

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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HONOLULU, HAWAII 96813
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Statement of DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

Wednesday, March 27, 2024 at 10:01 a.m.
State Capitol, Room 211

In consideration of
H.B. 679 PROPOSED SD2
RELATING TO STATE FUNDS.

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee.

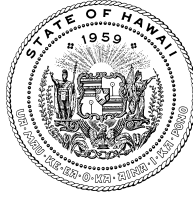
HHFDC **supports** HB 679 Proposed SD2, which addresses various fiscal issues arising from the State's response to the August 2023 wildfires that affected the County of Maui.

Among other things, this bill changes the means of financing for the existing \$230 million in combined appropriations to HHFDC's Dwelling Unit Revolving Fund and Rental Housing Revolving Fund from general funds to general obligation bond funds. These infusions are now even more important due to the wildfires' exacerbation of the housing supply shortage in West Maui.

Additionally, this bill transfers \$2 million from HHFDC's Housing Finance Revolving Fund to the State's general fund.

HHFDC supports the Legislature's efforts to respond to the August 2023 Maui wildfires in a fiscally responsible manner.

Thank you for the opportunity to testify on this bill.



EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

Senate Committee on Ways and Means

Wednesday, March 27, 2024

10:01 a.m.

State Capitol, Conference Room 211 and Videoconference

In Support

House Bill No. 679, HD1, SD1, Proposed SD2, Relating to State Funds

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Senate Committee on Ways and Means:

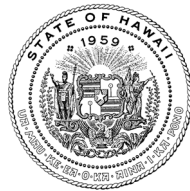
The Office of the Governor supports H.B. No. 679, HD1, SD1, Proposed SD2, Relating to State Funds.

The Proposed SD2 includes provisions that would support funding the State's response to the August 2023 Maui wildfire and would also provide \$65 million to fund the State's contribution to the One Ohana Fund.

The Maui wildfire resulted in unbearable loss of lives, homes, infrastructure, and businesses. This tragic event is a wake-up call that due to climate changes, the risk of catastrophic wildfires, along with other natural disasters in Hawaii has increased.

Initially announced last November, Phase 1 of the recovery fund will help to make distributions to families of those who died, and to those who suffered severe injuries in the Maui wildfires. As of March 1, 2024, the One Ohana Fund began to accept applications from those impacted and eligible to receive the disbursement. The funding provided in this bill for the One Ohana Fund will help to guarantee that the State's full contribution to the fund is allocated and can ensure that the One Ohana Fund can begin to serve its mission with helping those impacted by the fire to receive their compensation.

Thank you very much for the opportunity to provide testimony on this measure.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
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EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

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. 679, H.D. 1, S.D. 1, PROPOSED S.D. 2

March 27, 2024
10:01 a.m.
Room 211 and Videoconference

RELATING TO STATE FUNDS

The Department of Budget and Finance (B&F) offers comments in support of Parts III, IV, and VII, comments with concerns on Parts V and VII, and proposes additional amendments to this bill.

House Bill No. 679, H.D. 1, S.D. 1, Proposed S.D. 2, is an emergency appropriation bill to: 1) appropriate \$297,000,000 in FY 24 for expenses related to noncongregate housing and other costs relating to the provision of food, housing, or other assistance for individuals affected by the August 8, 2023, wildfires; 2) appropriate \$65,000,000 in FY 24 for the State's contribution to the One Ohana Bank Trust Account for the compromise and settlement of claims of individuals affected by serious physical injury or death resulting from the August 8, 2023, wildfires; 3) amend Act 164, SLH 2023, to replace a general fund appropriation of \$230,000,000 to the Hawai'i Housing Finance and Development Corporation (HHFDC) with a general obligation (G.O.) bond appropriation in the same amount; 4) authorize the Director of Finance to transfer \$37,078,257 in non-general funds identified by the Legislature as excess to the general fund; and 5) repeal an appropriation of \$300,000,000 in G.O. bond proceeds in

FY 23 for deposit into the Other Post-Employment Benefits (OPEB) Trust Fund originally made in Act 247, SLH 2022.

