



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

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 1299, H.D. 1, RELATING TO NON-GENERAL FUNDS.

**BEFORE THE:**

SENATE COMMITTEE ON WAYS AND MEANS

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

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

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

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Chair Dela Cruz and Members of the Committee:

The Department of the Attorney General (Department) provides the following comments regarding this bill which repeals, abolishes, or amends various non-general funds and accounts and transfers the unencumbered balances remaining in such funds and accounts to the general fund.

The Department has concerns regarding section 4 of the bill which repeals the Pest Inspection, Quarantine, and Eradication Fund (PIQE Fund), section 150A-4.5, Hawaii Revised Statutes (HRS). See page 5, line 1 through page 6, line 15. The PIQE Fund 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.

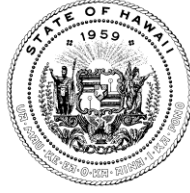
The elimination of the PIQE Fund may be subject to challenge under Hawaii Insurers Council v. Lingle, 120 Hawai'i 51, 201 P.3d 564 (2008). In that case, the Hawaii Supreme Court opined that transferring "legitimate regulatory fees" from an insurance special fund into the State's general fund violated 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 of the fees assessed and collected by the Plan 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 PIQE 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 ask that the Committee to delete section 4 from the bill and not repeal the PIQE Fund.

Thank you for the opportunity to present this testimony.



DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LT. GOVERNOR

**STATE OF HAWAII  
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CATHERINE P. AWAKUNI COLÓN  
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JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Ways and Means  
Wednesday, March 24, 2021  
10:00 a.m.  
Via Videoconference**

**On the following measure:  
H.B. 1299, H.D. 1, RELATING TO NON-GENERAL FUNDS**

Chair Dela Cruz and Members of the Committee:

My name is Catherine Awakuni Colón, and I am the Director of the Department of Commerce and Consumer Affairs (DCCA or Department). The Department supports part XVI, page 58, of this bill as it relates to the non-general funds of the DCCA.

The purposes of this bill are to: (1) trigger a full accounting of various non-general-funded program objectives, performance, and results by repealing or abolishing those non-general funds; (2) implement the recommendations of the auditor; and (3) transfer most unencumbered balances to the credit of the general fund.

The Department concurs with the recommendations of the auditor as set forth in part XVI, sections 59 through 62, and with the language of those sections.

Thank you for the opportunity to testify on this bill.



Statement of  
**Nicholas Comerford**  
Dean and Director for Research and Cooperative Extension  
College of Tropical Agriculture and Human Resources  
before the  
**Senate Committee on Ways and Means**  
Wednesday, March 24, 2021 at 10:00 am  
in consideration of  
**HB 1299 HD1 Relating to Non-General Funds**

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

Thank you for the opportunity to comment on HB 1299 HD1 as the Dean and Director of the College of Tropical Agriculture and Human Resources (CTAHR). Given that this bill effects the budget of another state agency, and that we are in a difficult economic time, it is not appropriate for a college in the University of Hawai'i System to voice an opinion. We do not support or oppose the bill. Our purpose is to provide information that can be used by the committee in its deliberations.

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

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

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

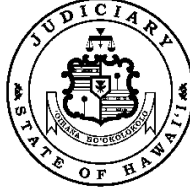
These grants and contracts over the past 4 years funded by the special funds (with particular reference to S-304 and S-333) have addressed a variety of agricultural issues. One of the advantages of these funds is their flexibility because issues can arise without warning and the ability to react quickly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

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

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

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

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



*The Judiciary, State of Hawai'i*

**Testimony to the Thirty-First Legislature, 2021 Regular Session**

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

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

**WRITTEN TESTIMONY ONLY**

by  
Rodney A. Maile  
Administrative Director of the Courts

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**Bill No. and Title:** House Bill No. 1299, H.D.1, Relating to Non-General Funds.

**Purpose:** Repeals various non-general funds of the department of agriculture; department of budget and finance; department of business, economic development, and tourism; department of defense; department of education; department of health; department of human services; department of labor and industrial relations; department of land and natural resources; department of the attorney general; department of public safety; department of transportation; University of Hawaii; department of commerce and consumer affairs; department of Hawaiian home lands; judiciary; and Hawaii public housing authority. Implements recommendations of the auditor. Transfers most unencumbered balances to the credit of the general fund. Part XVIII, Sections 65-69 repeals the Judiciary's probation services special fund, reclassifies the supreme court bar examination fund and redirects the deposit of the interstate transfer fee from the probation services special fund to the general fund as recommended by the auditor in Auditor's Report No. 20-17.

**Judiciary's Position:**

The Judiciary respectfully, but strongly opposes, Part XVIII, Sections 66-68, as well as Part XVIII, section 69 of House Bill No. 1299, H.D.1.



**Part XVIII, Sections 66-68 – Probation Services Special Fund**

The Judiciary strongly opposes Part XVIII, Sections 66-68 of H.B. No. 1299, H.D.1, because this section would de-fund or abolish the Probation Services Special Fund which would lead to the following devastating impacts:

- Reduced resources for supervision and activities of Probation Officers (POs) of over 18,000 offenders statewide.
- Loss of six positions that assist with the supervision of offenders which will impact the workload of the remaining staff, and likely result in overworked staff that could affect public safety.
- Jeopardized training and certification of POs statewide on risk assessments and evidence-based components, which could result in less skilled and trained probation officers and a negative impact on public safety.
- Jeopardized safety of POs due to the lack of training and certification.

The Probation Services Special Fund provides the means for statewide evidence-based training and certification for POs, which enables them to work with offenders to target criminogenic factors and effectuate prosocial thinking and change. The training covers motivational interviewing, cognitive behavior techniques, and collaborative casework, as well as national trends and best practices. It also funds required training for all POs to become certified in using the risk assessment tool. This training and certification are absolutely vital to POs' effectiveness and to the safety of the POs, office staff, and clients—during field visits, home visits, and in-office visits.

The Probation Service Special Fund also funds maintenance costs for the statewide Adult Probation case management system and the statewide risk assessment and case planning system. The assessments captured in this database include sex offenders, domestic violence offenders, and high-risk drug offenders, and provide management of risk classification and case planning for offenders.

Six positions are typically funded by the Probation Services Special Fund—two PO positions, three Social Service Assistant positions, and one clerical position. All of these positions support offender supervision statewide. Notably, four of the six positions have been left vacant to save costs to the fund. Additional efforts to reduce costs to the fund include using general funds to cover the costs of the systems maintenance noted above. However, these cost-saving measures are not sustainable long-term.

Additionally, removing the Interstate Compact Application Fee as a revenue source for the Probation Services Special Fund will cause serious repercussions for the State of Hawai'i. The Interstate Compact for Adult Offender Supervision is a compact agreement between all 50



states, including District of Columbia, Puerto Rico, and the US Virgin Islands. The compact was established to control the movement of offenders on probation and parole leaving and entering the State of Hawai'i. The compact is subject to federal rules that are supported by Hawai'i Revised Statutes (HRS) §§ 353B-1 through 353B-6. Compact states face sanctioning for non-compliance of the Federal Interstate Compact rules. Sanctioning includes remedial training, large monetary fines, legal action in Federal Court, and suspension of the compact. States are subject to annual National audits. The interstate coordinator monitors the tracking system to ensure that the state stays in compliance.

Payments of the Interstate Compact Application Fee are placed in the Probation Services Special Fund to support the Interstate Compact Offender Tracking System (ICOTS) coordinator position. This position is vital to the compliance of the federal rules. The position manages and maintains the statewide ICOTS. In addition, the position is responsible to respond to state inquiries, track offenders leaving the state and entering the State of Hawai'i, and monitoring the interstate activities of probation and parole officers. This position was recently vacated as the incumbent retired. Due to the declining revenue in the fund, a decision was made to temporarily suspend hiring until the fund can be replenished. Due to COVID-19 and travel restrictions from Compact states, there has been a reduction in the number of interstate compact transfer cases. This reduction, however, is temporary because as travel becomes more accessible, there will be an increase in the number of interstate and intrastate transfer cases. This increase will compel the need to fill the coordinator position. Currently, the State of Hawai'i has 404 probation and parole offenders that fall under the federal rules of the compact.

In short, this special fund is already having difficulty fully supporting activities that protect and advance public safety. De-funding or abolishing this special fund will have significant, long-lasting effects on public safety.

**Part XVIII, Section 69 – Supreme Court Bar Examination Fund**

The Judiciary and the Board of Examiners respectfully oppose Part XVIII, section 69 of H.B. 1299, H.D.1.

Pursuant to HRS § 605-1 (a), the supreme court has the authority to examine, admit, and reinstate such person as it finds qualified to practice law in Hawai'i. HRS § 605-1(b) provides as follows:

In order to be licensed by the supreme court, a person must be of good moral character, and shall satisfy such residence and other requirements as the supreme court may prescribe.

To implement its authority to oversee the practice of law in Hawai'i, the supreme court required the appointment of a Board of Examiners to administer the process of admission to the





bar. See Rule 1(a) of the Rules of the Supreme Court (RSCH) (as amended April 16, 1984).<sup>11</sup> RSCH Rule 1.2(c) sets forth the duties of the Board as follows:

**(c) Duties.** The Board shall examine the qualifications of each applicant, his or her knowledge of legal ethics, and his or her moral character, and shall administer a written examination. The record of the examination shall be filed with the Clerk and the Board shall report its recommendations to the Supreme Court which shall make the final decision for all admissions to the bar.

The Board of Examiners is also tasked with reviewing character and fitness issues, see RSCH Rule 1.3(d) and grading the bar examinations. RSCH Rule 1.4(a) requires the payment of an application fee. The application fees paid by bar applicants are used to pay for all costs associated with the bar examination, which is given twice each year. These costs include: (1) rental costs of the facility where the exam is given; (2) exam materials distributed to each applicant during the bar examination; (3) supplies needed for applicants to take the bar exam; (4) rental of software and hardware for applicants who request non-standard accommodations to take the exam<sup>2</sup>; (5) cost of retaining court reporters to provide assistance to applicants during exam; (6) electricians to wire the exam site to enable applicants to use their own laptops for the exam; (7) security for the exam site; and (8) grading workshops or conferences to train Board members who grade the exams.<sup>3</sup>

With regard to the holding of application fees, review of the Board's fiscal file, which includes documents from the State Department of Budget and Finance, shows that the application fees have been held in a trust account since 1977. It was determined the fees could not be held as a special fund, because there was no statutory authority to create a special fund.<sup>4</sup>

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<sup>1</sup> Prior to 1984, RSCH Rule 15 was the supreme court rule on admission to the bar and the Board of Examiners.

<sup>2</sup> For example, in past years the Board incurred costs to provide blind applicants with a separate computer loaded with specific software used by vision impaired individuals. In other instances, the Board incurred costs to pay for court reporters to take dictation for preparation of the written portion of the bar exam for applicants who were either quadriplegic or otherwise unable to write or type without assistance.

<sup>3</sup> Based upon statements in the Auditor's Report, it seems the Auditor does not believe these grading workshops or conferences directly benefit applicants. The Judiciary and the Board disagree. The grading workshops are clearly a benefit to applicants, because the workshops ensure graders, who are all volunteers, have information needed to review and grade the written portion of each applicant's bar exam.

<sup>4</sup> Creation of special funds is governed by HRS §37-52.3



In reliance on the information provided by the State Department of Budget and Finance, the Judiciary continued the Bar Examination Trust Fund until today. Moreover, according to the Auditors Report, the Auditor conducted six audits of Judiciary's funds. No previous audit questioned the validity of the Bar Examination Trust Fund, and both the Judiciary and the Board of Examiners believe reclassifying the Trust Fund to a special fund is not warranted.<sup>5</sup>

Based upon statements in the Auditor's Report, a trust fund must be used for the benefit of the beneficiaries of the fund. The Auditor's Report states specifically that the Trust Fund serves the purpose for which it was created. It seems, however, that the auditor has a misunderstanding of the fund and the beneficiaries of the Trust Fund.

