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April 6, 2022

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

FROM: Cathy Betts, Director

SUBJECT: **HB 1588 HD1 – RELATING TO HAZARD MITIGATION.**

Hearing: April 8, 2022, 10:40 a.m.
Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the measure and defers to the Departments of Defense, Hawaii Emergency Management, and the Department of Budget & Financing. Further, DHS respectfully requests that any general fund appropriation not reduce or replace budget priorities identified in the executive budget.

PURPOSE: The purpose of the bill is to establish 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. Effective 7/1/2050. (HD1) The HD1 defected the effective date and made technical amendments.

DHS appreciates the effort to provide statutory authority to executive branch agencies to ease the distribution of anticipated federal funds. A standing source of hazard mitigation funds is needed to assist counties and interested nonprofits in addressing known hazards. The dedicated funds for hazard mitigation will also ensure that appropriations for services for

homeless programs will be used for housing and other assistance for individuals and families rather than to mitigate hazards.

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

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EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
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 SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 1588, H.D. 1

**April 8, 2022
10:40 a.m.
Room 211 and 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.

Further, 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

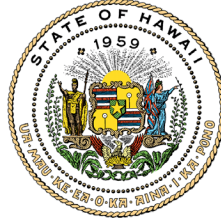
cannot be implemented successfully under the general fund appropriation process;

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.



STATE OF HAWAII
DEPARTMENT OF DEFENSE
HAWAII EMERGENCY MANAGEMENT AGENCY

TESTIMONY ON HOUSE BILL 1588, HD1
RELATING TO HAZARD MITIGATION

BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS

BY

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

APRIL 8, 2022

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

Thank you for the opportunity to submit testimony in **SUPPORT** of HB 1588,
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 a new 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 Hawai'i 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 HI-EMA 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.

This measure appropriates funds to create two full-time (2.00 FTE) positions within HI-EMA to oversee the financial and grant management responsibilities of the resilient Hawaii revolving loan fund in accordance with the Federal STORM Act.

The bill as written also appropriates monies for the resilient Hawaii revolving loan fund, 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.

Luke P. Meyers: Luke.P.Meyers@hawaii.gov; 808-733-4300

LATE

HB-1588-HD-1

Submitted on: 4/7/2022 2:12:51 PM

Testimony for WAM on 4/8/2022 10:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Gerard Silva	Individual	Oppose	Written Testimony Only

Comments:

Sounds More like Money lundering!