

DAVID Y. IGE
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To: The Honorable Mark M. Nakashima, Chair;
The Honorable Scot Z. Matayoshi, Vice Chair;
and Members of the House Committee on Judiciary & Hawaiian Affairs

From: Isaac W. Choy, Director
Department of Taxation

Date: Tuesday, March 22, 2022
Time: 2:00 P.M.
Place: Via Video Conference, State Capitol

**Re: S.B. 3293, S.D. 2, H.D. 1, Relating to Assistance for Persons
Completing a Term of Imprisonment**

The Department of Taxation (Department) appreciates the intent of S.B. 3293, S.D. 2, H.D. 1, and offers the following comments.

S.B. 3293, S.D. 2, H.D. 1, creates a five-year pilot program to include a housing voucher program, child care voucher program, and a nonrefundable income tax credit for employers of program participants. This measure has a defective effective date of July 1, 3000, with a repeal date of July 1, 2027.

In regard to taxation, this measure creates a non-refundable income tax credit for employment of program participants in subsection (e). Paragraph (e)(4) provides that the Judiciary shall inform the Department of Taxation of the identity of program participants and their employers, while paragraph (e)(5) allows the Department of Labor and Industrial Relations to provide the Department of Taxation with information necessary to verify all claims for tax credit under this subsection.

The Department takes no position on whether this program should be administered by the Judiciary, as written in the H.D. 1 version of this measure, or by the Department of Human Services, as written in the S.D. 2 version of this measure. However, the Department prefers the tax provisions contained in the S.D. 2 version because it provides the details necessary to administer this new credit. Therefore, the Department respectfully requests that the tax credit provisions starting on page 3, line 14 of H.D. 1 be replaced with the tax credit provisions contained in S.D. 2 starting on page 9, line 19.

Finally, if this measure is to be advanced, the Department respectfully requests that the effective date of this new tax credit be amended so that the new tax credit applies to taxable years after December 31, 2022. This will provide the Department time to make the necessary forms, instructions, and computer system changes.

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

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
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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 HOUSE COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS
ON
SENATE BILL NO. 3293, S.D. 2, H.D. 1

March 22, 2022
2:00 p.m.
Room 325 and Videoconference

RELATING TO ASSISTANCE FOR PERSONS COMPLETING A TERM OF
IMPRISONMENT

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill (S.B.) No. 3293, S.D. 2, H.D. 1, establishes a five-year recidivism prevention pilot program at the Judiciary for individuals who have exited incarceration from the Women's Community Correctional Center consisting of: 1) a housing voucher program; 2) a child care voucher program for those women with custody of a child that do not already receive child care subsidies; and 3) an employer tax credit program to provide income tax credits to employers for employing program participants. This bill also sets the eligibility and participation requirements for the pilot program and sets forth reporting requirements for the Judiciary prior to the 2027 Legislative Session.

S.B. No. 3293, S.D. 2, H.D. 1, also establishes 5.00 permanent full-time equivalent transition navigator positions and appropriates an unspecified amount of general funds for the Judiciary in FY 23 to implement and operate the five-year recidivism prevention pilot program.

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 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.

B&F also notes that the federal ARP Act restricts states from using ARP Coronavirus State Fiscal Recovery Funds (CSFRF) to directly or indirectly offset a

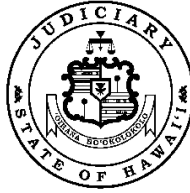
reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation beginning on March 3, 2021, through the last day of the fiscal year in which the CSFRF have been spent. If a state cuts taxes during this period, it must demonstrate how it paid for the tax cuts from sources other than the CSFRF, such as:

- By enacting policies to raise other sources of revenue;
- By cutting spending; or
- Through higher revenue due to economic growth.

If the CSFRF provided have been used to offset tax cuts, the amount used for this purpose must be repaid to the U.S. Treasury.