B&F appreciates the intent of Part III, which provides necessary funding to cover the State's immediate expenses for noncongregate housing and other expenses, including expenses for individuals impacted by the wildfires who have been classified as not eligible for Federal Emergency Management Agency (FEMA) assistance, are expected to exceed amounts previously transferred to the Major Disaster Fund (MDF). We also support Part IV, which authorizes and appropriates the State's contribution to the One Ohana Bank Trust Account, and Part VII, which repeals the OPEB Trust Fund appropriation of \$300,000,000 in FY 23.

With respect to Part IV, which changes means of financing for the appropriation to HHFDC made in Act 164, SLH 2023, from general funds to G.O. bond funds and which is part of the Administration's supplemental budget request, we prefer to have that adjustment within the budget. With respect to Part VII, B&F notes that the transfer of non-general funds identified by the Legislature as excess may cause operational difficulties with the affected programs. We defer to the affected departments and agencies as to the specific impacts these transfers would have.

B&F respectfully requests an amendment (see attached) to include language to exempt funds used for the recovery efforts from the Hawai'i wildfires that began on August 8, 2023, from certain requirements of Section 127A-16, HRS, for a five-year period through June 30, 2029. This covers the period in which the most critical and extensive recovery efforts are expected to occur.

The State is in the midst of ongoing response efforts to address the heartbreaking aftermath of the August 8, 2023, wildfires in the counties of Hawai'i and

Maui, which caused extensive loss of life and damage to Lahaina. Initial estimates are that the State's recovery efforts will continue over multiple fiscal years. Under Section 127A-16, HRS, federal reimbursement moneys, such as funds to be provided by FEMA for the wildfire disaster, are generally to be deposited into a trust account of the MDF and reimbursed to the originating fund of the expending agency, or if the originating funds have lapsed by the time the reimbursement is received, then they are reimbursed to the general fund. The MDF is limited to \$10,000,000 per single emergency or disaster, and only \$5,000,000 of fund balances may be rolled over to the next fiscal year.

Due to the size and scope of the wildfire disaster, disaster recovery efforts are expected to continue for several years, and State recovery expenditures will significantly exceed limits on moneys allowed to be expended from or retained within the MDF. However, the State has been informed that FEMA reimbursements of amounts outlaid by the State via the MDF are not expected to be paid on a predictable schedule during any given fiscal year regardless of when the State incurs the expenses. If Section 127A-16, HRS, is applied to these amounts, critical recovery efforts and services could be interrupted for lack of available funds until a new appropriation is made.

Thank you for the opportunity to provide testimony in support of this bill.

Attachment

PART IX

SECTION ____. The legislature finds that under current law, federal reimbursement moneys, such as funds to be provided by FEMA for the wildfire disaster, are generally deposited into a trust account of the major disaster fund and reimbursed to the originating fund of the expending agency incurring the cost. If the originating funds have lapsed by the time reimbursement is received, then they are reimbursed to the general fund. Only a small amount is allowed to roll over to the next fiscal year and remain available in the major disaster fund.

Due to the size and scope of the wildfire disaster, disaster recovery efforts are expected to continue for several years. However, the State has been informed that FEMA reimbursements of amounts outlaid by the State via the major disaster fund are not expected to be paid on a predictable schedule during any given fiscal year regardless of when the State incurs the expense. Therefore, if current law is applied, critical recovery efforts and services could be interrupted due to lack of available funds until another legislative appropriation is made.

The purpose of this part is to facilitate the continued uninterrupted provision of assistance to wildfire victims and ongoing wildfire recovery efforts by temporarily lifting various restrictions on the use of funds for these purposes and extending the lapse date of certain funds set aside for wildfire response.

SECTION ____. Section 127A-16, Hawaii Revised Statutes, is amended to read as follows:

"§127A-16 Major disaster fund. (a) The administrator shall submit requests to the legislature to appropriate from the general revenues of the State sufficient moneys as may be necessary for expenditure by or under the direction of the governor for immediate relief in response to an emergency or disaster in any part of the State; provided that:

- (1) The governor has issued a proclamation of a state of emergency;
- (2) The governor shall not expend in excess of \$10,000,000 for immediate relief as a result of any single emergency or disaster; and
- (3) In addition to the funds in paragraph (2), an additional \$5,000,000 may be made available solely for the purpose of matching federal disaster relief funds when these funds become available to the State following a presidential disaster declaration.

