



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

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 29, 2021 **TIME:** 9:35 a.m.

LOCATION: State Capitol, Room 211, Via Videoconference

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

Chair Dela Cruz and Members of the Committee:

The Department of the Attorney General (Department) provides the following comments regarding this bill 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
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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

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

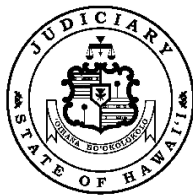
Chair Dela Cruz and Members of the Committee:

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.



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

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

by
Rodney A. Maile
Administrative Director of the Courts

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:



House Bill No. 1299, H.D.1, Relating to Non-General Funds
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- 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).¹ RSCH Rule 1.2(c) sets forth the duties of the Board as follows:

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



(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 exam²; (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.³

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.⁴ 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.⁵

² 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.

³ 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.

⁴ Creation of special funds is governed by HRS §37-52.3

⁵ 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.



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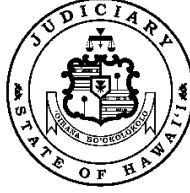
Based upon statements in the Auditor's Report, a trust fund must be used for the benefit of the beneficiaries of the fund. The Auditor's Report states specifically that the Trust Fund serves the purpose for which it was created. It seems, however, that the auditor has a misunderstanding of the fund and 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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Monday, March 29, 2021, 9:35AM
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LATE

WRITTEN TESTIMONY ONLY

by
Rodney A. Maile
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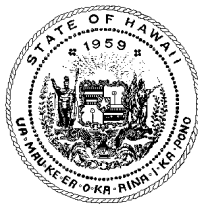
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DAVID Y. IGE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF PUBLIC SAFETY
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MAX N. OTANI
DIRECTOR

Maria C. Cook
Deputy Director
Administration

Tommy Johnson
Deputy Director
Corrections

Jordan Lowe
Deputy Director
Law Enforcement

No. _____

TESTIMONY ON HOUSE BILL 1299, HOUSE DRAFT 1
RELATING TO NON-GENERAL FUNDS.

by
Max N. Otani, Director

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

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

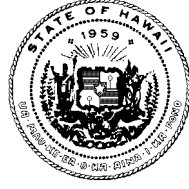
Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

Part XII, Section 40 of House Bill (HB) 1299, House Draft (HD) 1 proposes to abolish the Drug Law Enforcement Equipment Procurement Fund (T-905-V1) and lapse the unencumbered balance to the credit of the General Fund. The Department of Public Safety (PSD) does not oppose this action.

PSD notes that the Drug Law Enforcement Equipment Procurement Fund is included in the list of funds under HB 1298, HD 1, SD 1 Proposed from which the Director of Finance would be authorized to transfer to the General Fund any remaining unencumbered balance in fiscal year 2020-2021.

Thank you for the opportunity to present this testimony.

DAVID Y. IGE
GOVERNOR



CATHY BETTS
DIRECTOR

JOSEPH CAMPOS II
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

March 25, 2021

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

FROM: Cathy Betts, Director

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

Hearing: March 29, 2021, 9:35 a.m.
Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS), understands the intent of the measure, 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)¹ 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.

¹ 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
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

March 29, 2021

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

Date: Monday, March 29, 2021
Time: 9:35 a.m.
Place: Conference Room 211, State Capitol

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

Re: H.B. No. 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 uses the funds from certificates to cover expenses.

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

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

March 29, 2021

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

Date: Monday, March 29, 2021
Time: 9:35 a.m.
Place: Conference Room 211, State Capitol

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

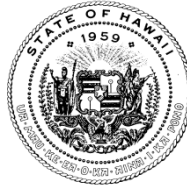
Re: H.B. No. 1299 HD1 RELATING TO NON-GENERAL FUNDS

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 uses the funds from certificates to cover expenses.

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



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 29, 2021

9:35 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 titles and codes listed below are in active use currently:

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 and this consent condition has not been satisfied.

Thank you for the opportunity to provide testimony.



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

Date: 03/29/2021

Time: 09:35 AM

Location: CR 211 & Videoconference

Committee: Senate Ways and Means

Department: Education

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

Title of Bill: HB 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:

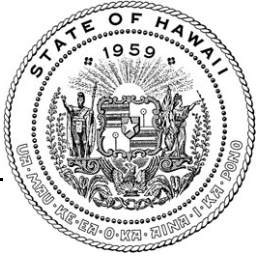
The Hawaii State Department of Education (Department) appreciates the opportunity to offer comments on HB 1299, HD1.

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.