The U.S. Department of Treasury has issued rules governing how this restriction is 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 this ARP restriction.

Thank you for your consideration of our comments.



The Judiciary, State of Hawaii

**Testimony to the Thirty-First Legislature
2022 Regular Session**

House Committee on Judiciary & Hawaiian Affairs
Representative Mark. M. Nakashima, Chair
Representative Scot Z. Matayoshi, Vice Chair

Tuesday, March 22, 2022 at 2:00 p.m.
State Capitol, Conference Room 325 via Videoconference

by
Dwight S. Sakai
Deputy Chief Court Administrator
First Circuit

WRITTEN TESTIMONY ONLY

Bill No. and Title: Senate Bill No. 3293, S.D.2, H.D.1, Relating to Assistance for Persons Completing a Term of Imprisonment.

Purpose: Establishes within the judiciary a five-year recidivism prevention pilot program consisting of three components: a housing voucher program, child care voucher program, and income tax credit for employers to assist the reentry efforts of certain individuals who exited the Women's Community Correctional Center, for two years after the exit. Establishes five transition navigator positions within the judiciary. Appropriates funds. Effective 7/1/3000. Repeals 7/1/2027. (HD1)

Judiciary's Position:

The Judiciary supports the intent of the bill, however, respectfully opposes this pilot program being established with the Judiciary. It is recommended that this effort and services would be better coordinated by the Department of Human Services, the Department of Public Safety, and the Department of Taxation who have the information and expertise in the respective subject matters.



Senate Bill No. 3293, S.D. 2, H.D. 1, Relating to Assistance for Persons
Completing A Term of Imprisonment
House Committee On Judiciary & Hawaiian Affairs
Tuesday, March 22, 2022 at 2:00 p.m.
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The Judiciary, specifically the Adult Client Services section who manage and supervise adult offenders, does not have authority over the individuals who are the subject of this measure. In addition, the Judiciary lacks access to the required pertinent information for this pilot program; subject matter expertise with regard to these issues for this population at this stage of their return to the community; financial resources to establish necessary logistical systems; and personnel time to research, plan, setup, and maintain this program. As a result, the Judiciary would not be able to plan and launch this pilot program.

As previously stated, this proposed pilot program does not fall within any program in the Judiciary and it would be better coordinated by the Department of Human Services, the Department of Public Safety, and the Department of Taxation who have the information and expertise in the respective subject matters.

Thank you for the opportunity to testify on Senate Bill 3293, S.D. 2, H.D. 1.

DAVID Y. IGE
GOVERNOR



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MAX N. OTANI
DIRECTOR

Maria C. Cook
Deputy Director
Administration

Tommy Johnson
Deputy Director
Corrections

Jordan Lowe
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No. _____

TESTIMONY ON SENATE BILL 3293, SENATE DRAFT 2, HOUSE DRAFT 1
RELATING TO ASSISTANCE FOR PERSONS COMPLETING
A TERM OF IMPRISONMENT.

by
Max N. Otani, Director
Department of Public Safety

Senate Committee on Judiciary and Hawaiian Affairs
Senator Mark M. Nakashima, Chair
Senator Scot Z. Matayoshi, Vice Chair

March 22, 2022; 2:00 p.m.
Via Videoconference

Chair Nakashima, Vice Chair Matayoshi, and Members of the Committee:

The Department of Public Safety (PSD) supports the intent of Senate Bill (SB) 3293, Senate Draft (SD) 2, House Draft (HD) 1, which seeks to establish a five-year recidivism prevention pilot program consisting of three components: a housing voucher program, childcare voucher program, and tax credits for employers. All of three initiatives are designed to assist certain individuals exiting the Women's Community Correctional Center (WCCC with reentry into the community.