Bar applicants, present and future, are the beneficiaries of the Trust Fund. The Trust Fund is used solely for the benefit of these beneficiaries. No other funds, either Judiciary or general, are used. With regard to the grading workshops and conferences, which seem to be the activities that led the Auditor to conclude the fund is designated incorrectly, most other states pay graders. The attorneys in Hawai'i who serve as members of the Board of Examiners are very civic-minded and volunteer a significant amount of time to grade the exams and handle other aspects of the bar admission process. To assist them and to insure the accuracy of grading, which is a benefit to every bar applicant, the Board of Examiners send the graders to grading workshops. Other jurisdictions who pay their graders also send them to the grading workshops. As a whole, the cost associated with sending our volunteers to the workshops and to conferences is far less than the cost of paying graders.

A bar exam is not only a grueling process for the exam takers, it is a grueling process for the administrators and Board members. The Board of Examiners must make sure the application process and the exam itself is bias free and fair. With statutes and laws changing, it is important for the Board members to keep up to date on issues related to the application and exam process. The steps and time they must take to develop policies and procedures that comply with the changing laws and procedures are necessary and benefit the entire class of bar applicant beneficiaries.

Based upon the foregoing, we believe the Trust Fund serves the purpose for which it was created and is properly designated as a Trust Fund to provide benefits to its class of beneficiary bar applicants. No change to the fund is needed.

Thank you for the opportunity to submit testimony in opposition to Part XVIII, Sections 66-68, as well as Part XVIII, section 69 of House Bill No. 1299, H.D.1.

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<sup>5</sup> The Auditor's Report noted that the Bar Examination Trust Fund continues to serve the purpose for which it was created and found no discrepancies in how the fund is used.

DAVID Y. IGE  
GOVERNOR  
STATE OF HAWAII

JOSH GREEN  
LT. GOVERNOR  
STATE OF HAWAII



WILLIAM J. AILA, JR.  
CHAIRMAN  
HAWAIIAN HOMES COMMISSION

TYLER I. GOMES  
DEPUTY TO THE CHAIRMAN

**STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS**

P. O. BOX 1879  
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TESTIMONY OF WILLIAM J. AILA, JR, CHAIRMAN  
HAWAIIAN HOMES COMMISSION  
BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS  
HEARING ON MARCH 24, 2021 AT 10:00AM VIA VIDEOCONFERENCE

**HB 1299, HD1, RELATING TO NON-GENERAL FUNDS**

March 24, 2021

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

The Department of Hawaiian Home Lands (DHHL) submits testimony in opposition to Part XVII of this bill that reclassifies the Hawaiian home receipts fund (HHRF), a DHHL trust fund, to a trust account.

Section 63 of HB 1299, HD1 states that “section 213(g) of the Hawaiian Homes Commission Act established the Hawaiian Home Receipts Fund but did not specify whether the fund should be classified as a special fund, revolving fund, trust fund, or trust account.” This is inaccurate. Pursuant to Section 213(d) of the Hawaiian Homes Commission Act, the HHRF is explicitly identified as a trust fund. Section 213(d) reads as follows:

“(d) There are established in the treasury of the State four trust funds, to be known respectively as the Hawaiian home operating fund, the Hawaiian home receipts fund, the Hawaiian home trust fund, and the native Hawaiian rehabilitation fund and one special fund to be known as the Hawaiian home administration account.”

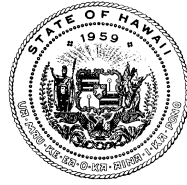
HB 1299, HD1 removes the HHRF as a trust fund from the Hawaiian Homes Commission Act. This measure removes the transparency of Federal oversight on the revenues and assets of the HHRF. Consequently, the lack of transparency has a substantial impact on the proper use of revenues and assets of the HHRF and may reduce benefits available to native Hawaiians.

Reclassifying the HHRF to a “trust account” impairs or reduces the benefit of oversight that is normally provided by a “fund,” thereby requiring Congressional consent for the amendment to take effect. Section 37-62, HRS defines “trust fund” to mean a fund “in which designated persons or classes of persons have a vested beneficial interest or equitable ownership, or which was created or established by a gift, grant, contribution, devise or bequest that limits the use of the fund to designated objects or purposes.” The Auditor in his report describes trust accounts as a separate holding or

clearing account for state agencies. Trust accounts also serve as “accounting devices to credit or charge agencies or projects for payroll or other costs.” DHHL could not find a statutory definition of a trust account in the HRS.

The HHRF is much more complex than perceived. The HHRF does not operate on a cash basis. The HHRF is accounted for on a modified accrual basis to account for the interest receivables as accrued and account for deposits of interest payments as received from DHHL’s direct mortgage loan portfolio. These direct mortgage loans are for a period not to exceed 30 years, representing the interest receivable portion of approximately 1,200 DHHL direct mortgage loans. The HHRF complies with the revenue recognition standards as prescribed by the Governmental Accounting Standards Board and is audited annually by an independent Certified Public Accounting firm as selected by the State Auditor. The accounting of this fund reflects the true complexities of DHHL business-type activities while simultaneously providing revenue.

Thank you for your consideration of our testimony.



**STATE OF HAWAII**  
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**Testimony COMMENTING on HB1299 HD1  
RELATING TO NON-GENERAL FUNDS.**

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

Hearing Date: March 24, 2021

Room Number: N/A

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

4 Environmental Management Special Fund: The department recommends that the State retain the  
5 solid waste planning function under HRS 342G and that the solid waste disposal surcharge  
6 portion of this fund remain as a special fund. The department recommends that the Legislature  
7 consider amendments to HRS 342G Part VII to require county oversight and operation of the  
8 Glass Advance Disposal Fee program and amendments to HRS 342I sections 28, 29, and 30 of  
9 the Used Motor Vehicle Tire Recovery program to allow past settlements or liens for cost  
10 recovery to be deposited to an alternative account, specifically the Environmental Response  
11 Revolving Fund. If the Environmental Management Special Fund is repealed, the department  
12 supports conversion of 6.00 FTE (#44832 Planner IV, #49080 Planner IV, #52016 Office  
13 Assistant III, #102455 Solid Waste Management Coordinator, #103001 Recycling Coordinator,  
14 and #110727 Environmental Health Specialist IV) from the Environmental Management Special  
15 Fund (S-348-H) to general funds and conversion of at least \$650,000 of the solid waste disposal

1 surcharge portion of the cash balance to general funds for the Solid and Hazardous Waste Branch  
2 (HTH 840/FJ) base budget to ensure continuity of operations. Insufficient resources will impact  
3 the State's update and implementation of the Integrated Solid Waste Management Plan and  
4 promotion of recycling and source reduction.

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

15 Asbestos and Lead Abatement Special Fund: If the Asbestos and Lead Abatement Special Fund  
16 (S-323-H) is repealed and the cash balance transferred to the general fund, the department  
17 supports the conversion of 3.00 FTE (#40632 Environmental Health Specialist IV, #42316  
18 Environmental Health Specialist III, and #45346 Environmental Health Specialist III) from this  
19 special fund to general funds (HTH 610/FR). Insufficient funding will negatively impact  
20 operations including the ability to ensure hazard management of asbestos and lead-based paint in

1 school, commercial, industrial, and public buildings as well as accredit training providers and  
2 certify all individuals involved in hazard abatement, inspection, and design statewide.

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

17 Thank you for the opportunity to testify.

18



STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
Hawaii Occupational Safety and Health Division  
**Hoisting Machine Operators Advisory Board**  
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DOC BAILEY  
ANGELA CHINEN  
THOMAS JACOBS  
BOARD MEMBERS  
  
TRACY TAKANO  
EXECUTIVE ASSISTANT

**Testimony of the Hoisting Machine Operators Advisory Board  
Before the  
Senate Ways and Means Committee  
Wednesday March 24, 2021  
10:00 a.m.  
Via Videoconference**

**On the following measure:  
H.B. 1299, H.D. 1, Relating to Non-General Funds**

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

Thank you for the opportunity to submit testimony on this legislation.

The Hoisting Machine Operators Advisory Board (HMOAB) was established in 1998 under Section 396-19, Hawaii Revised Statutes, and operates under a revolving fund defined in Section 36. Section 396-20.

Section 36. Section 396-20 would be repealed by the measure under consideration.

HMOAB is an attached agency within the Department of Labor and Industrial Relations and is administered by the Hawai'i Occupational Safety and Health Division. HMOAB's mission is to assure that operators of all construction mobile and tower cranes in the state with a lifting capacity of greater than 2,000 pounds perform their work in a safe and lawful manner.

HMOAB's revolving fund consists entirely of certification fees collected from such operators. HMOAB has only one part-time employee, its Executive Assistant, who currently works an average of ten hours per week. Revenue to the HMOAB revolving fund fluctuates. There was a large infusion of monies to the fund when the certification requirement was created, but revenue in subsequent years has been generated mainly from renewals rather than from new operators.

	FY 2019	FY 2020
Total Revenue	\$29, 825	\$31,100
Total Expenses	\$27, 598	\$22, 270
Potential Gain to the General Fund	\$ 2,227	\$ 8,830

We are in support of transferring unencumbered balances to the General Fund at a certain point, but request that revolving funds be allowed to continue for small agencies such as HMOAB. We believe it may even cost more to manage small agencies such as ours from General Funds.



We ask the Committee to consider instead an amendment to Section 36. Section 396-20 of H.B. 1299, H.D. 1 – and to any other section which would affect small revolving funds such as ours – to allow such funds to continue. We also ask the Committee to consider an amendment that once these small revolving funds accumulate an unencumbered excess of greater than \$100,000, such excess shall be automatically transferred to the state General Fund.

Thank you for your consideration of our proposed amendments.

For the Hoisting Machine Operators Advisory Board,

A handwritten signature in cursive script that reads "John P. Muhlbauer, Jr." The signature is written in dark ink and is positioned above the printed name.

John P. Muhlbauer, Jr.  
Chair

DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LIEUTENANT GOVERNOR



ANNE E. PERREIRA-EUSTAQUIO  
DIRECTOR

JOANN A. VIDINHAR  
DEPUTY DIRECTOR

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

March 24, 2021

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

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

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

**Re: H.B. No. 1299 HD1 RELATING TO NON-GENERAL 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.

Regarding Part IX, Section 36, the Hoisting Machine Operators Advisory Board (HMOAB) is charged with establishing the minimum standards to assure construction tower and crane operators across the State operate hoisting machines in a safe and lawful manner. The HMOAB certifies construction tower and crane operators and use the funds from certificates to cover expenses.

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

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

TO THE  
SENATE COMMITTEE ON  
WAYS & MEANS

March 24, 2021  
10:00 a.m.

Chair Dela Cruz and Members of the Committee:

**MEASURE:** H.B. No. 1299 HD1

**TITLE:** RELATING TO STATE FUNDS.

**DESCRIPTION:** Repeals various non-general funds of the department of agriculture; department of budget and finance; department of business, economic development, and tourism; department of defense; department of education; department of health; department of human services; department of labor and industrial relations; department of land and natural resources; department of the attorney general; department of public safety; department of transportation; University of Hawaii; department of commerce and consumer affairs; department of Hawaiian home lands; judiciary; and Hawaii public housing authority. Implements recommendations of the auditor. Transfers most unencumbered balances to the credit of the general fund. (HB1299 HD1)

**POSITION:**

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

**COMMENTS:**

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

The PUC Special Fund is the primary source of funding for the programs of the Commission and the Department of Commerce and Consumer Affairs’ Division of

Consumer Advocacy (“Consumer Advocate”). Funding the Commission and Consumer Advocate through a special fund supports the independence of these organizations and is the predominant mode of funding for similar programs in other states. Eliminating the PUC Special Fund would require significant operational changes and would hinder the State’s ability to pursue its energy goals for the benefit of ratepayers, utilities, and the public at large.

The Commission does not oppose the language in Section 61, which proposes to abolish the Electric Vehicle Charging System Rebate Program Special Fund and lapse unencumbered balances to the PUC Special Fund. The Commission is currently in the process of restructuring the rebate program, in an effort to implement the recommendations of the State Auditor.

Thank you for the opportunity to testify on this measure.



