

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
KA 'OIHANA PONO LIMAHANA

April 3, 2023

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

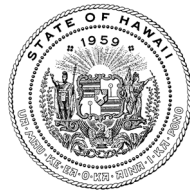
Date: Monday, April 3, 2023
Time: 9:40 a.m.
Place: Conference Room 211, State Capitol

From: Jade T. Butay, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. 1018 HD1 RELATING TO STATE FUNDS

The DLIR **supports** this measure to amend various general fund appropriations to help the State meet its American Rescue Plan Act maintenance of effort obligations. Specifically, Section 7 moves a \$25M appropriation for the Hawaii Retirement Savings Special Fund from FY2022-23 to FY2023-24. This amendment will have no impact on the program.

JOSH GREEN, M.D.
GOVERNOR



LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

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

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 1018, H.D. 1

April 3, 2023
9:40 a.m.
Room 211 and Videoconference

RELATING TO STATE FUNDS

The Department of Budget and Finance (B&F) strongly supports this bill.

House Bill (H.B.) No. 1018, H.D. 1, is an Administration bill that amends various general fund appropriations so that the State is able to meet the American Rescue Plan (ARP) Act Elementary and Secondary School Emergency Relief fund maintenance of effort (MOE) requirement.

As the State's economy has improved and general fund revenues have rebounded, compliance with the MOE obligation that came with accepting ARP funds has become increasingly difficult. Because the requirement for the State to calculate MOE compliance terminates at the end of FY 23, this bill is intended to modestly delay the appropriation and expenditure of several large non-education-related general fund appropriations until FY 24. The affected programs will not be adversely impacted by H.B. No. 1018, H.D. 1.

H.B. No. 1018, H.D. 1, delays the following general fund appropriations until FY 24:

- An unspecified amount of funds appropriated for deposit into the Stadium Development Special Fund in Act 88, SLH 2021, as amended by Act 248, SLH 2022.
- \$300,000,000 appropriated for deposit into the Pension Accumulation Fund in Act 115, SLH 2022.
- \$300,000,000 appropriated for deposit into the Rental Housing Revolving Fund in Act 236, SLH 2022.
- \$25,000,000 appropriated for deposit into the Hawai'i Retirement Savings Special Fund in Act 296, SLH 2022.

Thank you for your consideration of our comments.

JOSH GREEN, M.D.
GOVERNOR

CHRIS J. SADAYASU
DIRECTOR, DBEDT



An Agency of the State of Hawaii

BRENNON MORIOKA
VICE CHAIRMAN, STADIUM AUTHORITY

RYAN G. ANDREWS
STADIUM MANAGER

RUSSELL UCHIDA
DEPUTY STADIUM MANAGER

TESTIMONY
OF
RYAN G. ANDREWS, STADIUM MANAGER
ALOHA STADIUM
STADIUM AUTHORITY
TO THE
SENATE COMMITTEE
ON
WAYS AND MEANS

APRIL 3, 2023, 9:40 A.M.
CONFERENCE ROOM 211 &
BY VIDEO CONFERENCE

H.B. 1018, H.D. 1

RELATING TO THE STATE FUNDS

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee, thank you for the opportunity to submit this testimony in strong support of H.B. 1018, H.D. 1.

Proviso 17.3 of Act 248, Session Laws of Hawaii (SLH) 2022, authorized the Stadium Authority to deposit \$49.5M appropriated by Act 248, SLH 2022 into the Stadium Development Special Fund (SDSF) for stadium costs for operations, maintenance, and contract costs to developers of the stadium.

Approval of HB 1018, H.D. 1 extends the lapse date of the \$49.5M general fund appropriation from June 30, 2023 to June 30, 2024 and in doing so provides the Stadium Authority with the ability to deposit, allot, and expend the \$49.5M pursuant to Proviso 17.3 as well as place the Stadium in the best possible financial position with the greatest amount of flexibility and responsiveness to construct a new stadium by the appropriate underwriting method that is chosen.

Given the timing of the Stadium's development plans, the deposit, encumbrance, and expenditure of these funds were postponed in fiscal year 2023 in an effort to minimize the impact that the American Rescue Plan's maintenance of effort funding requirement would otherwise be imposed on the State of Hawaii if the funds were deposited into the SDSF in fiscal year 2023.

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Passage of this measure will ensure that the Stadium is provided with funding required to continue with its development plans for a new stadium as part of its development of an entertainment district.

We ask for your support in approving this measure. Thank you for the opportunity to provide this testimony in strong support of HB 1018, H.D. 1.

JOSH GREEN, M.D.
GOVERNOR



DEAN MINAKAMI
INTERIM EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
PHONE: (808) 587-0620
FAX: (808) 587-0600

IN REPLY PLEASE REFER TO:

Statement of
DEAN MINAKAMI
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

April 3, 2023 at 9:40 a.m.
State Capitol, Room 211

In consideration of
H.B. 1018 HD1
RELATING TO STATE FUNDS.

HHFDC **strongly supports** H.B. 1018 HD1, which is critical to HHFDC's ability to fund existing Rental Housing Revolving Fund (RHRF) financing award commitments and maintain a robust pipeline of affordable housing projects.

Last September, HHFDC received conditional approval from Governor Ige in connection with its request to allot, release, and expend the \$300 million appropriation of general funds for the RHRF infusion under Act 236, SLH 2022 with the condition that the expenditure of the general funds be made after June 30, 2023. The condition was imposed because of the State's need to comply with the maintenance of effort (MOE) requirements under the Elementary and Secondary School Emergency Relief (ESSER) provisions of the federal American Rescue Plan Act (ARPA), which requires State general fund expenditures to be carefully monitored to limit expenditures that may disrupt the State's MOE calculations. As a result, HHFDC is prohibited from expending the RHRF allotment from the general funds until after the current lapse date of June 30, 2023.

This bill extends the appropriation lapse date to the following fiscal year to allow for the expenditure of general funds into the RHRF to fulfill its financing award commitments.

Other funds impacted by the ARPA ESSER MOE calculations are the Stadium Development Special Fund, the Pension Accumulation Fund, and the Hawaii Retirement Savings Special Fund.

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