While PSD supports the intent of this measure, the Department has great concerns regarding some of the provisions. PSD notes that the Department's jurisdiction and responsibility to administer any contract for programs and/or services is terminated upon the offender's release from custody. Offenders sentenced to jail terms of one year or less and offenders on probation fall under the sole jurisdiction of the Judiciary, not PSD. Also, offenders released on parole by the Hawaii Paroling Authority (HPA) fall under the sole jurisdiction of the HPA, not PSD. In addition,

Testimony on SB 3293, SD 2, HD 1
House Committee on Judiciary and Hawaiian Affairs
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Page 2

once offenders have completed their sentence(s) of incarceration, PSD has no further jurisdiction or authority to direct them in any way.

As written, this measure appropriates all funding to the Judiciary, but requires PSD to be accountable for matters outside of our authority and jurisdiction. While the Department welcomes any initiatives to assist released offenders with reentry and is willing to work with other agencies, PSD respectfully requests that this measure be amended to remove the requirements for responsibility over programs outside of its jurisdiction.

Thank you for the opportunity to present this testimony.



SB3293 SD2HD1 Comprehensive Women Offender Reentry Program

COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS

Rep. Mark M. Nakashima, Chair

Rep. Scot Z. Matayoshi, Vice Chair

Thursday, Mar 22 2022: 2:22 : Videoconference

Hawaii Substance Abuse Coalition Strongly Supports SB3293 SD2 HD1:

ALOHA CHAIR, VICE CHAIR AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide organization for substance use disorder and co-occurring mental health disorder treatment and prevention agencies.

Successful reentry contains these elements *if needed*:

- 1. Substance use disorder treatment or co-occurring substance abuse and mental health treatment**
- 2. Mental health treatment (no substance abuse)**
- 3. Criminality programs to change attitudes and beliefs about crime.**
- 4. Housing**
- 5. Family reunification**
- 6. Employment and/or Education**
- 7. Support from Probation/Parole**
- 8. Case management as needed.**
- 9. Healthcare**
- 10. Mentoring that includes navigators**

Reentry is a highly cost-effective investment.

Motivating people with encouraging support could make a big difference here.

Also, there is ample evidence about Contingency Management, which could be applied here:

1. Contingency management refers to a type of behavioral therapy in which individuals are ‘reinforced’, or rewarded, for evidence of positive behavioral change. These interventions have been widely tested and evaluated in the context of substance misuse treatment.¹

¹ Psychiatrist. 2011 May; 35(5): 161–163. doi: [10.1192/pb.bp.110.031831](https://doi.org/10.1192/pb.bp.110.031831) Contingency management: what it is and why psychiatrists should want to use it Nancy M. Petry <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3083448/>

2. Cost vs benefit can be a concern; however, cost-effectiveness analyses of contingency management find that sometimes increasing the upfront magnitude of reinforcement can result in greater cost-effectiveness with respect to patient outcomes.²

We appreciate the opportunity to provide testimony and are available for further questions.

² *Olmstead TA, Petry NM Drug Alcohol Depend. 2009 Jun 1; 102(1-3):108-15.*

SB-3293-HD-1

Submitted on: 3/21/2022 12:27:25 PM

Testimony for JHA on 3/22/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Linda Rich	Women?s Prison Project	Support	Remotely Via Zoom

Comments:

COMMITTEE ON JUDICIARY AND HAWAIIAN AFFAIRS

Representative Mark M. Nakashima, Chair

Representative Scot Z. Matayoshi, Vice Chair

HEARING DATE: Tuesday, March 22, 2022

TIME: 2:00 PM, Via Videoconference

LOCATION: Conference Room 325

SUPPORT FOR SB3293, SD2, RELATING TO ASSISTANCE FOR PERSONS COMPLETING A TERM OF INCARCERATION

My name is Linda Rich and I am testifying on behalf of the Women’s Prison Project in **STRONG SUPPORT of SB3293.SD2 with recommendations.**

