Transfer Call Center which provides support to neighbor island trauma patients and is the only comprehensive specialty on-call schedule in the state. The call schedules represent greater than 20 specialties including all surgical subspecialties including, neuro surgery, microvascular surgery (limb salvage and re-implantation surgery), facial and reconstructive surgery.

The Queen's Medical Center Punchbowl routinely receives trauma patients with severe injuries or sub-specialty needs from hospitals on every island and throughout the Pacific Basin. On the neighbor islands where access to Level I Trauma care is limited by geographic barriers, it may take several hours to reach Queen's; the State Trauma System ensures initial evaluation and resuscitation at Level III centers are accessible to the people of Hawai'i in every county.

*The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.*

Underfunding or eliminating the State's Trauma System Special Fund may result in decreased access to trauma centers, reduction in services, higher complication rates, diminished functional outcomes, and higher death rates after injury. As death and disability after injury are a primary public health concern, especially in young adults, high quality trauma care remains essential to reduce loss of productive life years and improve outcomes after injury. The Trauma Special Fund is a critical resource which offsets those losses and maintains vital infrastructure for the State trauma system.

Thank you for your consideration of our testimony on this critical measure

Monday, March 30, 2021; 9:35 am  
Via Video Conference

**Senate Committee on Ways and Means**

To: Senator Donovan Dela Cruz, Chair  
Senator Gilbert Keith-Agaran, Vice Chair

From: Michael Robinson  
Vice President, Government Relations & Community Affairs

Re: **Testimony in Opposition to HB 1298, HD1 and Proposed SD1  
Relating to State Funds**

---

My name is Michael Robinson, and I am the Vice President of Government Relations & Community Affairs at Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox and over 70 locations statewide with a mission of creating a healthier Hawai'i.

Kapi'olani Medical Center is the state's only maternity, newborn and pediatric specialty hospital. It is also a tertiary care, medical teaching and research facility. Specialty services for patients throughout Hawai'i and the Pacific Region include intensive care for infants and children, 24-hour emergency pediatric care, air transport, maternal-fetal medicine and high-risk perinatal care.

Pali Momi is a not-for-profit hospital located in West O'ahu, and is dedicated to the health and well-being of all Hawai'i residents. With 118 beds and more than 400 physicians on its medical staff, Pali Momi offers a full range of services. Pali Momi Medical Center is one of only two adult trauma centers on the island of Oahu and the only Level III Trauma Center serving Central and West Oahu. Pali Momi is able to provide life-saving care sooner for those in our communities who are suffering from major traumatic injuries.

HPH writes in **opposition** to HB 1298, HD1 and Proposed SD1 which proposes to transfer to the general fund the unencumbered balances of various non-general funds maintained by various state agencies, including the State Health Planning and Development special fund and the Trauma System special fund. We respectfully request that monies from the State Health Planning and Development special fund and the Trauma System special fund remain in the respective funds intact.

While we are sensitive to the challenging budget circumstances the State is confronting, we are compelled to write in opposition to HB 1298 which would adversely impact the State Health Planning and Development Agency (SHPDA) as well as the State's trauma system.



### **Impact on Healthcare Planning:**

Chapter 323D, Hawaii Revised Statutes (HRS), the Health Planning and Resources Development and Health Care Cost Control Law, was enacted to promote accessibility for all the people of the State to quality health care services at reasonable costs. Among other things, this law established the State Health Planning and Development Agency or SHPDA. The purpose of SHPDA is to “promote accessibility for all the people of the State to quality health care services at reasonable cost.

SHPDA supports the most economical and efficient use of the health care system and resources through coordinated community planning of new health care services and construction. SHPDA administers the Certificate of Need Program, implements the Health Services and Facilities Plan, and promotes the sharing of facilities or services by health care providers to achieve economies of scale and restrict unusual costly services.

The above responsibilities have been effectively handled by SHPDA for many years. For DOH, these represent new responsibilities the department would have to assume in addition to numerous other duties and priorities. Faced with responding to significant health issues in the State caused by the COVID-19 pandemic, SHPDA is in the best position with the knowledge and expertise respond rapidly to the changing environment of healthcare in the State.