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

**Date:** 03/24/2021

**Time:** 10:00 AM

**Location:** CR 211 & Videoconference

**Committee:** Senate Ways and Means

**Department:** Education

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

**Title of Bill:** HB 1299, HD1 RELATING TO NON-GENERAL FUNDS.

**Purpose of Bill:** Repeals various non-general funds of the department of agriculture; department of budget and finance; department of business, economic development, and tourism; department of defense; department of education; department of health; department of human services; department of labor and industrial relations; department of land and natural resources; department of the attorney general; department of public safety; department of transportation; University of Hawaii; department of commerce and consumer affairs; department of Hawaiian home lands; judiciary; and Hawaii public housing authority. Implements recommendations of the auditor. Transfers most unencumbered balances to the credit of the general fund. (HB1299 HD1)

**Department's Position:**

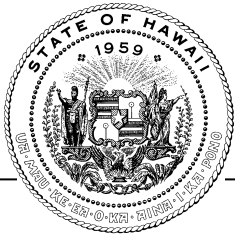
The Hawaii State Department of Education (Department) appreciates the opportunity to offer comments on HB 1299, HD1.

Section 12 diverts fees from §302A-425 to the general fund and section 13 abolishes the fund by repealing §302A-425.5. The special fund (S-333) currently provides for one (1) full-time position for which the Department respectfully requests a general fund appropriation to replace the abolished funding source.

Although we anticipate that general funding for this program was factored into HB 200, HD1, we do not know for certain, as the details of the adjustments contained in HB 200, HD1 were not available as of the time of drafting of this testimony. If sufficient funding is provided, the Department supports the amendments proposed in Section 12.

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).



# 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](http://energy.hawaii.gov)

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

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

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

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

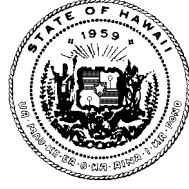
Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee, the Hawaii State Energy Office (HSEO) **offers comments** on HB 1299, HD1, which repeals various non-general funds and transfers unencumbered balances to the credit of the general fund, including a trust account that was administratively established in support of a federal grant received by HSEO.

HSEO was previously awarded a grant from the U.S. Department of Agriculture to conduct investment-grade energy audits for rural small businesses and farms where the auditee was required to pay at least 25 percent of the cost of the audit. A trust account was established for the deposit and expenditure of the auditees' shares of the cost of the energy audits. The grant was completed, and the trust account balance is zero.

HSEO agrees that the trust account for energy audit recipients' share of cost should be abolished as it has served the purpose for which it was created and is no longer needed.

Thank you for the opportunity to testify.

DAVID Y. IGE  
GOVERNOR



CATHY BETTS  
DIRECTOR

JOSEPH CAMPOS II  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

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

March 23, 2021

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

FROM: Cathy Betts, Director

SUBJECT: **HB1299 HD1 – RELATING TO NON-GENERAL FUNDS.**

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

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS), understands the intent of the measure, agrees in part and respectfully opposes certain provisions of Part VIII, and provides comments.

DHS appreciates amendments of the House Committee on Finance that amended the measure by:

- (1) Deleting the funds that did not meet the criteria for repeal or abolishment established by the Committee; and
- (2) Adding provisions that incorporate the recommendations made by the Auditor in the Auditor's review of special funds, revolving funds, trust funds, and trust accounts in Auditor Report Nos. 19-05, 19-16, 20-01, 20-03, 20-16, 20-17, 20-18, and 21-02.

**PURPOSE:** Repeals various non-general funds of the department of agriculture; department of budget and finance; department of business, economic development, and tourism; department of defense; department of education; department of health; department of human services; department of labor and industrial relations; department of land and natural resources; department of the attorney general; department of public safety;



department of transportation; University of Hawaii; department of commerce and consumer affairs; department of Hawaiian home lands; judiciary; and Hawaii public housing authority. Implements recommendations of the auditor. Transfers most unencumbered balances to the credit of the general fund. (HB1299 HD1)

DHS opposes provisions of Part VIII, **SECTIONS 30-33**, that would repeal the **Nursing Facility Sustainability Program and the Hospital Sustainability programs** on July 1, 2021, instead of the current sunset date of December 31, 2021. Currently, HB474 HD2/SB 819 SD2 (Hospital Sustainability) and HB311 HD1 /SB 820 SD1 (Nursing Facility Sustainability)<sup>1</sup> reauthorize and extend the hospital and nursing facility programs respectively through December of 2023. If HB1299 passes as written, and the Sustainability reauthorization bills pass, it will create confusion regarding these programs that bring significant federal matching funds to the State to support contributing nursing facilities, hospitals and the Medicaid program.

Since the pandemic's health and economic impacts began, as of March 22, 2021, Hawaii now has 409,693 Medicaid enrollees, an increase of more than **25%** since March 4, 2020. Repeal of the Sustainability programs would lead to eventual reductions in benefits and services at a time when Hawaii's residents need access to health care services, and the health care system and Medicaid program need additional federal revenue.

DHS also opposes the proposals to terminate the exemptions from the central services assessments as provided by section 36-27(a)(31) hospital sustainability program special fund from December 31, 2021 to July 1, 2021, and section 36-27(a)(32) nursing sustainability program special fund from December 31, 2021 to July 1, 2021.

Similarly, DHS opposes the measure's proposals to terminate the exemptions of the administrative expenses assessment as provided by section 36-30(a)(26) nursing facility sustainability program special fund from December 31, 2021 to July 1, 2021, and section 36-30(a)(28) hospital sustainability program special fund from December 31, 2021 to July 1, 2021.

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<sup>1</sup> HB474/SB819 and HB311/SB820 are nearly the same as administration measures HB976/SB1130 and HB977/SB1131.

The exemptions from these special fund assessments allow the State to maximize the available federal match funds. To eliminate these exemptions would reduce funding that supports nursing facilities, hospitals that serve Medicaid recipients, and the Medicaid program.

The Hospital and Nursing Facility Sustainability Programs Special funds are critical to support hospitals and nursing facilities to maintain access to care for Medicaid recipients as well as to the operations of MQD. Repeal of these programs would have dramatic and negative impact on MQD's ability to leverage federal funds as both of the special funds allow MQD to leverage tens of millions of additional federal funds into the state and reduce the MQD general fund need. For these reasons, DHS recommends deleting Sections 30, 31, 32 and 33.

DHS concurs with the proposal in **SECTION 34** to abolish the following funds as follows:

- (1) General Support for health care payments (S-302-K) – DHS agrees this fund may be abolished. However, the approximate remaining balance is already included in HB 1298 HD1, section 2;
- (2) Health care payments (S-303-K) – DHS agrees this fund may be abolished and understands there is currently no balance in this fund; and
- (3) Financial assistance for housing (S-339-K) – the Hawaii Public Housing Authority has oversight of this fund and will prepare its own testimony

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

DAVID Y. IGE  
Governor

JOSH GREEN  
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER  
Chairperson, Board of Agriculture

MORRIS M. ATTA  
Deputy to the Chairperson

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

TESTIMONY OF THE DEPARTMENT OF AGRICULTURE  
BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

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

HOUSE BILL NO. 1299, HD 1  
RELATING TO NON-GENERAL FUNDS

Chairperson Dela Cruz and Members of the Committee:

Thank you for the opportunity to present testimony on House Bill 1299, HD 1. This bill repeals various non-general funds of the department of agriculture and other departments and transfers their unencumbered balances to the credit of the general fund. The Department of Agriculture (the "Department") respectfully opposes this bill and offers comments on those portions of the bill that relate to its programs.

**Administration**

The Agricultural Development and Food Security Special Fund (S-319) supports personnel in the department administration with agricultural planning and the operational expenditures for the Board of Agriculture. This fund also supports agricultural workforce training projects, economic development projects for commodities, and unexpected expenditures not provided by general funds. Elimination of this fund will seriously reduce and jeopardize the Department's ability to adhere to its mission of protecting prime agricultural lands for production, maintaining the agricultural sector of Hawaii's economy in a strong and competitive condition by providing policies, subsidies, information, and increasing food security to achieve appropriate rates of growth.



## **Agricultural Loan Division**

The agricultural loan reserve fund (S-301) is critically needed to support the agricultural loan program. Loan payments, interest, and fees collected from loans are deposited into the account and are used to replenish the program funds available for loans and pay for salaries and all other costs of the program. Surplus funds in the account are used to build up the fund without the need for general funds and makes more money available to farmers and ranchers. The amount of general funds provided H.B. 200, H.D.1 appears to be only sufficient to cover the program's filled positions and is insufficient to cover any of the loan programs operating costs such as attorney general, costs, fees, leases, rent, travel and vehicle expenses, etc.

The aquaculture loan reserve fund (S-310) is used to build up the aquaculture revolving fund to make more money for loans available to assist and develop the aquaculture industry. The loss of the fund will require general fund injections to increase funding when the need arises.

The Hawaii water infrastructure special fund (S-354) is used to fund water infrastructure loans and to pay for all operational expenses of the program. The relatively new water infrastructure loan program is critical in providing potable water, safe dams and reservoirs, and affordable irrigation water to develop agricultural areas lacking adequate infrastructure. The full effectiveness of the program has been compromised by a lack of a permanent budgetary expenditure ceiling.

The program has managed to accomplish its mission of spurring economic growth through infrastructure development without the need for any general funds to cover its operational costs through effective management of these funds. Having its own funds allows it to provide economic development and serve as safety net for the agriculture, ranching and aquaculture industries even during times when general funds are scarce such as the current fiscal crunch. Elimination of the fund will eliminate a

reliable funding source for critical water infrastructure development and hinder the expansion of quality arable lands suitable for effective agricultural production.

### **Agricultural Development Division**

The Department has been diligently rebuilding its data gathering, economic analysis, forecasting, and reporting capabilities that were lost during prior reduction-in-force restructuring downturns. The Agricultural Development and Food Security Special Fund, S-321 is the key funding source to our core statistical reporting and marketing functions. If this fund is eliminated, it will inflict severe, debilitating, and lasting impacts on primary program functions and all progress made over the last decade. Statistical reports on production acreage, harvested amounts, yields, utilization, value of sales, and factor inputs of important crops (particularly food crops) are heavily dependent on this funding source. Critical marketing and promotion efforts to expand the demand in local consumption of locally produced food are equally dependent on this funding source. Repealing this fund would remove the funding for activities to encourage residents and tourists to “EAT LOCAL”, which would be totally reliant on general funded support.

### **Plant Industry Division**

The Agricultural Development and Food Security Special Fund (S-333) supports critical personnel services for legal guidance for the pesticides program due to the high level of public concern for health and safety of pesticides application, enforcement, and product information. The fund also supports organic production research, economic development and outreach, import replacement projects, and critical short-term relief for farmers due to COVID and climate related disasters. Repealing the fund will reduce and jeopardize the Department’s ability to adhere to its mission of increasing food security and the protection of agricultural resources and the environment.

The elimination of the Pest Inspection, Quarantine, and Eradication Fund (S-304) would result in dramatic negative impacts to the State's agricultural industries as well as public safety and wellbeing. The revenues deposited into this fund are largely regulatory and the legality of transferring these funds to the general fund is questionable. This fund currently provides the compensation of 46 staff salaries in the Plant Quarantine Branch (PQB) who are tasked with enforcing the requirements of Hawaii Revised Statutes Chapter 150A. The special fund also finances essential operational expenditures such as utilities, fuel, equipment and supplies. The loss of those positions would result in massive delays in the import and export of agricultural commodities because of the lack of personnel to conduct inspections. This effect will ripple through the economy as wholesalers, retailers, and the general public will experience delays in obtaining needed agricultural commodities such as live plants, fresh produce or live seafood, among other things. These perishable commodities will deteriorate awaiting entry into the commerce stream, resulting in waste and food safety concerns among consumers. There would be little to no staff available to conduct activities to prevent the entry of, or rapidly respond to invasive species. Additionally, there would be significant delays in the ability to certify plant nurseries who export clean nursery stock to the U.S. mainland, preventing their ability to do so unless the expenditures are funded by the general fund.

### **Agricultural Resource Management Division**

Agricultural Development and Food Security Special Fund (S-335-A) is used to operate, maintain, and improve infrastructure for the Agricultural Resource Management Division. The programmatic and operational expenses supported by the fund includes dam safety fees, irrigation infrastructure maintenance contracts, utilities, vehicle purchases, repair, and maintenance, consultant and construction contracts, equipment, supplies, etc., as well as personnel costs. The fund provides the division with flexibility to respond to unexpected expenses like infrastructure emergencies, flexible hiring salaries for new hires for Unit 13, and unpredictable repairs and maintenance to the division's facilities.

