

JOSH GREEN, M.D.
GOVERNOR
STATE OF HAWAII
*Ke Kia'āina o ka Moku'āina 'o
Hawaii*

SYLVIA J. LUKE
LT. GOVERNOR
STATE OF HAWAII
*Ka Hope Kia'āina o ka Moku'āina
'o Hawaii*



KALI WATSON
CHAIRMAN, HHC
Ka Luna Ho'okele

KATIE L. DUCATT
DEPUTY TO THE CHAIRMAN
Ka Hope Luna Ho'okele

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS
Ka 'Oihana 'Āina Ho'opulapula Hawaii'i

P. O. BOX 1879
HONOLULU, HAWAII 96805

**TESTIMONY OF KALI WATSON, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEE ON HAWAIIAN AFFAIRS
HEARING ON MARCH 12, 2024 AT 1:00PM IN CR 224**

HB 2420, HD2, RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS

March 12, 2024

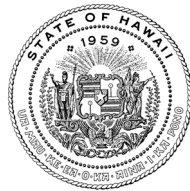
Aloha Chair Shimabukuro, Vice Chair Fevella, and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) strongly supports this bill which 1) establishes the Act 279 special fund until 6/30/2026; 2) deposits certain unexpended and unencumbered funds appropriated through Act 279, Session Laws of Hawaii 2022, that are set to lapse on 6/30/2024 into the Act 279 special fund and appropriates funds out of the special fund; and 3) lapses unencumbered monies from the appropriation out of the Act 279 special fund on 6/30/2026 - effective 6/29/3000.

The Hawaii State Department of the Attorney General opined that Act 279 authorization is only until June 30, 2024, given certain constitutional provisions that limit biennial appropriations to three years. Thus, as Act 279 currently stands, funds not encumbered by June 30, 2024, would lapse. HB2420, HD2 provides clarity that should any funds lapse, an amount would be reappropriated in order to align with the apparent legislative intent that DHHL be provided at least three full years to encumber the funds appropriated under Act 279.

This bill was approved by the Hawaiian Homes Commission and included in the Governor's administrative package by the request of the Department.

Thank you for your consideration of our testimony.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

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

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
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DEPARTMENT OF BUDGET AND FINANCE
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON HAWAIIAN AFFAIRS
ON
HOUSE BILL NO. 2420, H.D. 2

March 12, 2024
1:00 p.m.
Room 224 and Videoconference

RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS

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

House Bill (H.B.) No. 2420, H.D. 2: 1) establishes the Act 279 Special Fund that would derive revenues through legislative appropriations, grants, donations, contributions, interest, and other moneys to continue the purposes of Act 279, SLH 2022 (Act 279); 2) specifies that unexpended or unencumbered general funds authorized by Act 279 shall lapse into the Act 279 Special Fund on June 30, 2024; and 3) appropriates an unspecified sum of special funds for FY 25 for Act 279 efforts; and 4) mandates that the Act 279 Special Fund is abolished on June 30, 2026, and any unexpended or unencumbered funds will lapse to the general fund.

As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special 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. Regarding H.B. No. 2420,

H.D. 2, it appears that the proposed temporary special fund has no source of revenue

beside a lapsing of general funds, as such, we prefer the language in H.B. No. 2420,

H.D. 1, which lapses the unencumbered general fund balance and re-appropriates general

funds for FY 24-25 to accomplish the original intent of Act 279.

Thank you for your consideration of our comments.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Technical Correction to \$600 Million 2022 DHHL
Appropriation

BILL NUMBER: HB 2420 HD 2

INTRODUCED BY: House Committee on Finance

EXECUTIVE SUMMARY: Establishes Act 279 special fund until 6/30/2026. Deposits certain unexpended and unencumbered funds appropriated through Act 279, Session Laws of Hawai‘i 2022, that are set to lapse on 6/30/2024 into the Act 279 special fund and appropriates funds out of the special fund.

SYNOPSIS: Amends the Hawaiian Homes Commission Act of 1920 to add a new section creating the “Act 279 special fund” (special fund), to be administered by the DHHL. Appropriations made by the legislature, grants made by governmental agencies, donations, contributions and other sources would be deposited into the fund.

Moneys in the special fund are to be used by DHHL to fulfill its fiduciary duties under the Hawaiian Homes Commission Act and Act 279, Session Laws of Hawaii 2022.

Section 3 of the bill amends Act 279, SLH 2022, to provide that unexpended or unencumbered moneys lapse to the special fund rather than the general fund, on June 30, 2024.

Section 4 of the bill appropriates \$_____ from the special fund as may be needed for fiscal year 2024-2025; provided unencumbered moneys as of June 30, 2026 shall lapse as of that date.

Section 5 abolishes the special fund on June 30, 2026, with any unexpended and unencumbered balances lapsing to the general fund.

EFFECTIVE DATE: June 29, 3000, provided Section 2 shall be repealed on June 30, 2026.

STAFF COMMENTS: This is an Administration measure sponsored by the Department of Hawaiian Home Lands and designated HHL-06 (24).

The Foundation recognizes this bill, as introduced, as a technical fix to conform to the original intent of the bill without running afoul of limitations in the Hawaii Constitution.

We are wondering why the current draft departs from the methodology in the bill as originally introduced and creates a new, temporary (at least for now) special fund. We see no testimony, from the Attorney General or otherwise, indicating that the mechanics in the original bill were unconstitutional or otherwise flawed. If it ain't broke, why are we fixing it?

Digested: 3/9/2024

HB-2420-HD-2

Submitted on: 3/8/2024 3:41:28 PM

Testimony for HWN on 3/12/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Leimomi Khan	Individual	Support	Written Testimony Only

Comments:

Support the intent of this legislation.

HB-2420-HD-2

Submitted on: 3/9/2024 12:20:30 PM

Testimony for HWN on 3/12/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jacqueline S. Ambrose	Individual	Support	Written Testimony Only

Comments:

Aloha,

Yes to establishing the Act 279 special fund until 6/30/2026. Deposits certain unexpended and unencumbered funds appropriated through Act 279, Session Laws of Hawaii 2022, that are set to lapse on 6/30/2024 into the Act 279 special fund and appropriates funds out of the special fund. Lapses unencumbered monies from the appropriation out of the Act 279 special fund on 6/30/2026.