HB 200, HD1 proposes to replace the diverted revenue with general funds (EDN 500 seq. 1002-000 and -001). As long as sufficient general funding to maintain this position is ultimately including in the final draft of the Executive Budget, 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.



**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

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

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

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

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

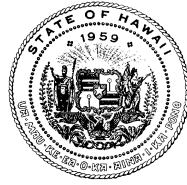
Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) supports HB1298, HD1, Proposed SD1 and HB1299, HD1, which repeals various non-general funds and/or transfers the unencumbered balances to the General Fund.

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

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

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

DBEDT affirms its commitment to work with both the Finance and Ways and Mean Committees to come to an amicable agreement on the various DBEDT programs' unencumbered cash balances that can be reverted to the General Fund and repeal of certain special funds. Thank you for the opportunity to testify.



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

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

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

Hearing Date: March 29, 2021

Room Number: N/A

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

4 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

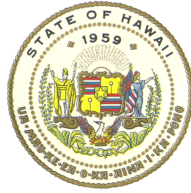
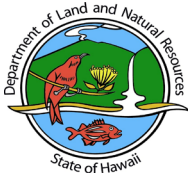
1 school, commercial, industrial, and public buildings as well as accredit training providers and
2 certify all individuals involved in hazard abatement, inspection, and design statewide.

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

DAVID Y. IGE
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

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

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

State Capitol, Via Videoconference, Conference Room 211

**In consideration of
HOUSE BILL 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: 3/27/2021 10:19:55 PM

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

Submitted By	Organization	Testifier Position	Present at Hearing
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: 3/27/2021 10:21:17 PM

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

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

Comments:

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

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
HONOLULU, HAWAII 96805

TESTIMONY OF WILLIAM J. AILA, JR, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
HEARING ON MARCH 29, 2021 AT 9:35AM VIA VIDEOCONFERENCE

HB 1299, HD1, RELATING TO NON-GENERAL FUNDS

March 29, 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.”

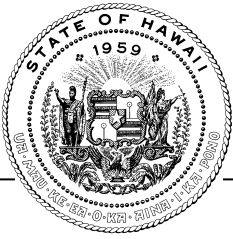
HB 1299, HD1 removes the HHRF as a trust fund from the Hawaiian Homes Commission Act. This measure removes the transparency of Federal oversight on the revenues and assets of the HHRF. Consequently, the lack of transparency has a substantial impact on the proper use of revenues and assets of the HHRF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



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

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

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

Testimony of
SCOTT J. GLENN, Chief Energy Officer

before the
SENATE COMMITTEE ON WAYS AND MEANS

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

In consideration of
HB 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.

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

TO THE
SENATE COMMITTEE ON
WAYS & MEANS

March 29, 2021
9:35 a.m.

Chair Dela Cruz and Members of the Committee:

MEASURE: H.B. No. 1299 HD1

TITLE: RELATING TO NON-GENERAL 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.

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 29, 2021
9:35 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. The Department has been advised by the Office of the Attorney General that S-304 is a regulatory fund and is not subject to transfer to the general fund. The Department defers to the testimony from the Office of the Attorney General on this matter.

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.

DAVID Y. IGE
GOVERNOR



KENNETH S. HARA
MAJOR GENERAL
ADJUTANT GENERAL

STEPHEN F. LOGAN
COLONEL
DEPUTY ADJUTANT GENERAL

LATE

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

TESTIMONY ON HOUSE BILL 1299 HD1
A BILL RELATING TO NON-GENERAL FUNDS

PRESENTATION TO
WAYS and MEANS

BY

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

MARCH 22, 2021

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

I am Major General Kenneth S. Hara, State Adjutant General and the Director of the Hawaii Emergency Management Agency. I am testifying with comments of House Bill 1299 HD1.

HB1299 HD1 identifies account S-350, Personal Protective Equipment. These funds originated from CARES ACT funding provided in ACT 9. The measure is in conflict of ACT 9, which states On December 28, 2020, any unexpended funds shall be transferred to the unemployment compensation trust fund established under section 383-121, Hawaii Revised Statutes. HB1298 states that excess funds in S-350 be transferred to the General Fund.

HB1299 HD1 also identifies the Tsunami & hurricane preparedness efforts (T-906-G) and the Juvenile accountability block grant (T-911-G). Abolishing these account codes have no impact on the department.

Thank you for the opportunity to testify on HB1299 HD1. If you have any questions or need additional information to our response, please contact our administrative services officer Rusty Spray at (808) 330-7744 or at rusty.spray@hawaii.gov



March 29, 2021 at 9:35 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.

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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.



