

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KENNETH S. HARA
DIRECTOR OF EMERGENCY
MANAGEMENT

JAMES DS. BARROS
ADMINISTRATOR OF
EMERGENCY MANAGEMENT

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF DEFENSE
KA 'OIHANA PILI KAUA
HAWAI'I EMERGENCY MANAGEMENT AGENCY
4204 DIAMOND HEAD ROAD
HONOLULU, HAWAI'I 96816-4420

STATE OF HAWAI'I
DEPARTMENT OF DEFENSE
HAWAI'I EMERGENCY MANAGEMENT AGENCY

TESTIMONY ON HOUSE BILL 2237 HD1,
RELATING TO EMERGENCY MANAGEMENT

BEFORE THE HOUSE COMMITTEE ON
FINANCE

BY

JAMES DS. BARROS
ADMINISTRATOR
HAWAI'I EMERGENCY MANAGEMENT AGENCY

FEBRUARY 26, 2024

Aloha Chair Yamashita, Vice-Chair Kitagawa, and Members of the Committee:

Thank you for the opportunity to submit testimony to **OPPOSE** HB 2237 HD1.

The Hawai'i Emergency Management Agency (HI-EMA) **OPPOSES** HB 2237 HD1 as proposed in this act as being vague and unclear as to its ultimate intent. As the act reads:

"The purpose of this Act is to repeal the hazard mitigation special fund for the Hawaii (sic) emergency management agency of the department of defense, pursuant to a recommendation made by the auditor in auditor's report no. 23-16, and to transfer any unencumbered balance of the hazard mitigation special fund to the general fund."

Currently HRS 127A-18 requires HI-EMA to perform mitigation activity pursuant to 127A-18. If the money to perform these activities is removed from HI-EMA and placed in the General Fund, the responsibilities associated with HRS 127A-18 have no funding source and impossible to perform.

HI-EMA believes, without dedicated funds for mitigation, the state may face increased risks and damages during emergencies.

Thank you for the opportunity to provide testimony on House Bill 2237 HD1.

James Barros: james.barros@hawaii.gov; 808-733-4300

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Reclassify or Repeal Hawai‘i Emergency Management Agency Funds

BILL NUMBER: HB 2237 HD 1

INTRODUCED BY: House Committee on Water & Land

EXECUTIVE SUMMARY: Repeals the hazard mitigation special fund, pursuant to a recommendation made by the Auditor in Auditor's Report No. 23-16.

SYNOPSIS: Repeals section 127A-8.5, HRS, which had established the hazard mitigation special fund.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: The 1989 Tax Review Commission noted that use of special fund financing is a “departure from Hawaii’s sound fiscal policies and should be avoided.” It also noted that special funds are appropriate where the revenues to the funds maintain some direct connection between a public service and the beneficiary of that service. The Commission found that special funds which merely set aside general funds cannot be justified as such actions restrict budget flexibility, create inefficiencies, and lessen accountability. It recommended that such programs can be given priority under the normal budget process without having to resort to this type of financing.

Because of the spotlight on monies in special funds, HRS section 23-12 requires the State Auditor to review all existing special, revolving, and trust funds beginning in 2014 and at five-year intervals. This bill was the result of Auditor’s Report No. 23-16.

Digested: 2/24/2024