In expending the moneys, the governor may allot any portion thereof to any agency, office, or employee of the State or a

county for the most efficient relief for the population. Notwithstanding this subsection, the only exception to paragraphs (1), (2), and (3) is that the administrator may use up to \$250,000 per year to support the emergency management reserve corps.

(b) No later than sixty days after any allotment by the governor or the expenditure of any fund moneys, the administrator shall report to the legislature on the purpose of the allotment or expenditure.

(c) Except as provided in [~~subsection (d),~~] subsections (d) and (e), federal reimbursement moneys for disaster relief shall be deemed to be trust moneys and shall be deposited into a trust account with and under the control of the Hawaii emergency management agency. Upon receipt by the Hawaii emergency management agency, these moneys shall be reimbursed to the originating fund of the expending agency; provided that if the original appropriation has lapsed, the funds shall be returned to the general fund.

(d) Federal reimbursement moneys for disaster relief for the Hawaii wildfires disaster that began on August 8, 2023, shall be deemed to be trust moneys and shall be deposited into a trust account with and under the control of the Hawaii emergency management agency. These moneys and any interest earned thereon shall be used for the recovery efforts from the Hawaii wildfires disaster that began on August 8, 2023, and shall not lapse to the general fund.

~~[(d)]~~ (e) In cases in which the department of education expends the funds appropriated to the department for purposes deemed to be reimbursable by federal reimbursement moneys for disaster relief, the federal reimbursement moneys shall not lapse to the general fund and shall be credited directly to the department of education without regard to whether the original appropriation has lapsed. Such funds shall carry over in accordance with section 37-41.5(c).

~~[(e)]~~ (f) Any unspent funding under \$2,500,000 shall be rolled over to the next fiscal year to support current and future emergencies and disasters.

~~[(f)]~~ (g) Each state department and agency shall submit to the administrator no later than August 1 of each year a report of all funds expended, if any, for the prior fiscal year by the state department and agency for disaster response. The report shall include:

- (1) The source of funds, including the name and account number of the funding source;
- (2) The amount and purpose of each expenditure; and
- (3) Whether any programs, activities, or contracts were reduced as a result of disaster response spending by the state department and agency.

~~[(g)]~~ (h) The administrator shall submit an annual report to the legislature no later than September 1 of each year on:

- (1) The amount of federal reimbursement moneys for disaster response that the State could have applied for during the prior fiscal year. The report shall indicate the amount of federal reimbursement moneys for disaster response broken down by department and agency;
- (2) The amount of federal reimbursement moneys for disaster response that the State applied for and the amount received during the prior fiscal year. The report shall indicate the amount of federal reimbursement moneys for disaster response broken down by department and agency;
- (3) The justification for any difference in the amount of federal reimbursement moneys for disaster response that the State was eligible for and the amount the State applied for;
- (4) The average amount of time between the submittal of an application for a Federal Emergency Management Agency reimbursement and receipt of the funds;
- (5) The number of disaster accounts opened for the prior fiscal year; and
- (6) The information relating to the expenditure of funds that is reported by each state department and agency pursuant to subsection ~~[(f)]~~ (g)."

SECTION __. Notwithstanding any other provision of law, funds from account no. G-24-324-G shall be used for the recovery efforts for the Hawaii wildfires that began on August 8, 2023; provided that the requirements of section 127A-16(a) shall not apply to the funds in account no. G-24-324-G.

PART X

SECTION __. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION __. This Act shall take effect upon its approval; provided that on July 1, 2029, section __ of this Act shall be repealed and section 127A-16, Hawaii Revised Statutes, shall be reenacted in the form in which it read on the day prior to the effective day of this Act; and provided further that on July 1, 2029, any unencumbered trust account moneys retained in the account to be used for the recovery efforts from the Hawaii wildfires disaster that began on August 8, 2023, pursuant to this Act, shall lapse to the general fund.



Hawaii Technology Development Corporation
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Honolulu, Hawaii 96813 | www.htdc.org

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

Written Statement of
Wayne Inouye
Interim Director
Hawaii Technology Development Corporation
before the
Senate Committee on Ways and Means

Wednesday, March 27, 2024
10:01 AM
State Capitol, Conference Room #211

In consideration of
HB679 HD1 SD1
RELATING TO STATE FUNDS

Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee.