### **Impact on the State Health Trauma System:**

A reduction in the amount of funds available to support trauma care will have a significant negative impact on hospitals’ abilities to provide care for patients whose injuries require immediate attention and intervention to prevent further complications or death. This measure seeks to transfer \$5,000,000 from the trauma fund. Money received into the trauma fund varies from year to year, depending on the amount of revenue generated from the cigarette tax and other sources of funding. The balance in excess of the statutory ceiling is used to support the State’s trauma system until those funds are replenished. While it may appear that there are “excess” funds, the money is used continuously to maintain the ongoing operations of Hawai’i’s system of trauma care. Without all the funds, including any seemingly excess funds, the network of trauma centers, critical access hospitals and aeromedical services will be greatly compromised in the level of care delivered to our communities.

Hawai’i’s trauma system is a cooperative network of nine trauma centers (including Tripler Medical Center), critical access hospitals and aeromedical services. The funding and development of the state trauma system allows the health care systems of the state to overcome its unique geographical challenges and to coordinate services, resources and transports across our unique island chain to serve the community. The trauma centers of this state collaborate closely to overcome its unique geographical challenges, spanning nearly 300 miles, with individual counties separated by miles of open water and isolated by over 2000 miles from the mainland. The trauma centers and aeromedical partners work collaboratively to expedite transfers and deliver efficient care to Hawai’i’s community, and the loss of trauma funds would be a great disservice to the community of Hawai’i.

The State trauma funds have been used collectively by Hawai’i’s hospitals and individual health care systems to create a unified, collaborative state system which affords an injured individual the highest probability of survival and return to their pre-injury quality of life. The State of Hawai’i’s Trauma System Plan has saved countless lives and returned loved-ones to their families as well

as improved outcomes in decreasing the burden of disability for innumerable numbers of people across the state – visitors and kama`aina alike.

**1. Impact upon Pediatric Trauma Care: Kapi`olani Medical Center’s Level III Pediatric Trauma Program**

Kapi`olani serves approximately 200 infant and children trauma patients annually. The needs of pediatric patients suffering from a traumatic injury differ greatly from those of adult trauma patients. Monies from the trauma system special fund help subsidize trauma program costs which are necessary to ensure quality care and ideally reduce the number of trauma cases.

The COVID-19 pandemic and statewide surge plan which went into effect in August, 2019 resulted in the diversion of all pediatric trauma cases from the state’s Level I Trauma Center to Kapi`olani. This brought high acuity severely injured children to our center that would have normally not been brought initially to our center, and has required additional training, education, implementation of new process and enhancement of our surgical supplies/equipment.

As the state’s only designated Pediatric Trauma Center, the elimination of funding of our program would leave a service gap for the injured children in the state of Hawai`i. Traumatic injury remains the leading cause of death and disability in children in Hawai`i as well as across the nation. The loss of program funding will leave a service gap to Hawai`i’s most vulnerable population.

**2. Impact upon O`ahu Level III Trauma Care: Pali Momi’s Level III Trauma Program**

Pali Momi Medical Center provides care for more than 400 trauma patients per year and is the only Level III Trauma Center serving Central and West Oahu. Funds from the Trauma special funds are used to help subsidize trauma program program costs. The trauma funds do not cover the entire trauma program costs which are necessary to ensure quality care and ideally reduce the number of trauma cases.

A loss or reduction in the amount of trauma funding Pali Momi receives would severely hamper the hospital’s ability to treat trauma patients, particularly those patients suffering from trauma related injuries in Central and West Oahu. In the absence of Pali Momi, the only other trauma center accepting patients is situated at Queen’s Medical Center, necessitating a farther distance to travel before appropriate care can be administered to the patient. With trauma cases, immediate treatment can make a difference in how well a patient recovers from the injuries sustained.

**3. Impact upon Kauai: Wilcox Medical Center Level III Trauma Program:**

As the largest medical facility on Kauai, Wilcox plays a crucial role in providing high quality health care for the entire island of Kaua`i. At Wilcox these funds help subsidize trauma program costs. The trauma funds do not cover the entire trauma program costs which are necessary to ensure quality care and ideally reduce the number of trauma cases. As the only trauma center on the island of Kauai, Wilcox is a vital link in providing prompt assessment, resuscitation, emergency surgery, and stabilization as well as arranging for transfer to a facility that has additional resources not available on Kaua`i if necessary. In 2020, Wilcox treated 417 trauma patients; in 2019, 437 trauma patients were treated, and in 2018, 341 trauma patients were treated.