SB3293,SD2, which establishes pilot project within the Judiciary will reduce recidivism and increase the chances that women will successfully rejoin the community after leaving the Women’s Community Correctional Center. We respectfully recommend that the pilot project be placed within Department of Human Services, in keeping with the original wording of SB3293, as Judiciary does not provide programs for persons being released from incarceration. Language from a related House bill was inserted to ensure that the Navigator positions were included in SB3293.SD1, not with the intent of moving the project to the Judiciary. The pilot project’s three parts—the housing voucher program, child care voucher program and the tax credit for employers who hire program participants, are critically important and costly items that can

present barriers to successful reintegration into the community, especially for parenting women. The tax incentives for employers is also an important component of the bill, as the stigma of history of conviction and incarceration presents a barrier to successful job seeking. As stated in the bill, “These vouchers would help reentering women afford the two most expensive, yet basic, necessities that will allow them stability and certainty as they pursue employment and educational opportunities.”

The housing and child care vouchers would be provided to qualifying individuals transitioning out of prison for up to two years after they leave WCCC. Eligibility for the program requires custody or expected custody of a minor child under the age of 18 years, work or participation in an education, substance abuse or parenting program for a combined minimum of 20 hours each week, and financial need. For many custodial parents, participation in work, treatment or education is not possible without child care. The vouchers would provide stability not only to the parent, but her or his children.

Hawaii’s high housing and child care costs are nearly impossible to manage for a recently released woman. Poverty is the strongest predictor of recidivism among women. Providing state-sponsored support to address short-term needs such as housing reduces the odds of recidivism by 83% for poor women on probation and parole (Holtfreder et.al. 2004).

Women’s Prison Project strongly recommends that the appropriation for SB3292.SD2 go to Department of Human Services and include funding for five, full-time “Transition Navigators” dedicated to assisting program participants to navigate the many systems with which they will be interacting and supporting their efforts to successfully rejoin their families and the community. These positions will provide the kind of support needed for a successful transition after spending years in prison.

Thank you for considering our thoughts on this bill.

The Women’s Prison Project strongly supports SB3293.SD2 with recommended changes.

Mahalo for considering our thoughts on this matter.

Linda Rich for Women’s Prison Project

SB-3293-HD-1

Submitted on: 3/18/2022 3:16:50 PM

Testimony for JHA on 3/22/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Dana Keawe	Individual	Support	Written Testimony Only

Comments:

support

SB-3293-HD-1

Submitted on: 3/19/2022 1:13:42 PM

Testimony for JHA on 3/22/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jennifer Azuma Chrupalyk	Individual	Support	Written Testimony Only

Comments:

Mahalo nui loa

SB-3293-HD-1

Submitted on: 3/21/2022 2:20:45 PM

Testimony for JHA on 3/22/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Diana Bethel	Individual	Support	Written Testimony Only

Comments:

I am writing in support of SB3293 SD2 HD1 which would establish a five-yaer recidivism prevention pilot program with the judiciary.

Anything that we can do to enable successful reentry into society for released individuals is money well spent. Without adequate support for a successful transition back to society, there is a greater likelihood of recidivism which leads to higher incarceration costs for taxpayers. Enabling successful reentry contributes to increased public safety.

Please pass SB3292 SD2 HD1.

LATE

SB-3293-HD-1

Submitted on: 3/22/2022 1:46:53 PM

Testimony for JHA on 3/22/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Colleen Rost-Banik	Individual	Support	Written Testimony Only

Comments:

Aloha. My name is Colleen Rost-Banik. I am a resident of Honolulu and a sociology lecturer within the University of Hawaii. One of the places I have the opportunity to teach college courses is the Women's Community Correctional Center. I urge you to support SB3293 as we need programs that will assist women when they reenter communities upon exiting the prison system. So many students I've had who have cycled in and out of prison have mentioned how incredibly hard it is to navigate all the systems they need "on the outside" while also working, paying for food and housing, and often, taking care of children. We need to create more supports for them to succeed. Please support and fund SB3293.

Mahalo for your time.
Colleen Rost-Banik