The Hawaii Technology Development Corporation (HTDC) **opposes** HB679 HD1 SD1 proposed SD2 that appropriates funds to support the State's response to the August 2023 wildfires that affected the County of Maui. Makes an appropriation to the One Ohana Bank Trust Account to compensate victims of the 2023 Maui wildfires. Repeals general obligation bond issuance and appropriation for the Other Post-Employment Benefits Trust Fund. Changes the 2024-2025 general fund appropriation to the Hawaii Housing Finance and Development Corporation to general obligation bond funds. Transfers to the general fund the excess balances of various non-general funds from various state departments and agencies. Appropriates moneys. Declares that the appropriations exceed the state general fund expenditure ceiling for 2023-2024. (SD2 Proposed)

The monies in the Strategic Development Programs Revolving Fund at risk of being lapsed in section 13 page 11 of the proposed SD2 are residuals/returns from the US Treasury SSBCI grant and not originally from a state appropriation. Per the SSBCI Allocation Agreement found in the link below

(https://drive.google.com/file/d/1c2ozWo3hNHjEsM2GKqgFmi_ngDcswO4M/view?usp=sharing)

(Section(s) 4.2, 4.3, 4.4), use of these funds are for the purposes and activities specified in the agreement. These funds are to be re-deployed per our agreement with the Treasury. The Treasury's Office of the Inspector General audits these funds randomly. HTDC would be required to account for the funds being transferred to the general fund.

Act 56, SLH 2019, the duties of the Hawaii strategic development corporation were transferred into HTDC. At the time, HTDC did not have the resources to immediately re-deploy the returns allowing the balance to grow to \$5,000,000. HTDC also uses these funds for venture capital opportunities in Hawaii, contracts, and operations for the strategic development program. HTDC is currently evaluating potential investments, including Hawaii accelerators (\$1,000,000) and a housing project in Maui (\$5,000,000). Without these funds, HTDC would not be able to react quickly to investment opportunities that will contribute to Hawaii's economic diversification and resilience.

Thank you for the opportunity to provide this testimony.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-SECOND LEGISLATURE, 2024**

ON THE FOLLOWING MEASURE:

H.B. NO. 679, H.D. 1, S.D. 1, PROPOSED S.D. 2, RELATING TO STATE FUNDS.

BEFORE THE:

SENATE COMMITTEE ON WAYS AND MEANS

DATE: Wednesday, March 27, 2024 **TIME:** 10:01 a.m.

LOCATION: State Capitol, Room 211 and Videoconference

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Randall S. Nishiyama, Deputy Attorney General

Chair Dela Cruz and Members of the Committee:

The Department of the Attorney General (Department) provides the following comments on the Proposed Senate Draft 2 of this bill.

The bill currently, in Senate Draft 1, amends the deposit of general funds for the Hawaii Housing Finance and Development Corporation's Rental Housing Revolving Fund in Act 236, Session Laws of Hawaii 2022, to help the State meet its American Rescue Plan Act maintenance of effort obligations. This provision is not included in the Proposed Senate Draft 2.

Part I of the Proposed Senate Draft 2, like Senate Draft 1, requests the immediate passage of the bill in accordance with article VII, section 9, of the Constitution of the State of Hawaii. However, parts II through VII of the Proposed Senate Draft 2 introduce new material to the bill as follows:

1. Part II declares that the appropriations contained in the bill exceed the State general fund expenditure ceiling for fiscal year 2023-2024.

2. Part III appropriates funds to support the State's response to the August 2023 wildfires that affected the County of Maui and allows the Governor to authorize the transfer of these funds to the Major Disaster Fund established by section 127A-16, Hawaii Revised Statutes.

3. Part IV makes an emergency appropriation of funds to the One Ohana Bank Trust Account for the compromise and settlement of claims to compensate victims of the 2023 Maui wildfires.

4. Part V amends the fiscal year 2024-2025 general fund appropriation to the Hawaii Housing Finance and Development Corporation from general funds to general obligation bond funds.