Wilcox was the first American College of Surgeons-verified Level III Trauma Center in the state of Hawai'i. Through the trauma program, Wilcox has been able to achieve improvement in our hospital's response to traumas and expediting workup on a level comparable to the requirements of the American College of Surgeons Committee on Trauma (ACS-COT). In addition, given our complex geography, having status as a Level III Trauma Center has allowed Wilcox to provide leadership in improving the transfer process. This is evidenced by decreased transfer times on our trauma quality improvement program report. A reduction or loss of trauma funding would be devastating to the level of services Wilcox delivers to the residents of Kaua'i. The island community relies on Wilcox to provide trauma care.

Based on the above reasons, HPH respectfully opposes this measure. Thank you for the opportunity to testify.

Monday, March 29, 2021 9:35 am  
Via Video Conference

**Senate Committee on Ways and Means**

To: Senator Donovan Dela Cruz, Chair  
Senator Gilbert Keith-Agaran, Vice Chair

From: Jen Chahanovich  
President & Chief Executive Officer

**Re: Testimony in Opposition to HB 1298, HD1, Proposed SD1  
Relating to State Funds**

---

My name is Jen Chahanovich and I am the chief executive officer of Wilcox Medical Center. Founded in 1938, Wilcox Medical Center is a not-for-profit hospital dedicated to providing the Kaua'i community with accessible, quality health care. Wilcox is the largest medical facility on Kaua'i and has been recognized as one of the nation's best small hospitals. With more than 200 physicians on staff, Wilcox Medical Center offers island residents and visitors expert diagnosis and treatment for more than 22 specialties. It is a state-of-the-art acute care facility with a full suite of services including emergency, OB/GYN, pediatrics, cardiology, gastroenterology, ophthalmology, pulmonology, nephrology, orthopedics, neurology, internal medicine, trauma, family practice, radiology, urology, otolaryngology and general surgery.

Wilcox writes in **opposition** to HB 1298, HD1, Proposed SD1 which proposes to transfer to the general fund the unencumbered balances of various non-general funds maintained by various state agencies, including the State Health Planning and Development special fund and the Trauma System special fund. We respectfully request that monies from the State Health Planning and Development special fund and the Trauma System special fund remain in the respective funds intact.

This measure seeks to transfer \$5,000,000 from the trauma fund. Money received into the trauma fund varies from year to year, depending on the amount of revenue generated from the cigarette tax and other sources of funding. The balance in excess of the statutory ceiling is used to support the State's trauma system until those funds are replenished. While it may appear that there are "excess" funds, the money is used continuously to maintain the ongoing operations of Hawaii's system of trauma care. Without all the funds, including any seemingly excess funds, the network of trauma centers, critical access hospitals and aeromedical services will be greatly compromised in the level of care delivered to our communities.

Hawaii's trauma system is a cooperative network of nine trauma centers (including Tripler Medical Center), critical access hospitals and aeromedical services. The funding and development of the state trauma system allows the health care systems of the state to overcome its unique geographical challenges and to coordinate services, resources and transports across

our unique island chain to serve the community. The trauma centers of this state collaborate closely to overcome its unique geographical challenges, spanning nearly 300 miles, with individual counties separated by miles of open water and isolated by over 2000 miles from the Mainland. The trauma centers and aeromedical partners work collaboratively to expedite transfers and deliver efficient care to Hawai'i's community. The loss of trauma funds would be a great disservice to the community of Hawai'i.

### **Impact upon Kauai: Wilcox Medical Center's Level III Trauma Program**

The island community relies on Wilcox to provide trauma care. A reduction or loss of trauma funding would be devastating to the level of services Wilcox delivers to the residents of Kauai. As the largest medical facility on Kauai, Wilcox plays a crucial role in providing high quality health care for the entire island of Kauai. At Wilcox these funds help subsidize trauma program costs. The trauma funds do not cover the entire trauma program costs which are necessary to ensure quality and ideally reduce the number of trauma cases. As the only trauma center on the island of Kauai, Wilcox is a vital link in providing prompt assessment, resuscitation, emergency surgery, and stabilization as well as arranging for transfer to a facility that has additional resources not available on Kauai if necessary. In 2020, Wilcox treated 417 trauma patients; in 2019, 437 trauma patients were treated, and in 2018, 341 trauma patients were treated.

Wilcox was the first American College of Surgeons-verified Level III Trauma Center in the state of Hawai'i. Through the trauma program, Wilcox has been able to achieve improvement in our hospital's response to trauma cases and expediting workup on a level comparable to the requirements of the American College of Surgeons Committee on Trauma (ACS-COT). In addition, given our complex geography, having status as a Level III Trauma Center has allowed Wilcox to provide leadership in improving the transfer process. This is evidenced by decreased transfer times on Wilcox's trauma quality improvement program report.