### **Quality Assurance Division**

The Agricultural Development and Food Security Special Fund, S-352 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). These personnel have statewide regulatory enforcement functions under HRS Chapters 145 & 147. Duties include inspection and certification of agricultural commodity condition and grade standards; monitor labeling and advertising requirements; certify import and export requirements; issue licenses to dealers of farm products; and conduct good agricultural practices audits. The special fund is needed to maintain the ability of the Commodities Branch to conduct inspections and certifications to protect the public from inaccurately labeled or mislabeled goods and services.

The S-309-A special fund supports the Measurement Standards Branch 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). These personnel have statewide regulatory enforcement functions under HRS Chapter 486. Duties include performing a wide range of inspections and testing of all commercially used weighing and measuring devices, certifying that all scales, petroleum pumps, taximeters and other measuring devices used in retail transactions are accurate and properly registered in the State; perform inspection of packaging, labeling, and pricing for conformance to specifications, tolerances, quality and quantity content. The special fund is needed to continue the statewide administration and inspection functions of Measurement Standards Branch to protect the public from inaccurately labeled or mislabeled goods and services.

### **Agribusiness Development Corporation**

The ADC acknowledges that the State is suffering a heavy blow due to the COVID-19 pandemic, which requires the Legislature to make tough decisions. Eliminating the Agricultural development and food security special fund will also put

ADC in a bind and reduce our 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. For these reasons, we respectfully request that you remove Section 8 of this bill in its entirety.

Thank you for the opportunity to testify.





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

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

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

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

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

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

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

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

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

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

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

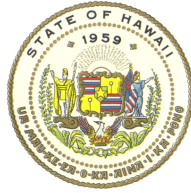
- (3) Electrical vehicle charging system rebate program special fund;
- (8) Research and development special fund;
- (9) Energy audits-recipients' share of cost account;
- (10) 2019-energy systems and technology training account.

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

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

Thank you for the opportunity to comment.

DAVID Y. IGE  
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
SUZANNE D. CASE  
Chairperson**

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

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

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

**In consideration of  
HOUSE BILL 1299, HOUSE DRAFT 1  
RELATING TO NON-GENERAL FUNDS**

House Bill 1299, House Draft 1 proposes to repeal various non-general funds and transfer the unencumbered balances to the credit of the general fund. **The Department of Land and Natural Resources (Department) supports this measure but respectfully asks this Committee's favorable consideration on removing the Conservation and Resources Enforcement Special Fund, S-302-C, on the list of the accounts to be abolished.**

The Conservation and Resources Special Fund S-302-C account is needed by the Department to preserve the flexibility of receiving and/or transferring funds from the Boating Special Funds to the Division of Conservation and Resources Enforcement (DOCARE) Special Fund for marine enforcement, and provision for a \$2 million ceiling is requested. The Department appreciates provisions in House Bill 200, House Draft 1 for DOCARE officer positions and salaries. Other Boating Special Funds can still be used to fund equipment, overtime, and other expenses for marine patrol responsibilities and enforcement of boating and ocean recreation and marine rules relating to boating safety, conservation, and search and rescue.

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-1299-HD-1**

Submitted on: 3/23/2021 9:38:51 AM

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

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

Comments:

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

**HB-1299-HD-1**

Submitted on: 3/23/2021 9:42:35 AM

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

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

Comments:

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

**LATE**

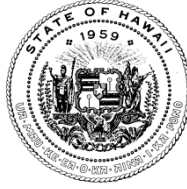
**HB-1299-HD-1**

Submitted on: 3/23/2021 11:40:57 AM  
Testimony for WAM on 3/24/2021 10:00:00 AM

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

Comments:

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



TESTIMONY BY:

JADE T. BUTAY  
DIRECTOR

Deputy Directors  
LYNN A.S. ARAKI-REGAN  
DEREK J. CHOW  
ROSS M. HIGASHI  
EDWIN H. SNIFFEN

STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

March 24, 2021  
10:00 A.M.  
State Capitol, CR211, Via Videoconference



H.B. 1299, H.D. 1  
RELATING TO NON-GENERAL FUNDS

Senate Committee on Ways and Means

The Department of Transportation (DOT) offers **comments** on H.B.1299, H.D. 1, which repeals various non-general funds from multiple departments and transfers unencumbered balances to the credit of the State General Fund as well as implements recommendations of the auditor.

The DOT is amenable to the abolition of the defunct funds named in Part XIII, Section 41, but would like to clarify that certain account codes listed are in active use for other funds.

Account Title (to be abolished)	Account Title (current)	Account Code
Barbers Point Harbor	Kalaeloa Barbers Point Harbor	S-054-D
Water transportation fac & svcs support	Harbors Administration	S-055-D
Kona International airport	Ellison Onizuka Kona International Airport at Keahole	S-066-D

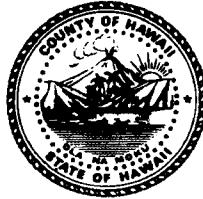
Abolishing current operating funds would cause severe detrimental impacts to DOT operations.

Section 96 of this bill proposes to transfer the highway senior debt service reserve account revolving fund which was administratively created in 1994 into the state highway fund established by section 248-8, Hawaii Revised Statutes. The DOT disagrees because the highway senior debt service reserve account must not be abolished as it is a requirement under the Highway Revenue Bond Original Certificate.

Any amendments to this provision in the Highway Revenue Bond Original Certificate must have Bondholder's Consent, this consent condition has not been satisfied.

Thank you for the opportunity to provide testimony.

Mitchell D. Roth  
Mayor



Douglass S. Adams  
Director

Dr. Sulma Gandhi  
Deputy Director

## County of Hawai'i

### DEPARTMENT OF RESEARCH AND DEVELOPMENT

25 Aupuni Street, Room 1301 • Hilo, Hawai'i 96720-4252  
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March 23, 2021

**LATE**

Senator Dela Cruz, Chair  
Senator Keith-Agaran, Vice Chair  
Committee on Ways and Means

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

**RE: HB 1299, HD 1 Relating to Non-General Funds**

The County of Hawai'i **opposes** HB 1299, HD 1. HB 1299, HD 1 will repeal various non-general funded programs and sweep the unencumbered fund balances into the general fund.

Hawai'i County has many active agricultural organizations that actively support their products. Some of the produce that would be negatively affected by this bill are coffee, floriculture, beef, tropical fruits, awa, avocados, cacao, and mangoes. In addition, we have agricultural festivals and producer organizations that would be negatively impacted. All of these diverse agricultural produce and organizations use HDOA's Market Development Branch funds for the Sponsorship and Product Promotion Program and/or the Seal of Quality, Buy Local, It Matters and Eat Local programs.

During this pandemic, agricultural producers have been hard hit and struggling for survival. They need all the support they can access to make it through these difficult times. Hawai'i County is committed to supporting as many agricultural industries as possible, but their opportunity to succeed is reduced without the State's assistance.

Thank you for considering our testimony.

Very Respectfully,

A handwritten signature in black ink, appearing to read "Douglass S. Adams".

Douglass S. Adams  
Director, Research and Development



Center for Hawaiian Sovereignty Studies  
46-255 Kahuhipa St. Suite 1205  
Kane'ohe, HI 96744  
(808) 247-7942  
Kenneth R. Conklin, Ph.D. Executive Director  
e-mail [Ken\\_Conklin@yahoo.com](mailto:Ken_Conklin@yahoo.com)  
Unity, Equality, Aloha for all



To: Senate Committee on Ways and Means  
For hearing Wednesday, March 24, 2021

Re: HB1299, HD1 RELATING TO NON-GENERAL FUNDS.

WAM Repeals various non-general funds of the department of agriculture; department of budget and finance; department of business, economic development, and tourism; department of defense; department of education; department of health; department of human services; department of labor and industrial relations; department of land and natural resources; department of the attorney general; department of public safety; department of transportation; University of Hawaii; department of commerce and consumer affairs; department of Hawaiian home lands; judiciary; and Hawaii public housing authority. Implements recommendations of the auditor. Transfers most unencumbered balances to the credit of the general fund. (HB1299 HD1)

COMMENTS REQUESTING OHA TO BE RESTORED INTO THE LIST OF DEPARTMENTS IN THE SCOPE OF THIS BILL

An earlier version of this bill included various funds in the Office of Hawaiian Affairs to be repealed with transfer of unencumbered funds to the general fund. However, this HD1 amended version fails to deal with OHA; and the committee report does not explain why OHA was excluded. Please review that issue and add OHA back into the scope of this bill. Following is testimony submitted to the House committee.

Mahalo nui loa to Sylvia Luke, Chair of the House Committee on Finance, for conceptualizing and authoring these bills regarding "special funds" and for bringing them forward to a hearing. Thanks to her also for clipping a notch in the ear of a sacred cow which we desperately need to milk.

The basic principle embedded in these bills is that unencumbered money remaining in special funds should lapse and be returned to the general fund. As coaches and teachers might say about muscle tone and skills: USE IT OR LOSE IT.

Other basic principles are that money held by government agencies comes from taxpayer dollars combined with fees and revenues earned by property owned by the government on behalf of all our people; and that money is fungible and may be spent only for the specific purposes authorized by the legislature -- purposes which the legislature always has a right to change as changing circumstances may call for.

There's nothing new about "raiding" the special funds. Two favorite funds for raiding over many years have been the Hurricane Relief Fund and the Highway Fund (much to the displeasure of motorists and the double-happiness of car repair shops).

At this time of financial crisis caused by the COVID-19 virus, people and businesses have great need for government assistance; even while government has great loss of revenue. Hence the need for big-time raiding of cash hoarded by numerous special funds.

There is one government agency that has a HUGE cash stash of hundreds of millions of dollars accumulated during four decades by

hoarding government money that should have been spent providing help to needy beneficiaries. That Daddy Warbucks among Hawaii's special funds is OHA -- the Office of Hawaiian Affairs. According to their annual report, as of July 1, 2020 OHA had \$666,000,000 of assets, mostly in stocks, bonds, and real estate -- by now probably much more. That money has been sucked out of Hawaii's economy and buried like pirate's treasure. The auditor assigned to draw a map to the treasure's location has had his pen taken away by the pirate.

No other Hawaii government agency has ever hoarded so much money as OHA. You, the state Legislature, can and should go grab as much of it as necessary to help our desperately needy families and businesses, instead of dreaming up new taxation schemes that will hurt us even more. While we are desperate for money for basic needs like food and rent, OHA has bills in the legislature, and a history of many lawsuits against the State, demanding more, MORE money to make the cash stash bigger and BIGGER. And what do they plan to do with all that money? For more than two decades they have spent tens of millions of dollars lobbying Congress and the Department of Interior to pass legislation or proclaim a regulation to establish a federally recognized tribal "Nation of Hawaii"; and, alternatively, they have paid authors and outside "experts" on "international law" to describe strategies for ripping the 50th star off the flag to make a "Nation of Hawaii" truly sovereign and independent. Either way, OHA leaders and employees have made clear their intention to simply turn over OHA's cash stash to the Hawaiian nation; and then turn out the lights at OHA while raising a banner saying "Mission Accomplished!" Not even a Mahalo to the oppressor colonizer United States or its subsidiary puppet regime, the "Fake State of Hawaii."

So how has Chairwoman Sylvia Luke clipped a notch in the ear of a sacred cow? Two of these bills, HB1298, HB1299, actually mention the name of that sacred cow -- OHA -- and name specific programs inside OHA whose funds should lapse and be returned to the general fund. It's only a notch in the ear, not a piece of the tail or a chunk of offal. But there's a famous proverb from Chapter 64 of the Tao Te Ching by Lao Tse, or sometimes said to have been stated by Confucius: A journey of a thousand miles begins with a single step.

HB1298 and HB1299 introduced in the House Committee on Finance show that the Legislature might finally muster the courage to fight back against the bully OHA -- the bills are a portent that OHA is losing the mandate of heaven.

OHA propagandists like to say that either the Statehood Admissions Act of 1959, section 5(f); or the Hawaii Constitution Article XII Section 6; require that 20% of ceded land revenues must be paid to OHA. That is false. Section 5(f) of the Admissions Act lists 5 purposes for which ceded land revenue can be spent and identifies one of them as "for the betterment of native Hawaiians AS DEFINED IN THE HAWAIIAN HOMES COMMISSION ACT OF 1920" [i.e., Hawaiians with at least 50% native blood quantum -- a clear reference to supporting what is now known as DHHL and clearly not a reference to what is now known as OHA whose beneficiaries are identified according to the "one drop" rule].

