

Honolulu, Hawaii

MAR 11 2024 ' 2024

RE: H.B. No. 1800  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1800 entitled:

"A BILL FOR AN ACT RELATING TO THE STATE BUDGET,"

begs leave to report as follows:

The purpose of this measure is to appropriate funds for the operating and capital improvement costs of the Executive Branch for fiscal biennium 2023-2025.

The General Appropriations Act of 2023, Act 164, Session Laws of Hawaii 2023, included appropriations for operating expenses and capital improvement projects (CIP) that totaled:

Operating

	FY 2023-2024	FY 2024-2025
General Funds	\$10,736,611,097	\$9,896,004,553
All Means of Financing	\$19,026,771,466	\$18,206,398,573

Capital Improvements

	FY 2023-2024	FY 2024-2025
General Funds	\$384,265,000	\$254,877,000
All Means of Financing	\$2,933,046,000	\$1,354,190,000

Your Committee received testimony in support of this measure from the Judiciary; Department of Hawaiian Home Lands; Department



of Corrections and Rehabilitation; Department of Commerce and Consumer Affairs; Department of Education; Department of Budget and Finance; Department of Land and Natural Resources; Department of the Attorney General; Department of Defense; Department of Agriculture; Department of Human Resources Development; Department of Accounting and General Services; Department of Labor and Industrial Relations; Department of Business, Economic Development & Tourism; Department of Health; Department of Taxation; Hawai'i State Public Library System; Stadium Authority; Hawaii State Energy Office; University of Hawai'i System; Hawaii Green Infrastructure Authority; Hawaii Public Housing Authority; Hawaii Housing Finance and Development Corporation; Early Learning Board; Hawai'i Community Development Authority; Office of Planning & Sustainable Development; Executive Office on Early Learning; Natural Energy Laboratory of Hawaii Authority; State Public Charter School Commission; Agribusiness Development Corporation; Department of Law Enforcement; Executive Office on Aging; Board of Education; Criminal Justice Research Institute; Hawaii Correctional System Oversight Commission; Hawai'i Tourism Authority; State Council on Developmental Disabilities; Public Utilities Commission; Kaho'olawe Island Reserve Commission; Office of the Prosecuting Attorney of the County of Kaua'i; Hawai'i Friends of Restorative Justice; Hawai'i Early Intervention Coordinating Council; Life of the Land; Community Alliance on Prisons; Hawai'i True Cost Coalition; Early Childhood Action Strategy; The University of Texas at Austin Prison and Jail Innovation Lab; National Association for Civilian Oversight of Law Enforcement; Hui For Excellence in Education; United Public Workers, AFSCME Local 646, AFL-CIO; Going Home Hawai'i; Local Food Coalition; Care for Aina Now Coalition; Microsoft; FAMM; Committee on Weights XIII; Catholic Charities Hawai'i; Hawaii Food Industry Association; Women's Prison Project; and numerous individuals. Your Committee received testimony in opposition to this measure from Kane'ohe Elementary School. Your Committee received comments on this measure from the Hawaii Health Systems Corporation; Department of Human Services; The Nature Conservancy; Hawaii Harbors Users Group; ACLU of Hawai'i; Reimagining Public Safety in Hawai'i Coalition; Hawai'i Association for Behavior Analysis; Hawai'i Health & Harm Reduction Center; Hawai'i Children's Action Network Speaks!; Native Hawaiian Legal Corporation; and numerous individuals.



Your Committee finds that the constitutional responsibility and power to appropriate rests solely with the Legislature.

The biennium budget was enacted in June 2023. A short time later and after the Legislature's Regular Session of 2023 had adjourned, Lahaina and Upcountry Maui experienced devastating wildfires and burned.

On October 30, 2023, over two months after the wildfires, the Administration issued Executive Memorandum 23-08, which diverted \$172,000,000 appropriated by the Legislature for various other purposes and initiatives in order to pay for expenses associated with the wildfires. This diversion was accomplished pursuant to the Emergency Proclamation when the Legislature was not in session. Although the action was proper under existing law, your Committee notes that in managing the crisis brought on by the wildfires, there is still a lack of a clear, comprehensive plan from the Administration to address the myriad of issues that have come to light over the past eight months.

The supplemental budget submitted by the Administration in December 2023 accounted for more than an additional \$200,000,000 in wildfire-related expenses. Granted, fully determining what the State's exposure will be is an extremely challenging task; however, it is disappointing that no comprehensive plan or official funding request for known costs associated with several initiatives and liabilities has yet to be submitted or included as part of the Administration's financial plan and supplemental budget. These include:

- A victims' relief fund announced in the media in November 2023;
- A housing program that was announced in the media in November 2023;
- Federal Emergency Management Agency (FEMA) ineligible housing costs associated with contract extensions that occurred in February 2024;
- Expenses incurred by state agencies responding to critical needs on Maui;
- Costs incurred by the State pursuant to the Emergency Management Assistance Compact, through which the State received aid from other states across the country; and
- Other potential subsidies.



Your Committee notes that Governor's Messages requesting additional funding were received late and did not provide this Committee with details or time to properly evaluate such requests.

Your Committee further finds that it is well known that during disasters like the wildfires, the federal government will assist states in mitigating recovery costs. Reimbursements, however, are almost never immediate; it may take several years for the State to receive these funds.

Consequently, fiscal prudence requires the focus and priority of your Committee to ensuring accountability and transparency in the budget. All known potential costs for programs associated with assisting survivors of the wildfires have been appropriated in this budget to remove the necessity to transfer money appropriated by the Legislature for specific purposes.

Communication, coordination, and cooperation among all branches of government will be needed in the coming days, months, and years to develop and implement solutions for survivors. In total, more than 10 percent of the general fund budget may be needed to respond to this disaster. Therefore, this budget appropriates \$1,051,100,000 and is allocated as follows:

- State share of federal assistance (\$135,300,000);
- Expenses not eligible for federal funding (\$77,400,000);
- Victim relief (\$65,000,000);
- Temporary housing for FEMA ineligible housing costs (\$122,500,000);
- Other non-congregate sheltering (\$500,000,000); and
- Additional subsidies (\$150,900,000).

The costs to ensure the safety and recovery of our communities will be enormous. At the same time, we need to make sure that essential services are maintained. These include:

- Mental health services, not only for wildfire survivors, but for many in our community suffering the lingering effects of the pandemic, homelessness, and a host of other difficulties;
- Health care, long term care, and home- and community-based care for disabled and kupuna; and



- General life basics for all communities, including:
  - o Business and workforce development;
  - o Child care and schools;
  - o Housing; and
  - o Food and nutrition for the vulnerable.

Preserving, maintaining, and enhancing these fundamental services are priorities of this budget.

Upon consideration, your Committee has amended this budget to appropriate the following in operating expenses and CIP funds:

Operating

	FY 2023-2024	FY 2024-2025
General Funds	\$10,736,611,097	\$11,315,446,095
All Means of Financing	\$19,026,771,466	\$20,380,669,537

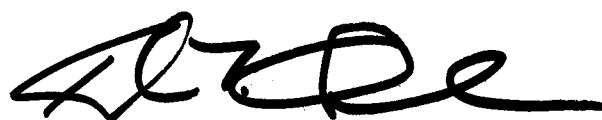
Capital Improvements

	FY 2023-2024	FY 2024-2025
General Funds	\$374,265,000	\$148,727,000
All Means of Financing	\$2,896,421,000	\$4,530,982,000

Your Committee has also changed the effective date to July 1, 3000, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1800, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1800, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
 behalf of the members of the  
 Committee on Finance,



KYLE T. YAMASHITA, Chair