5. Part VI transfers to the general fund the excess balances of various non-general funds from various State departments and agencies.

6. Part VII: repeals the general obligation bond issuance and appropriation in Act 247, Session Laws of Hawaii 2022, section 1, for the Other Post-Employment Benefits Trust Fund.

The amendments to the bill in Proposed Senate Draft 2, if adopted, would likely implicate *League of Women Voters of Honolulu v. State*, 150 Hawai'i 182, 205, 499 P.3d 382, 405 (2021), in which the Hawai'i Supreme Court held that the constitutional requirements that a bill must pass three readings in each house "begin[s] anew after a non-germane amendment changes the object or subject of a bill so that it is no longer related to the original bill as introduced." As the amendments made in parts II through VII in the Proposed Senate Draft 2 do not appear to be related to the original purpose of the bill, we believe that there is a significant probability that a court would conclude that these amendments are outside the scope of the purpose of the original bill and that it will violate article III, section 15, of the Hawai'i Constitution if it does not receive three additional readings in each house.

To address this issue, the Department advises that if Proposed Senate Draft 2 is adopted, three new readings in each house be given on the bill.

Thank you for the opportunity to testify.

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



SHARON HURD
Chairperson, Board of Agriculture

DEXTER KISHIDA
Deputy to the Chairperson

State of Hawai'i
DEPARTMENT OF AGRICULTURE
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TESTIMONY OF SHARON HURD
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

WEDNESDAY, MARCH 27, 2024

10:01 AM

CONFERENCE ROOM 211 AND VIDEOCONFERENCE

HOUSE BILL NO. 679, HD 1, SD 2
RELATING TO STATE FUNDS

Chairperson Dela Cruz and Members of the Committee:

Thank you for the opportunity to present testimony on House Bill 679, HD1, SD2. Part IV of this bill transfers excess balances of various non-general funds to the general fund. The Department offers the following comments on the funds administered by this Department.

S-303 Agricultural Loan Revolving Fund: Fund income is generated from the principal repayment of outstanding loans. Principal collections average \$2.3 million annually and future loans will be limited to the level of annual principal collections. Immediately prior to COVID pandemic the Division provided loans totaling \$4.5 million (FY19), \$4.7 million (FY20) and even during the COVID year, loans totaled \$3.4 million. Having a remaining balance of only \$4.0 million after the proposed reduction is of concern given the historical loan totals and not including accounting for future emergencies which would require additional funds.

S-305 Non-Agricultural Park Land Special Fund: Fund income is generated from lease and revocable permit rents to the department. Fund expenses are used solely to operate, maintain, and improve infrastructure for the Non-Agricultural Park Program and include salaries and other operational expenses such as utilities, vehicle purchases, repair, and maintenance, appraisal contracts, equipment, supplies, etc. Through the ceiling, the special fund allows the program the flexibility to respond to unexpected expenses like appraisals for lots unexpectedly vacated during the year, flexible salaries for new hires, and unpredictable repairs and maintenance to non-agricultural park's



infrastructure. Balances are necessary to keep the fund solvent and meet future program expenditures when revenue from lease and revocable permit rents are less than the program's necessary expenditures. This happens when appraisals for re-openings and dispositions are flat for several years leading to no increases in revenue against operating costs increase due to inflation and salaries.

S-310 Aquaculture Loan Reserve Fund: The aquaculture loan reserve fund is used to build up the aquaculture revolving fund making more money available to assist and develop the aquaculture industry. The loss of the fund will require general fund appropriations to increase funding when the need arises.

S-315 Milk Control Special Fund: The S-315-A special fund was established by HRS 157-29 in 1998 to support the Milk Control Program operations and one staff position. If the fund is abolished, the Commodities Branch is unable to support personnel expenditures to ensure the continued administration and enforcement of the Milk Control Act (HRS 157). The transfer of funds from the Milk Control Special Fund to the general fund may be a violation of the separation of powers doctrine, as the fees are assessed by the Department of Agriculture through administrative rules and not by the Legislature through statute. The fees must be expended for the purpose of administering the Milk Control Act and are not used for a general public purpose.