### **Impact on Healthcare Planning: SHPDA**

Chapter 323D, Hawaii Revised Statutes (HRS), the Health Planning and Resources Development and Health Care Cost Control Law, was enacted to promote accessibility for all the people of the State to quality health care services at reasonable costs. Among other things, this law established the State Health Planning and Development Agency or SHPDA. The purpose of SHPDA is to "promote accessibility for all the people of the State to quality health care services at reasonable cost."

SHPDA supports the most economical and efficient use of the health care system and resources through coordinated community planning of new health care services and construction. SHPDA administers the Certificate of Need Program (CON), implements the Health Services and Facilities Plan, and promotes the sharing of facilities or services by health care providers to achieve economies of scale and restrict unusual costly services.

The above responsibilities have been effectively handled by SHPDA for many years. For DOH, these represent new responsibilities the department would have to assume in addition to numerous other duties and priorities. Faced with responding to significant health issues in the State caused by the COVID-19 pandemic, SHPDA is in the best position with the knowledge and expertise respond rapidly to the changing environment of healthcare in the State.

The risks from the fragmentation of care are always of great concern due to the small size and geographic challenges Kaua'i faces. SHPDA's administration of the CON process helps manage the risk of fragmentation of care that can easily occur when the introduction of a new service by an existing or new provider does not consider the impact to the larger healthcare delivery system.

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



Hawaii Coffee Association  
PO Box 168, Kealahou, HI 96750

SENATE COMMITTEE ON WAYS AND MEANS  
March 29, 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.

Additionally, Hawaii's coffee industry has benefited from the state's Agricultural Development & Food Security Special Fund. Our annual conference is funded in part by HDOA's Specialty Product Promotion program. This is the premier coffee industry gathering in the state and provides important educational and networking opportunities that build the resiliency of our industry.

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

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)

---

<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



**Hawaii Cattlemen's Council, Inc.**

COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair



**HB1298 HD1**

RELATED TO STATE FUNDS

Monday, March 29, 2021, 9:35 AM  
Video Conference

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

The Hawaii Cattlemen's Council respectfully **offers comments on HB1298 HD1** to relating to state funds.

We understand that tough decisions need to be made in regards to our state's budget. We respectfully encourage the legislature to carefully consider the need to support agriculture during this time of recovery. Ranchers rely on the Department of Agriculture to ensure biosecurity, support producers, and ensure that agricultural production continues in Hawaii. The pandemic made it clear that agriculture is essential and that our farmers and ranchers can and will maneuver to meet the needs of Hawaii. However, they need the support and concerted efforts of the Department of Agriculture. As we move forward to recover from this pandemic, please consider affording agriculture the support it needs to thrive and serve the community by maintaining the Agricultural Development & Food Security Special Fund.

Thank you for the opportunity to testify on this matter.

Nicole Galase  
Hawaii Cattlemen's Council  
Managing Director



## **Hawaii Cattlemen's Council**

### **Position Statement on Local Beef Production**

One of the core strengths of any society lies in its ability to be self-sufficient, to feed itself. Hawaii's beef producers are committed to providing wholesome food for its community that is safe, secure and sustainable.

For most of its existence, Hawaii's beef industry has followed a conventional model with production, harvest and processing occurring within state. In the early 1990's, a combination of rising costs and inefficiencies led Hawaii producers to shift to an export calf model which remains dominant today. However, with increasing consumer demand for locally sourced food, there is renewed focus on expanding local beef production. Several private labels have emerged over the last 10 years, raising the flavor and tenderness profile for local beef, further driving demand. The groundwork for expansion has been set.

In recent years, Hawaii Cattlemen's Council (HCC) and the Hawaii Department of Agriculture (HDOA) recognized limited harvest capacities as one of the primary constraints for expanding local beef production. It has been HCC's position that each island should have access to a full complement of harvest and processing facilities. The economic benefit of efficiencies achieved with consolidation should be balanced with the unique challenges Hawaii's beef industry faces. These include;

- the vulnerability of interisland transportation of perishable goods and/or live animals as it relates to;
  - food security and safety, animal welfare, affordable shipping rates, labor disputes and equipment failure
- the need to develop and maintain a diversified economic base and skilled labor force on outer islands
- limited competitive markets
- quasi-public responsibility of state-owned food processing facilities

Among other things previously identified (see attached, "A Livestock Harvest Facility for Hawaii"), the ideal model should address;

- Flexible marketing – direct sale vs retained ownership
- Increased capacity/access for all producers to harvest, process and market
- Growth of market share through "coopetition" vs direct competition
- Compliance with regulatory planning concepts and concerns, especially as related to environmental issues
- Preservation of the integrity of locally labeled beef
- Opportunity to expand locally branded products

Our producers continue to provide high-quality grass-fed beef year-round, which serves a loyal, sustainability-minded customer base that increasingly want to know where their food comes

from. HCC supports a business model that facilitates infrastructure that allows each island to maintain autonomy over its beef production from gate to plate.