There is a long history of contentious negotiation, legislation, and litigation over the amount of money owed to OHA under the rule specifying 20% of ceded land revenue.

The requirement to pay OHA 20% of ceded land revenue is statutory law enacted as Act 273, Session laws of 1980. It is not in the Statehood Admissions Act nor in the State Constitution. Therefore, this law can be amended by the legislature at any time to reduce the percentage; or the law can be rescinded entirely.

At this time of severe budget crisis, Act 273, Session laws of 1980 should be rescinded. OHA should be funded in the same manner as any other branch of the State government; i.e., by an appropriation included in the annual or biennial State budget, including a line-item listing of the purposes for which the money may be spent. Then there would be no further conflict or litigation over how to calculate the 20%.

Furthermore, the 20% rule violates one of the fundamental principles of legislative control over budgeting; namely, that specific amounts of government money are appropriated by the legislature for specific purposes, and administrative agencies are not allowed to re-allocate money among those purposes or to different purposes altogether. Lapsing unencumbered money back to the general fund is one way the legislature can exercise its authority to designate the purpose for appropriated money to be spent. Raiding special funds in the middle of a budget cycle is another way of doing this. But under the 20% rule money is simply handed over to OHA with no designated purposes and no accountability for results. Rescinding the 20% rule is an important way to free the legislature to exercise its power to lapse or to raid.

Act 273 (1980) says "twenty per cent of all funds derived from the public land trust ... shall be expended by the office of Hawaiian affairs ... for the purposes of this chapter." Act 273 does not say the funds may be invested in an investment portfolio, it says the funds SHALL BE EXPENDED to provide services. "Shall" means it is mandatory, which is very different from "May" which is merely permissive. Yet OHA seems to think it can grab tens of millions of dollars every year which it then invests or uses for political purposes such as lobbying for the Akaka bill or building a racial registry for "nationbuilding", but OHA fails to provide more than sporadic and inadequate funding for purposes which OHA should be supporting.

According to its 2020 Annual Report, OHA has \$666 Million in assets -- a Beastly number. No other agency of the state government is allowed to squirrel away huge amounts of wealth as a permanent cash stash. At its current level of expenditures OHA has enough money in its slush fund to pay all its current expenditures for more than a decade. Stop feeding this beast! And feel free to raid it. Indeed, the legislature has a moral obligation to make use of hundreds of millions of dollars lying fallow, to avoid raising taxes on suffering citizens.

**HB-1299-HD-1**

Submitted on: 3/20/2021 9:33:30 PM

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ken Love	Testifying for Hawaii Tropical Fruit Growers	Oppose	No

Comments:

We need to find more ways to fund ag as they are grossly underfunded and understaffed making it difficult for them to help the growers and producers in state who they want to have develop more sustainable ag in our aina.

The funds in question permit our inclusion in the seal of quality program, food-ex trade show, buy local campaigns and have supported all of Hawaii's agriculture commodity groups including HTFG and our conference. All of these programs in the market development branch have helped to make major improvements with small farm sustainability.

As you have done so many times, please fight on the behalf of AG and make sure the HDOA continues to be effective in what they do for Hawaii's growers and producers.

The only way around it would be to have that 5 cent a pound inspection fee on all imports that we also grow.

Using USDA numbers that would equal \$41 million for HDOA. Having this would have stopped coffee rust, borers and

Many of the other pests and bacteria that plague us.

Thank you



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[www.hraef.org](http://www.hraef.org)  
f i t @hra\_ef

TO: COMMITTEE ON WAYS AND MEANS  
Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair

DATE: March 21, 2021

RE: **Strong Opposition for HB 1299 HD1**

HEARING: March 24, 2021 at 10am, Conference Room 211

Aloha Senators Dela Cruz and Keith-Agaran,

The mission of the Hawaii Restaurant Association Educational Foundation (HRAEF) is to enhance the restaurant and foodservice industry through education, community engagement, and promotion of career opportunities. HRAEF is dedicated to supporting the hospitality industry in Hawaii through programs that inspire current and future hospitality industry workers. Currently we support the national ProStart Culinary Educational curriculum in several Hawaii high schools across the state.

As a 501(c)3 non-profit organization, we rely on sponsorships and grants to fulfill our mission and sustain our programs. HRAEF is supported in part by the Sponsorship and Product Promotion Program administered by the Hawaii Department of Ag Market Development Branch. The SPP funding HRAEF received in 2020 supported our first annual Great Hawaiian Chili Cookoff, where high school culinary students competed for the Best Chili in Hawaii bragging rights. This event was a great success, and we plan to hold the Second Annual Great Hawaiian Chili Cookoff in Fall 2021.

The SPP funds are integral to our foundation's ability to operate our programs and support Hawaii public high schools' ProStart Culinary Curriculum. Now more than ever, 2021 funding and sponsorships are more difficult to obtain than in pre-COVID years.

**HRAEF respectfully OPPOSES HB 1299 HD1.**

Thank you for the opportunity to submit testimony for HB 1299 HD1. Please visit our website [www.hraef.org](http://www.hraef.org) to learn more about the foundation, our activities and the Hawaii ProStart program. If you have any questions, please feel free to contact me at 808-650-2100 or email [holly.kessler@hraef.org](mailto:holly.kessler@hraef.org).

Sincerely,

A handwritten signature in black ink that reads "Holly Kessler". The signature is written in a cursive, flowing style.

Holly Kessler  
Director of Business Development

**HB-1299-HD-1**

Submitted on: 3/22/2021 4:50:01 AM

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Taylor Kellerman	Individual	Comments	No

Comments:

Aloha,

I have strong concern over how this Bill will impact the DOA's ability to maintain all of the work being done to promote the purchase of local agriculture including but not limited to BUY LOCAL, IT MATTERS, EAT LOCAL, SEAL OF QUALITY. These are all valuable programs in maintaining local product buying initiatives.

Mahalo

Taylor Kellerman

Director of Diversified Agriculture and Land Stewardship





**March 24, 2021 at 10:00 am**  
**Via Videoconference**

**Senate Committee on Ways and Means**

To: Chair Donovan M. Dela Cruz  
Vice Chair Gilbert S.C. Keith-Agaran

From: Hilton R. Raethel,  
President and CEO  
Healthcare Association of Hawaii

**Re: Testimony in Opposition**  
**HB 1299 HD 1, Relating to Non-General Funds**

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the healthcare continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities, and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high-quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

Thank you for the opportunity to provide testimony in **opposition** to Sections 30, 31, 32, and 33 of this measure because they would likely invalidate the hospital and nursing facility sustainability programs. We understand that the initial purpose of this measure was to address certain special funds that may no longer be necessary. However, if these sections are not struck from the bill, then they could essentially sunset these critical programs and cause the state to lose access to critical federal Medicaid funds.

The sustainability funds are designed to sunset every two years. In the current moving vehicles for the program (Sections 8 and 9 of SB 819, Sections 8 and 9 of HB 474, and Sections 7 and 8 of HB 311), the bills are amended to sunset at an appropriate date of June 30, 2024. The concerning sections of this measure would create competing laws that would sunset the program in July of this year. This would create conflicting, confusing differences for these programs that could put both programs in jeopardy.

The sustainability program special funds are essential to the financial sustainability of our healthcare providers and, most importantly, are used to maximize federal dollars while using no state funds. We would ask for your support in removing Sections 30, 31, 32, and 33 to ensure this successful program can continue. Thank you for the opportunity to provide our concerns.



## HAWAII

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

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

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

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

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

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



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

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

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

Me ke aloha,

A handwritten signature in cursive script that reads "Lea Hong". The signature is written in black ink and is positioned over a light gray, textured background that resembles a grid or a pattern of small squares.

Lea Hong  
State Director

Edmund C. Olson Trust Fellow



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

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

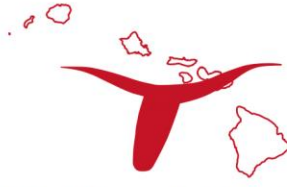
HB1298 HD 1 authorizes the Director of Finance to transfer up to 15M out of the Legacy Land Conservation Fund while HB1299 HD 1 abolishes special funds, but does not seem to include the Legacy Land Conservation Fund which we would like to express our gratitude to the legislators for excluding the fund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

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

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

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





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

COMMITTEE ON WAYS AND MEANS

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

**HB1299 HD1**

RELATED TO NON-GENERAL FUNDS

Wednesday, March 24, 2021, 10:00 AM  
Video Conference

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

The Hawaii Cattlemen's Council **respectfully opposes HB1299 HD1** to repeal various non-general funds.

We have strong concern about repealing non-general funds, as they have proven to be successful at accomplishing goals in a effective way. Notably, funds from the Department of Agriculture Market Development Branch directly allows for promotion of agriculture, support for commodity groups, and the promotion of Seal of Quality products. There have been many successful activities funded by the Market Development Branch, and we are concerned that repealing the non-general funding will hinder the progress needed to support agriculture.

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.

DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LIEUTENANT GOVERNOR



ANNE PERREIRA-EUSTAQUIO  
DIRECTOR

JOANN A. VIDINHAR  
DEPUTY

STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
**OFFICE OF COMMUNITY SERVICES**  
[www.labor.hawaii.gov](http://www.labor.hawaii.gov)

March 22, 2021

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

Hearing: Wednesday, March 24, 2021

Time: 10:00 a.m.

Place: Conference Room 211, via videoconference

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

A handwritten signature in blue ink, appearing to read "Jovanie Domingo Dela Cruz", with several horizontal strokes extending to the right.

**Re: H.B. 1299, HD 1 RELATING TO NON-GENERAL FUNDS**

**I. OVERVIEW OF PROPOSED LEGISLATION**

This bill would amend multiple statutory provisions so as to result in the transfer of multiple State special funds into the general fund. With respect to the Office of Community Services (OCS), these amendments would cause a fund that collects fines for human trafficking violations to be transferred from OCS to the general fund. This fund, the Human Trafficking Victim Services Fund, is codified in the criminal code at HRS §706-650.5. The intent was to collect funds from fines from traffickers and then provide services for victims of traffickers. However, very little money was ever collected from fines.

**II. CURRENT LAW**

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

**III. COMMENTS ON THE PENDING BILL**

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

Thank you for this opportunity to testify.



HEARING OF THE SENATE COMMITTEE ON WAYS & MEANS

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

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

**Board of Directors  
2021**

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

*Board Chair*  
Mary Charles

*Vice Chair*  
Lisa Grove

*Treasurer*  
Keith Ogata

*Secretary*  
Jennifer Luck

*Past Chair*  
Jonathan Scheuer

Neil Hannahs

Matt Beall

Le'ahi Hall

Larry Stevens

Jody Kaulukukui

Marissa Harman

Randy Vitousek

Jocelyn Herbert

Theresa Young

**President & CEO**  
Laura H. E. Kaakua

ph: 808.791.0729  
126 Queen St., Ste. 306  
Honolulu, Hawaii 96813  
[www.hilt.org](http://www.hilt.org)

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

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

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

**Strong Opposition to HB1298 HD1**

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

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

(continued on next page)



**Board of Directors  
2021**

*Board Chair*  
Mary Charles

*Vice Chair*  
Lisa Grove

*Treasurer*  
Keith Ogata

*Secretary*  
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**President & CEO**  
Laura H. E. Kaakua

