



STATE OF HAWAII
DEPARTMENT OF DEFENSE
HAWAII EMERGENCY MANAGEMENT AGENCY

TESTIMONY ON HOUSE BILL 1588, HD1
RELATING TO HAZARD MITIGATION

BEFORE THE HOUSE COMMITTEE ON
FINANCE

BY

Luke P. Meyers
Administrator, Hawaii Emergency Management Agency (HI-EMA)

FEBRUARY 25, 2022

Aloha Chair Luke, Vice-Chair Yamashita, and Members of the Committee:

Thank you for the opportunity to submit testimony in **SUPPORT** of HB1588, HD1.

House Bill 1588, HD1 establishes the resilient Hawaii revolving loan fund under the Hawaii emergency management agency to make low- or no-interest loans to the counties and nonprofit organizations to conduct hazard mitigation and resiliency projects, using funds anticipated to be available under the federal Safeguarding Tomorrow through Ongoing Risk Mitigation Act; establishes positions; appropriates funds.

As major natural disasters become more prevalent, it becomes more important for the State to leverage as many federal funding opportunities as possible to mitigate against and prepare for their impacts.

The resilient Hawaii revolving loan fund would create another avenue by which counties and nonprofits could plan and carry out projects designed to improve their resiliency and mitigate against future impacts as a result of natural disasters. Loans up to \$5 million dollars could potentially be funded per application.

Borrowers would be able to repay the fund from dedicated revenues over a period of years, multiplying the amount of local matching funds available to leverage federal funding; that would bring projects quickly into reach that could provide long-term benefits to communities across Hawaii and pay them off at a low interest rate over the lifetime of the asset.

It is part of the goal and mission of the Hawai'i Emergency Management Agency to help the residents of Hawai'i become more resilient and to work together as a whole community to be prepared for future disasters.

Having this funding mechanism in place, which allows for the State to take advantage of federal capitalization grants, will go a long way toward future sustainability and resilience, and aligns with the State's overall efforts to combat and prepare for the effects of climate change. The bill as written appropriates funds, which the HI-EMA supports provided it does not conflict with the Governor's budget proposal.

Thank you for the opportunity to provide testimony on House Bill 1588, HD1.

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MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1588, H.D. 1

**February 25, 2022
11:00 a.m.
Room 308 and Via Videoconference**

RELATING TO HAZARD MITIGATION

The Department of Budget and Finance (B&F) offers comments on House Bill (H.B.) No. 1588, H.D. 1.

H.B. No. 1588, H.D. 1, amends Chapter 127A, HRS, by establishing the Resilient Hawai'i Revolving Loan Fund (RHRLF) under the Hawai'i Emergency Management Agency (HI-EMA) to make low- or no-interest loans to local governments and nonprofit organizations to conduct hazard mitigation and resiliency projects using funds anticipated to be available under the federal Safeguarding Tomorrow through Ongoing Risk Mitigation Act. This bill also appropriates an unspecified amount of general funds to HI-EMA for FY 23 to be deposited into the RHRLF and an unspecified amount of revolving loan funds for FY 23 for the purpose of this measure, which includes the establishment of 2.00 full-time equivalent positions to support the Resilience Branch and Finance and Administrative Section of HI-EMA.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that

states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The federal American Rescue Plan (ARP) Act also requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Additionally, as a matter of general policy, B&F does not support the establishment or continuance of any revolving fund which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process;

2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue;

3) provide an appropriate means of financing for the program or activity; and

4) demonstrate the capacity to be financially self-sustaining. In regard to H.B. No. 1588, H.D. 1, it is difficult to determine whether the proposed revolving fund would be stable and self-sustaining.

Thank you for your consideration of our comments.

HB-1588-HD-1

Submitted on: 2/23/2022 9:14:26 PM

Testimony for FIN on 2/25/2022 11:00:00 AM

| Submitted By | Organization | Testifier Position | Remote Testimony Requested |
|---------------------|---------------------|---------------------------|-----------------------------------|
| Gerard Silva | Individual | Oppose | No |

Comments:

More ways to steel Money!!