## **A Livestock Harvest Facility for the State of Hawaii Hawaii Cattlemen's Council**



Senate Bill 1257 provides \$1.5M for the planning and design of a livestock harvest facility within the state of Hawaii. This is an ambitious initiative that represents our strong belief in the future of our industry and our commitment to building infrastructure that will help grow and expand our local markets.

Our critical need for this project is based on the following;

- a. increased consumer demand for local beef
- b. increased market demand created by expanding programs, such as our schools' Aina Pono initiative
- c. availability for producers' strategic culling programs
- d. security for animal welfare in the face of disease or drought

The Request for Proposal (RFP) for planning and design should include the following key components and deliverables from firms who will respond;

1. An analysis of a viable business/feasibility plan that addresses expected throughput, revenues, expenses and return on investment related to the operation of a new facility. Our initial recommendation for Hawaii Island is for a 5,000 head capacity that can be expanded to 10,000 head/year. This will be varied island by island. We see this information as critical to attracting capital to our state and industry.
2. Schematics and drawings of the layout of a new facility that can be adapted to meet different environmental conditions for each island and can scale up or down to meet production needs.
3. Analysis and review of technologies to support the remote locations and sensitive environments in which this facility will operate.

4. Review of the following key features of the facility itself. These features will ensure that the proposed model will meet our goal of creating a facility that serves the sustainability needs of our industry addressed through these economic, social and environmental considerations.

<b>Economic</b>	<ul style="list-style-type: none"> <li>• Capacity (target steady state, initial, and ramp up)</li> <li>• Scalable/modular</li> <li>• Marketing partner</li> <li>• Added value/processing</li> <li>• Certification for specialty markets – i.e. export, BRC, GFSI</li> <li>• Management expertise</li> <li>• Transportation costs</li> <li>• Flexible marketing – direct sale vs retained ownership</li> <li>• Innovation and technology</li> <li>• Useful life</li> <li>• Potential for multi-species use</li> <li>• Scope of facility—slaughter, processing, and further processing capabilities</li> <li>• Value Added Products and Processing</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>• Food safety</li> <li>• Worker safety</li> <li>• Animal well-being</li> <li>• Employee engagement</li> <li>• Central location</li> <li>• Affordable housing</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>• Renewable energy</li> <li>• Waste disposal - bio digester</li> <li>• Water resources and requirements</li> <li>• Critical path for permits</li> <li>• Environmental Impact Statement</li> <li>• Air emissions/odor</li> <li>• Proximity to existing infrastructure and need for establishment of new connections to electrical, water, wastewater, and roadways.</li> </ul>

HCC believes our industry and agriculture as a whole are at a critical crossroads. There is a great deal to be optimistic about including consumer demand for more locally sourced food, public officials who have declared a commitment to improve Hawaii’s food security, an advocate in our HDOA administration who believe in the need for Hawaii’s agriculture to thrive and people within the ranching community with the will to move our industry forward. These things combine to create powerful synergy to keep our industry and agriculture a vibrant and relevant part of our state’s economy and landscape. This project is the result of that synergy and a real, tangible move forward for the beef industry.



American  
Heart  
Association.

**LATE**

**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.

*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.

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



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:

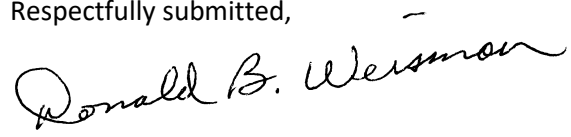
- They spend \$5,531 out-of-pocket in annual direct costs (for such items as assistive devices, modifications to the home, etc.).
- They provide an average of 20.4 hours of unpaid care per week.
- Seven in 10 caregivers cut back on work hours, change jobs, or stop working.
- Loss of wages, Social Security 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

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 29, 2021, 9:35 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', with a stylized, cursive script.

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