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

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

**Comments on HB1299 HD1**

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

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

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

Mālama pono,

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

Enclosure

# HAWAIIAN ISLANDS LAND TRUST

## 2020 HIGHLIGHTS AND ACCOMPLISHMENTS

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

### BY THE NUMBERS

**21,650** Total Acres Protected

**26,300** Visitors at HILT Preserves

**4,724** Community Volunteer Hours

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

### PROTECT (Conservation Purchases and Easements):

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

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

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

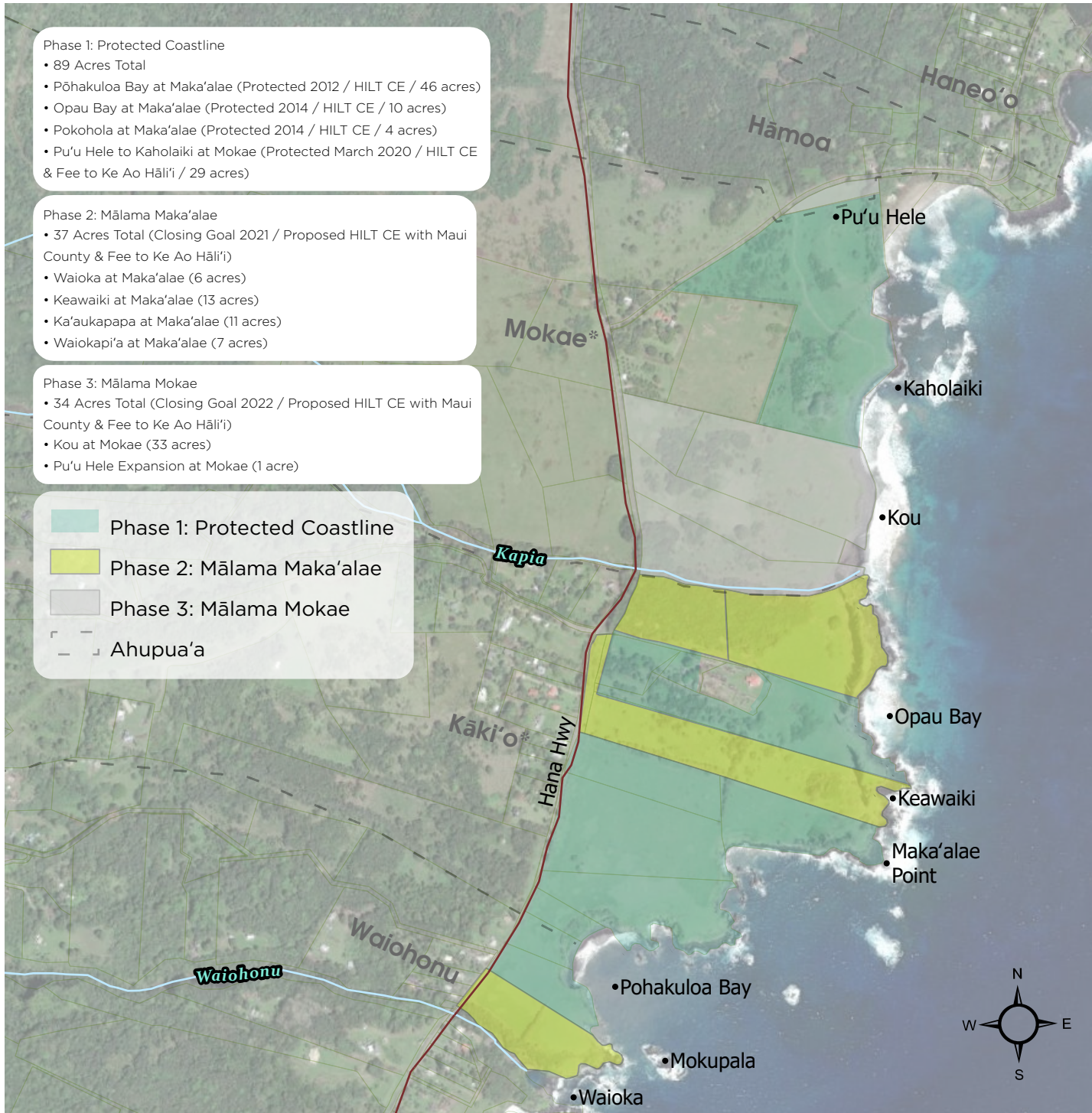
### CONNECT ('Āina Engagement and Education):

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

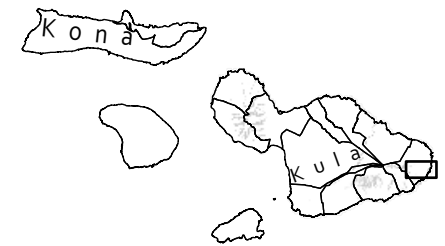


# SAVE HĀNA COAST: MOKAE TO MAKĀ'ALAE

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

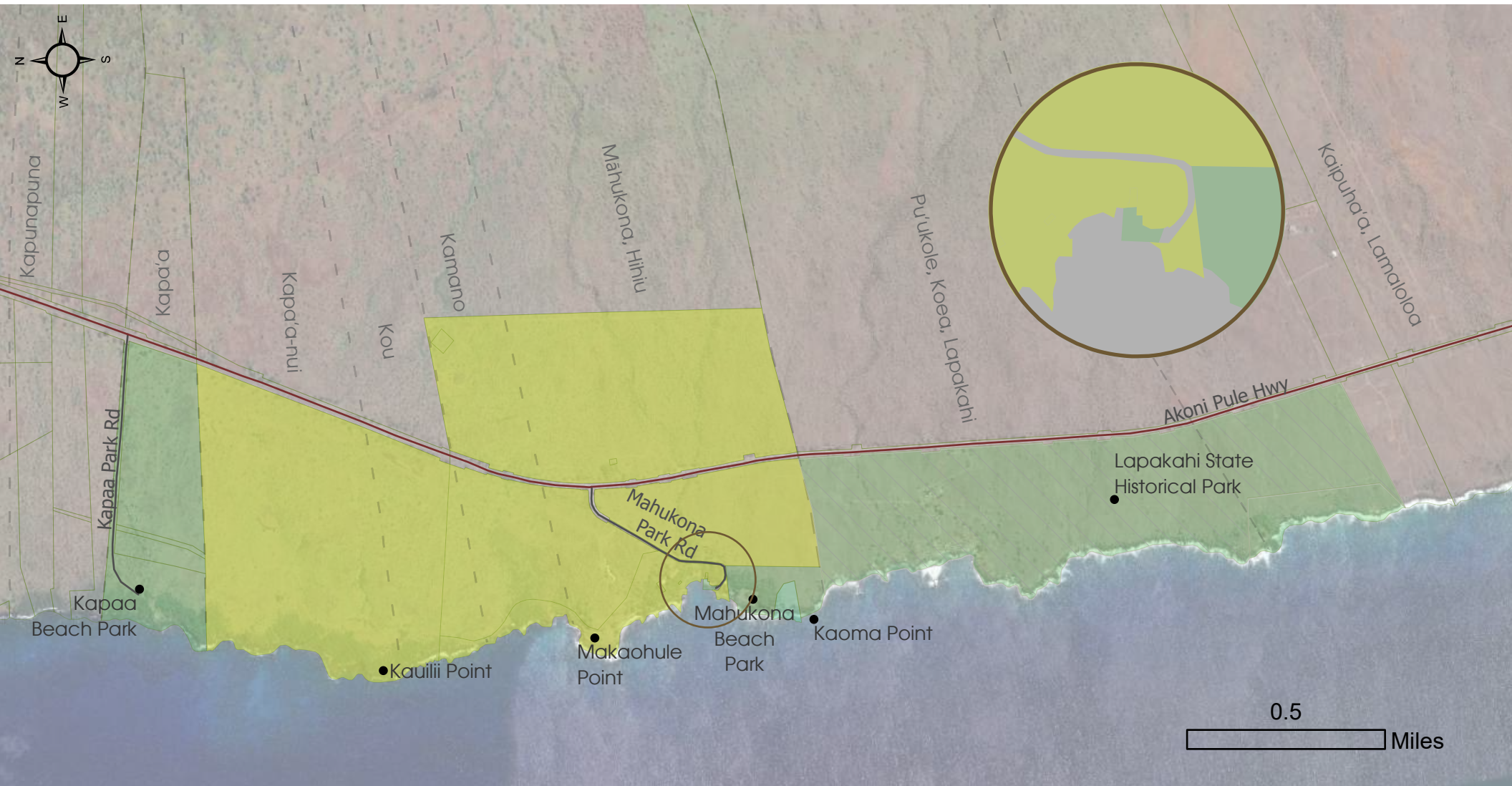


**Ke Ao Hāli'i**  
*Save Hāna Coast*








# MĀHUKONA NAVIGATIONAL AND CULTURAL COMPLEX

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



## Map Key

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



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

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

\*Support Letters Provided on Following Pages



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

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

## Support for the Protection of Māhukona



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

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

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



Sonja Baris signed 1 hour ago




caroline caluag signed 4 hours ago



 Share on Facebook

 Send a Facebook message

 Send an email to friends

 Tweet to your followers

 Copy link

Show this petition to more potential supporters

Promote this petition



Written Statement of  
**Len Higashi**  
Acting Executive Director  
Hawaii Technology Development Corporation  
before the  
**Senate Committee On Ways and Means**  
Wednesday, March 24, 2021  
10:00 a.m.  
Videoconference

In consideration of  
**HB1299 HD1**  
**RELATING TO NON-GENERAL FUNDS.**

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

The Hawaii Technology Development Corporation (HTDC) offers **comments** on HB1299, HD1 that repeals various non-general funds of various state departments and transfers unencumbered balances to the credit of the general fund.

HTDC supports the HD1 amendments as it relates to HTDC. The bill repeals the HRS 206M-15.3 Research and Development Special Fund. The account was last used to award grants in FY19. If the legislature intends to appropriate funds for the program, HTDC believes the program could be appropriated with general funds. HTDC does not object to its repeal.

The bill repeals the HRS 206M-15.6 Hawai'i Technology Revolving Loan Fund. The account has not been funded since inception in 2000. The fund concept has merit, but if there is no intention by the legislature to appropriate funds into the account, HTDC does not object to its repeal.

The bill abolishes Hydrogen investment capital special fund (S-308-B) related to HRS §206M-63 which was used to make investments by the Hawaii Strategic Development Corporation before it merged into HTDC. HTDC manages the Hawai'i Center for Advanced Transportation Technologies (HCATT) which has successfully demonstrated various hydrogen projects and could potentially leverage the fund. The fund concept has merit, but if there is no intention by the legislature to appropriate funds into the account, HTDC does not object to its repeal.

Thank you for the opportunity to offer these comments.

# TAX FOUNDATION OF HAWAII

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126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

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SUBJECT: MISCELLANEOUS, Abolish Non-General Funds

BILL NUMBER: HB 1299, HD1

INTRODUCED BY: House Committee on Finance

EXECUTIVE SUMMARY: Repeals various non-general funds of the department of agriculture; department of budget and finance; department of business, economic development, and tourism; department of defense; department of education; department of health; department of human services; department of labor and industrial relations; department of land and natural resources; department of the attorney general; department of public safety; department of transportation; University of Hawaii; department of commerce and consumer affairs; department of Hawaiian home lands; judiciary; and Hawaii public housing authority. Implements recommendations of the auditor. Transfers most unencumbered balances to the credit of the general fund.

SYNOPSIS: This 90-page bill repeals hundreds of non-general funds and lapses most unencumbered balances to the general fund.

Makes conforming changes.

EFFECTIVE DATE: 7/1/2021.

STAFF COMMENTS: The 1989 Tax Review Commission noted that use of special fund financing is a “departure from Hawaii’s sound fiscal policies and should be avoided.” It also noted that special funds are appropriate where the revenues to the funds maintain some direct connection between a public service and the beneficiary of that service. The Commission found that special funds which merely set aside general funds cannot be justified as such actions restrict budget flexibility, create inefficiencies, and lessen accountability. It recommended that such programs can be given priority under the normal budget process without having to resort to this type of financing.

Repeal of special funds enhances transparency and accountability in the budgeting process.

Digested 3/21/2021

**HB-1299-HD-1**

Submitted on: 3/22/2021 2:44:13 PM

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Robert and Pamela Cooper	Testifying for The Original Hawaiian Chocolate Factory	Oppose	No

Comments:

We are Robert and Pamela Cooper. We established and operate Hawaii's first tree to bar chocolate manufacturing facility on the Kona side of Hawaii Island. Please accept our testimony in OPPOSITION TO repealing special funds that benefit many programs. We do support DHOA SOQ Program. The intended purpose of SOQ was set out 15 years ago to: Establish the Hawaii Grown Origin Products Commission to identify and regulate the labeling of selected specialty crops grown or produced in Hawaii. In doing so it protects the integrity and value of the marketing cachet for Hawaii branded farm and value-added products. Establishes the Hawaii Grown Origin Products Special Fund. Makes appropriations. It has surpassed its expectation from all who have been supported, encouraged and engaged wit this probram from the beginning. There is no other authority that guarantees to the consuming public that the products marked with this Seal are genuine Hawaiian. Mahalo, The Original Hawaiian Chocolate Factory



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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

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

### HB 1299 HD1 – RELATING TO NON-GENERAL 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) opposes House Bill No. 1299 House Draft 1, Relating to Non-General Funds. This measure would repeal various non-general funds across State government and transfer those fund balances to the State General Fund.

