

JOSH GREEN, M.D.
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

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Statement of
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

February 22, 2023 at 2:00 p.m.
State Capitol, Room 308

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

HHFDC **strongly supports H.B. 1018 provided an amendment is made,** as the passage of this bill is critical to HHFDC's ability to fund the Rental Housing Revolving Fund (RHRF) financing award commitments and keep the pipeline for affordable housing going.

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 as a result of the State's need to comply with the maintenance of effort (MOE) requirements under the Elementary and Secondary School Emergency Relief (ESSER) pursuant to the 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 allotment from the general funds until after the current lapse date of June 30, 2023. This bill extends the lapse date to the following fiscal year to allow for the expenditure of general funds into the RHRF to fulfill its financing award commitments.

HHFDC respectfully requests an **amendment** be made on page 5, lines 1-3, as follows:

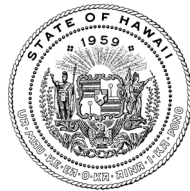
provided that any ~~unexpended or~~ unencumbered balances from the appropriation shall lapse to the general fund on June 30, 2024;"

This is to avoid putting our funds at risk, since nearly half of the \$300M has already been awarded to affordable rental housing projects, and the timing for actual expenditure is contingent on when developers close their loans.

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

Thank you for the opportunity to provide testimony.

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
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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 HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1018

February 22, 2023
2:00 p.m.
Room 308 and Videoconference

RELATING TO STATE FUNDS

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

House Bill (H.B.) No. 1018, 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.B. No. 1018 delays the following general fund appropriations until FY 24:

- \$49,500,000 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

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

February 22, 2023

To: The Honorable Kyle T. Yamashita, Chair
The Honorable Lisa Kitagawa, Vice Chair and
Members of the House Committee on Finance

Date: Wednesday, February 22, 2023

Time: 2:00 p.m.

Place: Conference Room 308, State Capitol

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

Re: H.B. 1018 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

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
HOUSE COMMITTEE
ON
FINANCE

FEBRUARY 22, 2023, 2:00 P.M.
VIA VIDEOCONFERENCE at
CONFERENCE ROOM 308

H.B. 1018

RELATING TO THE STATE FUNDS

Chair Yamashita, Vice Chair Kitagawa, and members of the committee, thank you for the opportunity to submit this testimony in strong support of H.B. 1018.

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 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 underwriting method that is chosen.

Given the timing of the Stadium's development plans, the deposit, encumbrance, and expenditure of these funds was 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.

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.