S-317 Agricultural Parks Special Fund: Fund income is generated from lease and revocable permit rents to the department. Fund expenses are used solely to operate, maintain, and improve infrastructure for the Agricultural Park Program and include salaries and other operational expenses such as utilities, vehicle purchases, repair, and maintenance, appraisal contracts, equipment, supplies, etc. Through the ceiling, the special fund allows the program the flexibility to respond to unexpected expenses like appraisals for lots unexpectedly vacated during the year, flexible hiring salaries for new hires for Unit 13, and unpredictable repairs and maintenance to agricultural park's infrastructure. Balances are necessary to keep the fund solvent and meet future program expenditures when revenue from lease and revocable permit rents are less than the program's necessary expenditures. This happens when appraisals for re-openings and dispositions are flat for several years leading to no increases in revenue against operating costs increase due to inflation and salaries.

S-320 Irrigation System Revolving Fund: Fund income is generated from user water delivery fees and acreage assessments. Fund expenses are used solely to operate, maintain, and improve infrastructure for the irrigation program and include salaries and other operational expenses such as utilities, vehicle purchases, repair, and maintenance, pump maintenance contracts, equipment, supplies, etc. Through the ceiling, the revolving fund allows the program the flexibility to respond to unexpected emergencies such as flume failures, flood/wind/earthquake damage, pipeline blowouts, reservoir leaks, and flexible hiring salaries for new hires for Unit 13 among

others. Balances are necessary to keep the fund solvent and meet future program expenditures when drought conditions and excessive rain reduce the expected water use. Weather events such as these can and have lasted several years leading to no increases in revenue against operating costs increase due to inflation and salaries.

S-322 Industrial Hemp Program Special Fund: Fund income is generated from fees collected from producers in the program. Fund expenses include salaries and operational costs related to administering the program. The program supports various farming activities of our Hawaii hemp farmers including infrastructure improvements and manufacturing of products (i.e., food, fiber, biofuel, clothing, paper, textiles, building insulation, biodegradable plastics, etc.).

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
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DAWN N.S. CHANG
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BOATING AND OCEAN RECREATION
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FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
DAWN N. S. CHANG
Chairperson

Before the Senate Committee on
WAYS AND MEANS

Wednesday, March 27, 2024
10:01 AM

State Capitol, Conference Room 211, and Videoconference

In consideration of
HOUSE BILL 679 HOUSE DRAFT 1 SENATE DRAFT 2 (PROPOSED)
RELATING TO STATE FUNDS

The proposed House Bill 679 House Draft 1 Senate Draft 2 appropriates funds to support the State's response to the August 2023 wildfires that affected the island of Maui. **The Department of Land and Natural Resources (Department) acknowledges the intent of this bill and offers the following comments.**

PART VI, SECTION 13 of this measure authorizes the Department of Finance to transfer to the general fund the excess balances of various non-general funds from various State departments and agencies.

The Department respectfully requests the exclusion of the following non-general fund:

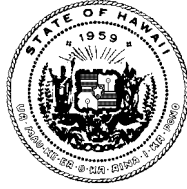
- S-349-C: Conservation and Resource Enforcement

This is the Division of Conservation and Resource Enforcement's (DOCARE) special fund whose main sources of funding are from transfers out of the Special Land Development Fund and a portion of the Department's Transient Accommodation Tax share. DOCARE uses this funding to assist with purchasing equipment, vehicles, IT-related equipment and applications, as well as to split costs of vehicle and vessel maintenance, fuel and lubricants, and utilities. Funds are also used toward overtime for extended patrols in areas such as state shorelines, beaches, ocean waters, State parks and the Nā Ala Hele Trail System. The reduction of the balance of this fund will significantly impact DOCARE's operations, as this is one of the Division's remaining non-general fund sources. Reduction of this fund may limit the number of DOCARE vehicles on the road for response to emergency calls and complaints. It may also

eliminate certain key enforcement initiatives, including but not limited to the DOCARE Tip411 smartphone app renewal, costs to maintain our records management system, etc. In addition to the operational adverse impact, the fund reduction may impact the working conditions for employees (such as the reduction of patrol vehicles on the road). Please be advised that changes to working conditions may be subject to negotiations with the respective employee unions for compliance under collective bargaining agreements before implementation.