The UH's funds are listed in Part XIV and Part XIX of the bill. The UH has no objection to the funds listed in Part XIV (Grant for the Bridge-to-Hope Program and Legislative Relief for Claims – UH). However, we have serious concerns with several of the funds listed in Part XIX.

**Sections 71** of the bill would reclassify the Community Colleges Special Fund into the Community Colleges Revolving Fund, **Section 74** would repeal the Community Colleges Special Fund, and **Section 76** would transfer any remaining balances in the Community Colleges Special Fund to the Community Colleges Revolving Fund.

The UH opposes both of these sections and respectfully requests that they be removed from the bill and the Community Colleges Special Fund remain a special fund. The difference between a revolving fund and special fund is very slight and the interpretation has evolved over time. Auditor's Report No. 01-12 from July 2001 looked at the same fund and recommended that it remain a special fund.

Additionally, the statute governing the fund allows for the deposit of funds from the Tuition and Fees Special Fund as well as tuition, fees, and charges for affiliated instructional, training, and public service courses and programs. As such, we feel that it is not intended for this fund to run as a "closed loop" similar to other revolving funds.

**Section 72** of the bill would amend the Conference Center Revolving Fund at the UH of Hawai'i at Hilo to allow Hilo to allow its use by the Chancellor or their designee, rather than the dean of the College of Continuing Education and Community Service (which no longer exists). UH supports this section of the bill.

**Section 73** of the bill would repeal the University of Hawai'i Community Services Special Fund. The UH opposes this section and respectfully requests that the Community Services Special Fund not be repealed. The Auditor notes in their report that the fund continues to serve the purpose for which it was created but finds that it should be repealed because it is not self-sufficient. We acknowledge the negative balance for the fund but also point out that the fund is slowly working on reducing that negative balance. At this point in time, closing the fund would serve no fiscal benefit to the State or UH, and it is our preference that it continue to function. The fund is still being used by various campuses in the following ways:

UH Mānoa: To account for revenues and expenses generated from non-credit programs, public/community events and International Programs. Repealing the fund will reduce the development of non-credit and non-traditional course offerings which serves the community at large. It also will have a negative impact to the successful Hawai'i English Language Program which serves as a critical pathway to higher education opportunities to ESL students.

UH Hilo: To support public service programs and to account for revenue and expenses to provide public service programs such as professional development and training, personal growth, and cultural enrichment. Repealing the Community Services Special Fund will require UH Hilo to use general funds to cover the cost of providing public service programs including non-credit instruction. The program is self-sustaining and can only expend up to the level of funds generated, thus eliminating reliance on State general funds.

UH West O'ahu: To account for revenues and expenses generated from non-credit programs, public/community events and International Programs. The campus would be unable to meet its mission of being a service to the community by providing public service programs, growing its international programs, and other non-credit programs to meet the needs of the community and State. Should general funds be provided, campus would forfeit the ability to enter into multi-year contracts to secure most cost-efficient means as general funds do not allow encumbrances to be carried from one fiscal year to another.

**Section 75** of the bill would repeal the Professional Student Exchange Program Revolving Fund. The UH agrees with the repeal of this fund as it is no longer being used.

**Section 77** of the bill would reclassify the University Bond and Interest Sinking Fund into a trust account. The UH agrees with the reclassification of this fund.

Thank you for this opportunity to testify.

**HB-1299-HD-1**

Submitted on: 3/22/2021 3:38:21 PM

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
James K. Chan	Testifying for Hawaiian Chip Company, LLC	Oppose	No

Comments:

Aloha Chair Dela Cruz, Vice Chair Keith-Agaron, and members of the Committee,

Please OPPOSE HB1299 HD1. The Seal Of Quality program run by the Hawaii Department of Agriculture is the only state run program that assisted the Hawaiian Chip Company with direct maketing marketing support during this pandemic. That was critical in helping to inrease sales with local residents and allowed the company to continue purchasing sweet potatoes and taro from local farmers.

Mahalo,

Jimmy Chan

Owner - Hawaiian Chip Company



Testimony Before The  
Senate Committee on Ways and Means  
**IN OPPOSITION TO HB 1299 HD1.**  
March 24, 2021, 10:00AM, Room 211

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

**KUA opposes HB 1299 HD1.** which proposes to stop conveyance tax deposits into the Legacy Land Conservation Fund and transfer all Legacy Land Conservation Funds into the general fund.

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

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

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

Mahalo for this opportunity to testify.

Aloha 'Āina Momona.



Hawaii Export Nursery Association  
P.O. Box 11120  
Hilo, HI 96721  
Tel (808) 969-2088  
www.hena.org



March 22, 2021

**Re: HB1299 HD1 Relating to Non-General Funds**

I am providing written testimony for HB1299 HD1, the bill relating to non-general funds. I am Dawn Kitagawa, the President of the Hawaii Export Nursery Association ("HENA"), which represents over 94 businesses - growers, wholesalers, and horticultural suppliers - in the Hawaii potted foliage, plant, and flower industries.

I am also President of Kohala Nursery, President of Big Island Plant & Foliage, and a shareholder in Kohala Kentia. Our nurseries grow foliage plants that are primarily exported to the Mainland but are also sold locally and exported to neighboring Hawaiian Islands. According to the most recent USDA National Agricultural Statistics Service Summary dated January 11, 2021, the 2019 value of Hawaii's horticultural and nursery product industry is estimated at \$89.2 million.

HENA has worked closely with the Hawaii Department of Agriculture since its inception in 1993 and has obtained success in our marketing, promotion and educational programs with the assistance of the Department's Market Development Branch. The Sponsorship and Product Promotion (SPP) program has provided HENA with financial support in our annual programs to promote our tropical potted foliage and blooming flowering plants to the mainland U.S. and local markets. Each year HENA has seen increases in sales, interest in our products and we've gained new members and distributors since 1993. HENA utilizes the SPP funding provided by the Market Development Branch of HDOA to assist with our marketing, educational and promotional programs.

On behalf of the Hawaii Export Nursery Association, we respectfully state our opposition to HB1299 HD1 as written.

If you have any questions, please feel free to contact me via phone to 626-818-4199 or via email to [dkitagawa@aol.com](mailto:dkitagawa@aol.com).

Respectfully with Aloha,  
Dawn Kitagawa

**HENA President**  
**(626) 818-4199**



March 22, 2021

2021  
**BOARD OF  
DIRECTORS**

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

Elizabeth Reilly  
**President**

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

Allen Tateishi  
**Vice President**

Aloha Chair Dela Cruz, and Honorable Senators,

Dianne Gleis  
**Secretary**

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

Marian Grey  
**Treasurer**

Dean Takebayashi  
**Director**

Gary Weller  
**Director**

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

Kendrick Chang  
**Community Outreach**

Dylan Ramos  
**Communications**

**Website**

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

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

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

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

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

Elizabeth Reilly  
Founder/President  
Livable Hawaii Kai Hui

Kendrick S. Chang  
Community Outreach  
Livable Hawaii Kai Hui



# Hawaii Floriculture and Nursery Association

## **THE SENATE**

THE THIRTY-FIRST LEGISLATURE  
REGULAR SESSION OF 2021

### COMMITTEE ON WAYS AND MEANS

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

### NOTICE OF HEARING

Wednesday, March 24, 2021 10:00AM  
Conference Room 211 & Videoconference

We have concerns regarding HB 1299, HD1 RELATING TO NON-GENERAL FUNDS.

My name is Eric S. Tanouye and I am the President for the Hawaii Floriculture and Nursery Association (HFNA). HFNA is a statewide umbrella organization with approximately 300 members. Our membership is made up with breeders, hybridizers, propagators, growers, shippers, wholesalers, retailers, educators, and the allied industry, which supports our efforts in agriculture. The 2019 Hawaii Census of Horticulture show horticulture operations in Hawaii sold a total of \$89.2million in floriculture, nursery and specialty crops with 50% of revenue local and 50% export.

We understand the need for the legislation to properly account and control funds but we do have apprehension on how wide sweeping this bill is to funds that support many popular programs. Due to the recent pandemic, we find that many businesses have faced trying times and to recover we may need to rely on programs that have been put in place to help business.

A notable example of this would be the Market Development Branch funds that support the RFPS for the Sponsorship and Product Promotion Program (SPP) that is accessible to commodity groups. These funds allow our commodity groups to do essential marketing and education to increase the viability of our commodities.



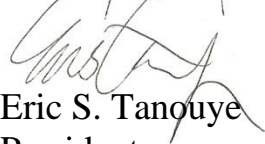
## Hawaii Floriculture and Nursery Association

The SPP program is also important in how it allows us to use matching funds to secure Federal funding of upwards \$100,000 annually. Without these SPP program funds we would not be able to demonstrate funding for County and Federal programs that require matching. These funds are important for us to continue our marketing efforts to promote our products local, nationally and internationally.

We would also like to mention the Seal of Quality (SOQ) program that is influential in supporting Hawaii grown commodities and reinforcing the quality that is inherent in Hawaii products.

If you have any questions at this time, we would be happy to discuss them and can be reached by phone at 808-959-3535 ext. 2627, cell 960-1433 and email [eric@greenpointnursery.com](mailto:eric@greenpointnursery.com).

Supporting Agriculture and Hawaii,



Eric S. Tanouye  
President

Hawaii Floriculture and Nursery Association



**THE SENATE**  
THE THIRTY-FIRST LEGISLATURE  
REGULAR SESSION OF 2021

[COMMITTEE ON WAYS AND MEANS](#)

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

NOTICE OF HEARING

Wednesday, March 24, 2021 10:00AM  
Conference Room 211 & Videoconference

With respect we have concerns regarding [HB 1299, HD1](#) RELATING TO NON-GENERAL FUNDS.

Aloha,

My name is Thong Teng Neo and am the current President of the Hawaii Tropical Flower Council (HTFC). HTFC is a statewide association of commodity organizations, i.e.: anthurium, orchid, protea, tropic flowers and foliage, blooming and foliage plants. The Hawai`i Tropical Flower Council directs promotion and supports research of Hawaii's tropical flower industry. Each of the state's major flower commodity groups (anthuriums, orchids, proteas, tropic flowers and foliages, blooming and foliage plants) is represented on the council's board of directors. HTFC serves as a non-profit Hawaii Corporation to promote for its commodity groups and other producers of tropical horticulture grown in the State of Hawaii.

HTFC supports our commodity efforts at marketing and believe that the funds afford through the RFPS for the Sponsorship and Product

HTFC ▪ P.O. Box 4400 ▪ Hilo, HI 96720 ▪ [www.hawaitropicalflowercouncil.org](http://www.hawaitropicalflowercouncil.org)

*www.Hawaii's Flowers.com*  
Share the Aloha!



Promotion Program (SPP) are a benefit to our industry and community in Hawaii.

We ask that you consider continuing to support the marketing efforts of our commodity groups, so that agriculture can remain sustainable in Hawaii.

Thank you for taking the time to read this correspondence and if you have any questions, I can be reached at [neo@greenpointnursery.com](mailto:neo@greenpointnursery.com) or 808 959 3535 ext 2615.

Sincerely,

Thong Teng Neo  
President  
Hawaii Tropical Flower Council



**THE SENATE**  
THE THIRTY-FIRST LEGISLATURE  
REGULAR SESSION OF 2021

[COMMITTEE ON WAYS AND MEANS](#)

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

NOTICE OF HEARING

Wednesday, March 24, 2021 10:00AM  
Conference Room 211 & Videoconference

Thank you for the opportunity to share our concerns regarding [HB 1299, HD1](#) RELATING TO NON-GENERAL FUNDS.

My name is Jon Tanouye and I am the current President of the Orchid Growers of Hawaii (OGOH).

We ask that you consider allowing funds to still be available to the Market Development Branch to support the RFPS for the Sponsorship and product Promotion Program (SPP) that is accessible for our commodity groups to receive marketing funding.

We believe our floriculture industry has been utilizing these funds for the betterment of Agriculture and our Communities.

If you have any other questions you may contact me to discuss and I can be reached by phone at 808-959-3535 and email [jon@greenpointnursery.com](mailto:jon@greenpointnursery.com).