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Executive Officers

Joe Carter, Coca-Cola Bottling of Hawaii, *Chair*
Charlie Gustafson, Tamura Super Market, *Vice Chair*
Eddie Asato, The Pint Size Corp., *Secretary/Treas.*
Lauren Zirbel, HFIA, *Executive Director*
John Schlif, Rainbow Sales and Marketing, *Advisor*
Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Beau Oshiro, C&S Wholesale Grocers, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*

TO:

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

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, *Executive Director*

DATE: March 29, 2021
TIME: 9:35am
PLACE: Via Videoconference

RE: HB1299 HD1 Relating to Non-General Funds

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

HFIA is in opposition to this measure. Several of the funds being abolished by this bill have been used to successfully promote and increase local food production. Increasing local food growth and production is a goal we all share. Local food makes our state more independent, resilient, and economically stable. Programs like Buy Local, It Matters have delivered real results in encouraging people to choose local foods. This is just one of several programs that would be eliminated by this measure.

As the owners of the Made in Hawaii Festival, HFIA has been an important driving force in creating and growing the Made in Hawaii brand, supporting local businesses, and growing local food production at all levels. We believe that now more than ever all our local businesses, especially those involved in the growing, manufacturing, marketing, and selling of local food, need the State's support. Now is the time to invest in our local economy. Eliminating programs that drive the local economy is the not the right choice. We ask that this measure be held and we thank you for the opportunity to testify.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Ways and Means
Monday, March 29, 2021 at 9:35 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, items (5), (6), and (7) which are on 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.

The programs established continue 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 that abolishing these funds would upend the ongoing and successful partnerships with farmers, agriculture, manufacturers and other partners.

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

DATE: March 25, 2021

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

HEARING: March 29, 2021 at 9:35am, 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 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.

Sincerely,

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

Holly Kessler
Director of Business Development



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

March 29, 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.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

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

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

HB 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: 3/26/2021 6:55:37 AM

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

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

Comments:

Pulling this funding from the Dept of ag would be terrible for farmers. These are the funds they use to support ag nonprofits through competitive grants, seal of quality program, foodex show in Tokyo where many small producers have made sales and general the market developments that help us grow in and out of state. This funding should be at least tripled. We can't operate in the promise of future funding. The doa is grossly underfunded as it is. If the state had 5 cents a pound inspection fee it would bring in \$41 million using Usda statistics. This would be just on things we grow to prevent more pests and bacteria coming in and create a number of jobs.

Thank you

Ken love



THE QUEEN'S HEALTH SYSTEMS

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

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

Date: March 29, 2021

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

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

Queen's appreciates the opportunity to testify in opposition to 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 Systems 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: 3/26/2021 12:31:46 PM

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

Submitted By	Organization	Testifier Position	Present at Hearing
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 produce a local lamb cookbook and a video which promoted the Hawaii Sheep and Goat Association to farmers and ranchers. Our Organization helps farmers by providing workshops helping local producers. Bringing workshops and classes to our community members that teach healthcare, grazing management, sheep shearing and other valuable skills for sheep and goat livestock producers. Please continue to provide these valuable funds to support Hawaii Agriculture!

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.

Respectfully with Aloha,
Dawn Kitagawa

HENA President
(626) 818-4199



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

Monday, March 29, 2021 9:35AM
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.



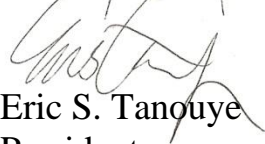
Hawaii Floriculture and Nursery Association

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.

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

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 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 WATER AND LAND
Senator Lorraine R. Inouye, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

NOTICE OF HEARING
Monday, March 29, 2021 9:35AM
Conference Room 211 & Videoconference

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

OGOH would like to give our **support** for **HB834 HD1: RELATING TO A BLACK CINDER CONE QUARRY SITE SURVEY.**

We ask that you support this bill that will help to locate a new quarry site for cinder, as this will allow our growers to have access to clean, quality cinder that can be used to grow the orchids and floriculture for our industry.

This is a popular media for the growing of our plants and used throughout our industry. Without a reliable source, this could place our industry in jeopardy.

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.