Mahalo for the opportunity to comment on this measure.

JOSH GREEN, MD.
GOVERNOR
KE KIA'ĀINA



CATHY BETTS
DIRECTOR
KA LUNA HO'OKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

March 26, 2024

TO: The Honorable Senator Donovan Dela Cruz, Chair
Senate Committee on Ways & Means

FROM: Cathy Betts, Director

SUBJECT: HB 679 HD2 SD1 Proposed SD2 – RELATING TO STATE FUNDS.

Hearing: March 27, 2024, 10:01 a.m.
Conference Room 211, State Capitol & Video Conference

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this measure, defers to the Department of Budget & Finance and other impacted agencies, and provides comments on Parts III and VI.

PURPOSE: The proposed SD2 appropriates funds to support the State's response to the August 2023 wildfires that affected the County of Maui. Makes an appropriation to the One Ohana Bank Trust Account to compensate victims of the 2023 Maui wildfires. Repeals general obligation bond issuance and appropriation for the Other Post-Employment Benefits Trust Fund. Changes the 2024-2025 general fund appropriation to the Hawaii Housing Finance and Development Corporation to general obligation bond funds. Transfers to the general fund the excess balances of various non-general funds from various state departments and agencies. Appropriates moneys. Declares that the appropriations exceed the state general fund expenditure ceiling for 2023-2024. (SD2 Proposed)

Regarding Part III, as part of the State's response to finding temporary housing solutions for Maui residents impacted by the August wildfires, Governor Green tasked DHS with the housing projects that the Major Disaster Fund is funding.

- **Rental Assistance Program (RAP):** The current rental assistance program is budgeted to expend \$17.5M in the current fiscal year and aims to provide interim housing for those survivor households that are ineligible for FEMA housing solutions nor receive other forms of financial rental assistance. HIEMA determines eligibility for the RAP program. The community-based organization Global Empowerment Mission (GEM Hawaii) facilitates RAP in collaboration with Airbnb. GEM Hawaii contacts eligible households directly and connects them with an available Airbnb for up to 12 months. Additionally, GEM Hawaii will provide a food box for each household in RAP with sufficient food for the first week in their new accommodations.
- **Temporary modular housing project.** DHS is working with other State and Maui County agencies to develop a 450 modular unit temporary housing project on State land in West Maui. Preliminary projected costs are \$115,000,000, including \$56M for the purchase of 450 modular units, \$6M for community buildings, and \$53M for the infrastructure. Current projections for infrastructure work include \$10M in site improvements that will benefit the Department of Hawaiian Homelands (DHHL) Villages of Leiali'i. Efforts are underway to find philanthropic funds to support this effort.

Regarding Part VI, DHS acknowledges the excess amount identified at line 17 from the Department of Human Services (HMS) 17 S-317-K-GENERAL ASSISTANCE PAYMENTS: \$901,783. This is the fund's current amount that exceeds its ceiling of \$3,000,000. Given the current General Assistance monthly benefit amount and current caseload, this amount will likely lapse to the general fund from the Interim Assistance Reimbursement Special Fund.

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



TESTIMONY OF DANIEL NĀHO'OPI'I
INTERIM PRESIDENT & CEO, HAWAII TOURISM AUTHORITY
BEFORE THE HOUSE COMMITTEE ON WAYS AND MEANS
Wednesday, March 27, 2024 10:01 a.m.

In consideration of

**HB 679 HD 1 Proposed SD 2
RELATING TO STATE FUNDS**

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

The Hawai'i Tourism Authority (HTA) appreciates the opportunity to offer comments on HB679 HD1 Proposed SD2. Our comments are limited to the transfer of monies from two funds under HTA responsibility – S-348-B Tourism Special Fund, and S-361-B Convention Center Enterprise Special Fund – to the state general fund.

The amounts proposed for transfer will not negatively impact HTA's operations. We are no longer authorized to access the requested \$1.3 million in unencumbered funds in the Tourism Special Fund, and we understand the \$11 million proposed for transfer from the Convention Center Enterprise Special Fund will fulfill our repayment to the Department of Budget & Finance for their provision of convention center operational funds in FY24.

Mahalo for the opportunity to provide these comments.