Sincerely,

Jonathan Tanouye  
President  
Orchid Growers of Hawaii (OGOH)



**Testimony to the Senate Committee on Ways and Means  
Wednesday, March 24, 2021 at 10:00 A.M.  
Written Testimony**

**RE: HB 1299, HD 1, RELATING TO NON-GENERAL FUNDS**

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

The Chamber of Commerce Hawaii ("The Chamber") **opposes HB 1299, HD 1 limited to Section 8, page 9, lines 10-12.**

The Chamber is Hawaii's leading statewide business advocacy organization, representing 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

As the exclusive state affiliate for the National Association of Manufacturers, the Chamber of Commerce Hawaii and INNOVATE Hawaii continue to lead a Manufacturing in Hawaii initiative to increase and diversify the manufacturing industry in Hawaii and promote the importance of this growing industry to our state.

HB 1299, HD 1, specifically Section 8, page 9, lines 10-12, continues to be an economic driver and catalyst to promote goods and products for the Sponsorship and Product Promotion Program (SPP) for commodity groups and for our manufacturing partners in the State. Such programs and campaigns include and not limited to Seal of Quality, Eat Local, and Buy Local, It Matters, to name a few and abolishing these funds would upend the ongoing and successful partnerships with farmers, agriculture, and manufacturers.

The Market Development Branch of the Hawaii Department of Agriculture has been instrumental to help fund many worthy projects and we ask that they be retained. For these important reasons and successes accomplished from the fund, we request that Section 8, page 9, lines 10-12 not be considered.

Thank you for this opportunity to provide testimony.





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**Senate Committee on Ways and Means**

**Senator Donovan M. Dela Cruz, Chair**

**Senator Gilbert S.C. Keith-Agaran, Vice Chair**

Date: Wednesday, March 24, 2021

Time: 10:00AM

Via Videoconference

**RE: HB 1299, HD 1, Relating to Non-General Funds**

The Hawaii Food Manufacturers Association (HFMA) is a non-profit organization of approximately 150 members, that has been promoting Hawaiian grown or manufactured products since 1977. The HFMA works to increase the understanding and appreciation of the unique flavors, quality, and care that go into the production of Hawaii's fine foods and beverages represented by our membership. HFMA is the only food manufacturing association in the United States.

HFMA is in **opposition** to HB 1299, HD 1, specifically Section 8, page 9, lines 10-12. These programs are essential to the manufacturing industry as both an economic driver and catalyst to promote goods and products for the Sponsorship and Product Promotion Program (SPP) for commodity groups and for our manufacturing partners in the State. Such programs and campaigns include and not limited to Seal of Quality, Eat Local, and Buy Local, It Matters, to name a few and abolishing these funds would upend the ongoing and successful partnerships with farmers, agriculture, and manufacturers.

Other notable programs include FOODEX in Japan, Made in Hawaii Festival, farm tours, culinary projects, The Agriculture Conference, and many other activities and promotions.

The Market Development Branch of the Hawaii Department of Agriculture has been instrumental to help fund many worthy projects and we ask that they be retained. For these important reasons and successes accomplished from the fund, we request that Section 8, page 9, lines 10-12 not be considered.

Thank you for this opportunity to provide testimony.



## THE QUEEN'S HEALTH SYSTEMS

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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 24, 2021

Re: Opposition to HB1299, HD1: Relating to State Funds

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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 HB1299, HD1, as it relates to the Hospital Sustainability Program Special Fund and the Nursing Facility Sustainability Program Special Fund (specifically sections 30, 31, 32, and 33). The sustainability funds are designed to sunset every two years. In the current moving vehicles for the program (SB 819, SB 820, HB 474, and HB 311), the bills are amended to sunset on June 30, 2024; the concerning sections of HB1299, HD1 would create competing statute that would sunset the program in July of this year. This would create a conflict for these programs that could put both programs in severe jeopardy. Both of these programs are critical to ongoing stability of The Queen's Health System and the overall healthcare system of Hawai'i.

In FY2019, Queen's contributed to the well-being of Hawai'i by giving back to the community more than \$200 million in unreimbursed health care services, education, and charitable contributions. Of that \$200 million, over \$60 million accounted for our Medicaid Reimbursement Shortfall, the cost absorbed by Queen's when Medicaid government reimbursements did not fully cover the cost of care. The Hospital Sustainability Program helps Queen's offset a portion of these costs and in FY2020 the impact of the program to Queen's was a positive \$48 million for unreimbursed care.

Queen's concurs with the testimony submitted by the Healthcare Association of Hawai'i. Thank you for your consideration of our testimony on HB1299, HD1.

*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.*

**HB-1299-HD-1**

Submitted on: 3/23/2021 8:42:08 AM

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Nina Ann Tanabe	Testifying for Pacific Food Technology	Oppose	No

Comments:

Oppose HB1299, HD1. Limited to Section 8, page 9, lines 10-12.



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 24, 2021

HEARING BEFORE THE  
SENATE COMMITTEE ON WAYS AND MEANS

**TESTIMONY ON HB 1299, HD1**  
**RELATING TO STATE FUNDS**

Conference Room 211  
10:00 AM

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

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

The Hawaii Farm Bureau respectfully offers the following comments on HB 1299, HD1, which repeals various non-general funds of the department of agriculture; department of budget and finance; department of business, economic development, and tourism; department of defense; department of education; department of health; department of human services; department of labor and industrial relations; department of land and natural resources; department of the attorney general; department of public safety; department of transportation; University of Hawaii; department of commerce and consumer affairs; department of Hawaiian home lands; judiciary; and Hawaii public housing authority and transfers most unencumbered balances to the credit of the general fund.

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.



P.O. Box 99, Wailuku, HI 96793-0099  
March 23rd, 2021

**HB 1299 HD1 – RELATING TO NON-GENERAL FUNDS**

Vincent Mina  
State President

Anny Bruch  
Vice-President  
Kauai

Maureen Datta  
Secretary  
Kona, Hawai'i

Reba O'Day  
Treasurer  
Haleakala, Maui

**Chapter Presidents**

Vincent Kimura  
Waimanalo, Oahu

Dash Kuhr  
Kohola, Hawai'i

Brynn Foster  
North Shore, Oahu

Maureen Datta  
Kona, Hawai'i

Steve Lund  
Puna, Hawai'i

Anny Bruch  
Kauai  
Robert  
Hana, Maui

Ho'omana Colleado  
Mauna Kahalawai,

Reba O'day  
Haleakala, Maui

Kaipo Kekona  
Lahaina, Maui

Eric Weinert  
East Hawai'i

Christian Zuckerman  
Wai'anae, Oahu

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

HFUU is in strong opposition to HB1299. In a time such as this, our local population is seeking more locally produced food with a confidence in knowing that it is going to be a way to safeguard themselves from becoming sick. HDOA is and has always been a supportive agency for our family of farmer/ranchers here in Hawaii.

With the intention of this bill to trigger a full accounting of various non-general funded program objectives, performance, and results by repealing or abolishing those non-general funds its our opinion that this bill is shooting at the wrong target.

Our organization works closely with HDOA, as a state we need to find creative ways to get HDOA more funding, not take any away. Its high time we pay serious attention and take action steps to what matters in agriculture in feeding the people of Hawaii, starting off to care about the general vitality of our land and food production, in the development of a supportive and resilient agricultural system.

HDOA has been and currently is our partner to assist us getting our farmers/ranchers opportunities they otherwise would not have access to, yet at the current point 4% of the state budget there is a palatable disconnect of the depth of support needed for agriculture to thrive.

We assert that providing the latitude to HDOA both financially and with policies that will attract private investment, supportive of a robust agricultural system, is a direction that will pay off large dividends. This both in the health of our people and the viability of our agricultural economy, with the multiplier effect it will have within our local communities.

Our suggestion is to have discussions with legislature, HDOA and farmers/ranchers to communicate how best we can all be heard and supported. Let us all show up for Hawaii Agriculture and empower HDOA and our agricultural community, its whats for dinner.

**Mahalo HAWAII FARMERS UNION UNITED & FOUNDATION**

Vincent Mina, President

HAWAII FARMERS UNION UNITED & FOUNDATION



Vincent Mina, President

*The Hawai'i Farmers Union United and its Chapters are a nonprofit corporation formed under Hawai'i law. It advocates for the sovereign right of farmers to create and sustain vibrant and prosperous agricultural communities for the benefit of all Hawai'i through cooperation, education and legislation.*

**Written Testimony Presented Before the Senate**

**COMMITTEE ON WAYS AND MEANS**

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

**TIME: 10:00 AM.**

**PLACE: VIA VIDEOCONFERENCE**

**By**

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

**LATE**

**Comments on HB 1299, HD1**

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means, thank you for the opportunity for the Hawai'i State Center for Nursing (HSCN) to provide **comments** on HB 1299, HD1. This measure seeks to repeal non-general funds and transfers unencumbered balances to the general fund. HSCN is supportive of the changes made through HB 1299, HD1 as it relates to the Center for Nursing Special Fund, which identified that the Center for Nursing Special Fund did not meet the criteria for repeal or abolishment as determined by criteria established by the House Committee on Finance.

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

HSCN thanks the Committee for the consideration and thanks the Committee for its long standing support of nurses and healthcare professionals in this state.

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

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



**LATE**

**HB-1299-HD-1**

Submitted on: 3/23/2021 11:35:47 AM

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Amy Decker	Testifying for Hawaii Sheep and Goat Association	Oppose	No

Comments:

The Hawaii Sheep and Goat Association respectfully opposes the repeal bill of the funds that support the Department of Agriculture. Without the Sponsorship and Product Promotion grant from the Department of Agriculture for our Association, we would not be able to perform many of the activities that support our sheep and goat livestock producers. We use these grant funds to help market our organization that bring local sheep and goat products to consumers in our State. This last year we were able to produce a local cookbook and a video which promoted the Hawaii Sheep and Goat Association to farmers and ranchers. Our Organization helps farmers by providing educational classes and workshops to local producers. Bringing workshops and classes to our community members that teach healthcare, grazing management, sheep shearing and other valuable learning skills for sheep and goat livestock producers. Please continue to provide funds to Department of Agriculture that support Hawaii Agriculture.

**HB-1299-HD-1**

Submitted on: 3/23/2021 1:05:15 PM

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Amy Hammond	Testifying for Hawaii Chocolate and Cacao Association	Oppose	No

Comments:

Aloha Chair Dela Cruz and distinguished members of the committee,

I represent the Hawai'i Chocolate & Cacao Association as well as my company Special Events Hawaii in respectfully opposing HB1299 HD1 regarding SPP promotions many of which we as an organization and my company has both participated in and benefitted from the programs. In fact, everyone in the state benefits as these types of campaigns that are funded including: BUY LOCAL, IT MATTERS, EAT LOCAL, SEAL OF QUALITY benefit the community at large in that they generate education on how we chose our food for our health as well as support nascent crops.

The SPP promotions have funded marketing activities that are the catalyst to business growth and lead to many cross promotional opportunities outside of the campaigns that expand the reach of the initial concepts. Local agriculture is a challenging industry and without the support it may lead to the collapse of these types of programs which generate tax revenue and business in the state.

We/I am hopeful you will consider our/my input.

Mahalo,

Amy Hammond  
Executive Director  
Hawaii Chocolate & Cacao Association

and

President  
Special Events Hawaii

**HB-1299-HD-1**

Submitted on: 3/22/2021 1:16:35 PM

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Robert/Pamela Cooper	Individual	Oppose	No

Comments:

We are Robert and Pamela Cooper. We established and continue to operate Hawaii's first tree to bar chocolate manufacturing facility on the Kona side of Hawaii Island. Please accept our testimony in OPPOSITION TO repealing special funds that benefit this HDOA SOQ program. The intended purpose of SOQ was set out 15 years ago to: Establish the Hawaii Grown Origin Products Commission to identify and regulate the labeling of selected specialty crops grown or produced in Hawaii. In doing so it protects the integrity and value of the marketing cachet for Hawaii branded farm and value-added products. Establishes the Hawaii Grown Origin Products Special Fund. Makes appropriations. It has surpassed expectations from all who have been supported, encouraged and engaged with this program from the beginning. There is no other authority that guarantees to the consuming public that the products marked with this Seal are genuine Hawaiian. Mahalo, Robert and Pamela Cooper, The Original Hawaiian Chocolate Factory

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

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

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

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

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

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

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

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

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

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

Mahalo,  
Janel Yamamoto

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

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