Sincerely,

Jonathan Tanouye
President
Orchid Growers of Hawaii (OGOH)



Hawaii Coffee Association
PO Box 168, Kealahou, HI 96750

SENATE COMMITTEE ON WAYS AND MEANS
March 29, 2021

RE: Testimony in Opposition of HB 1299 HD1

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

I am Chris Manfredi, President of Hawaii Coffee Association

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

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

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

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

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

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

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

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

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

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

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

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

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



Hawaii Coffee Association
PO Box 168, Kealahou, HI 96750

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

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

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

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

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

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

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

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

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

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

What We Need:

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

Contact:

- Chris Manfredi, President, Hawaii Coffee Association president@hawaiicoffeeassoc.org
- Suzanne Shriner, Administrator, Synergistic Hawaii Ag Council suzanne@shachawaii.org

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

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

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

^{iv} \$5.33 million in roasted coffee from Hawaii + \$3.87 million in unroasted coffee from Hawaii. Source: USDA Global Agricultural Trade System. 2019 data.



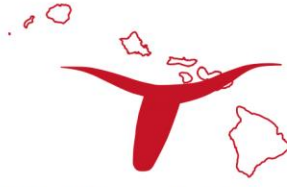
In Cooperation with the United States Department of Agriculture
 National Agricultural Statistics Service, Pacific Region

Top 20 Agricultural Commodities Produced State of Hawaii, 2019

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

¹ Excludes algae and ornamental aquaculture. ² Excludes dendrobium, oncidinae and phalaenopsis potted orchids.

Sources:
 USDA-NASS and HDOA-MANB



Hawaii Cattlemen's Council, Inc.

COMMITTEE ON WAYS AND MEANS

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

LATE

HB1299 HD1

RELATED TO NON-GENERAL FUNDS

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

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

The Hawaii Cattlemen's Council respectfully **offers comments on 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 an effective way. Many times, these non-general funds directly benefit ranchers when they need it most. Notably, we oppose removing 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. These funds have helped ensure that we are able to continue education and workshops to improve producer operations. 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.

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

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.

Personal Testimony
Submitted to Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Wednesday, March 29, 2021, 9:35 am
By Janel Yamamoto
Opposition to HB 1298 and HB 1299

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

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

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

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

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

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

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

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

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

Mahalo,
Janel Yamamoto

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

Director, GoFarm Hawai'i
janelyamamoto@gmail.com
Personal Testimony

LATE

HB-1299-HD-1

Submitted on: 3/29/2021 6:12:41 PM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Gabriele Barthlen, M.D.	Individual	Oppose	No

Comments:

HB 1299 – RELATING TO NON-GENERAL FUNDS

Chair Luke, Vice Chair Cullen, and members of the Committee:

Thank you for the opportunity to present testimony today. I oppose HB 1299, Relating to Non-General Funds. This testimony addresses Section 111 of the bill which proposes to eliminate the physician workforce assessment fund and transfer the money to the general fund.

The physician workforce assessment fund was legislatively established to address the growing shortage of physicians in Hawai'i by assessing the physician workforce and implementing strategies to increase the number of practicing physicians, especially on the Neighbor Islands and in rural areas of the State. Hawai'i Revised Statutes (HRS) Section 453-8.8 imposes a fee of \$60 that licensed physicians pay upon renewing their licenses every other year. HRS Section 304A-2171 requires that \$245,000 from the fund be expended annually for work related to the physician workforce assessment. The fund has been invaluable in supporting JABSOM's efforts in conducting annual physician workforce assessments and engaging in planning efforts, including the recruitment and retention of physicians for rural and medically underserved communities in the State. The physician workforce assessment project has created the position of Hawaii Physician Recruiter to increase our physician workforce which currently has a shortage of over 1,000 physicians, assisted with malpractice reform, thousands of hours of continuing education, coordinating the loan repayment program for physicians working in areas of need, advertising all open practitioner positions in Hawai'i to physicians across the country, preparing local students for medical school, providing education regarding the physician shortage, and a host of other physician workforce services for all of Hawai'i.

In the 2021 legislative session, HB 313 and SB 613 were introduced to expand the purpose of the workforce assessment to enable JABSOM to use excess funds from the physician workforce assessment for loan repayment for physicians who participate in JABSOM's State Loan Repayment Program. The State Loan Repayment Program leverages federal grant monies with state matching funds, providing loan repayment to healthcare providers who practice in medically underserved areas throughout the State. Applying the workforce assessment funds to support physicians would enable JABSOM to support other healthcare providers in the State Loan Repayment Program. The workforce assessment funds qualify as the state matching funds, and is

crucial to enabling JABSOM to optimally use the federal grant money and be in a position to reapply for the federal grant in 2022. State-matched loan repayment relief to new physicians who agree to practice in the areas of highest need has great promise. Without access to the workforce assessment funds, JABSOM will not be able to provide loan repayment support to physicians.

While I am sensitive to the fiscal needs facing the state, for the above reasons, I respectfully oppose HB 1299.

Thank you for this opportunity to testify.