

JAN 23 2025

A BILL FOR AN ACT

RELATING TO STATE FUNDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Hawaii is
2 experiencing a climate emergency. Climate change impacts are
3 felt statewide and threaten the future of the State's economy,
4 sustainability, environment, security, culture, and way of life.
5 Successful mitigation of and adaptation to climate change
6 requires comprehensive action to address the detrimental impacts
7 of climate change.

8 The legislature finds that Hawaii needs to invest in
9 efforts to reduce climate change impacts now to limit current
10 and future costs of climate change. The anticipated extent of
11 the impact of climate change is such that state government needs
12 to take comprehensive and coordinated mitigation efforts as soon
13 as possible.

14 The purposes of this Act are to:

- 15 (1) Address the impacts of climate change on the State and
16 mitigate further impacts by establishing the climate
17 mitigation and resiliency special fund;

S.B. NO. 1395

(2) Dedicate interest earned on balances within the emergency and budget reserve fund to the new special fund; and

(3) Appropriate funds out of the special fund.

SECTION 2. The Hawaii Revised Statutes is amended by adding a new chapter to be appropriately designated and to read as follows:

"CHAPTER

CLIMATE MITIGATION AND RESILIENCY SPECIAL FUND

§ -1 Establishment. There is established in the state treasury the climate mitigation and resiliency special fund, to be administered by the department of defense, into which shall be deposited:

(1) Appropriations made by the legislature to the fund;

(2) Fees collected under this chapter or any rule adopted thereunder;

(3) Grants provided by governmental agencies or any other source;

(4) Donations made by private individuals or organizations for deposit into the fund;

(5) Interest earned from moneys in the emergency and budget reserve fund established in section 328L-3;

S.B. NO. 1395

(6) A portion of the revenues from the transient accommodations tax established by chapter 237D; and

(7) Interest earned from moneys in the fund.

§ -2 Uses. Moneys in the climate mitigation and resiliency special fund shall be used to advance projects addressing climate change impacts, including projects that mitigate, adapt to, or increase resiliency against climate change. Moneys may also be used for consultant, personnel, and administrative costs required to develop and implement the aforementioned projects."

SECTION 3. Section 328L-3, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) All interest earned from moneys in the emergency and budget reserve fund shall be credited to the ~~[emergency and budget reserve fund.]~~ climate mitigation and resiliency special fund established in section -1."

SECTION 4. There is appropriated out of the climate mitigation and resiliency special fund the sum of \$60,000,000 or so much thereof as may be necessary for fiscal year 2025-2026 and the same sum or so much thereof as may be necessary for fiscal year 2026-2027 to advance projects addressing climate change impacts.

S.B. NO. 1395

The sums appropriated shall be expended by the department of defense for the purposes of this Act.

SECTION 5. The appropriations made by this Act shall not lapse at the end of the fiscal year for which the appropriation is made; provided that all moneys from the appropriation unencumbered as of June 30, 2028, shall lapse into the fund from which appropriated as of that date. Any unissued balance of any authorization made by this Act as of the close of business on June 30, 2028, shall lapse.

SECTION 6. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 7. This Act, upon its approval, shall take effect on July 1, 2025.

INTRODUCED BY:

Rev. N. V. V.P.

BY REQUEST

S.B. NO. 1395

Report Title:

State Funds; Climate Mitigation and Resiliency Special Fund;
Emergency and Budget Reserve Fund; Department of Defense;
Appropriation

Description:

Establishes the Climate Mitigation and Resiliency Special Fund.
Mandates the allocation of all earned interest from the
Emergency and Budget Reserve Fund to the newly established
special fund. Appropriates funds.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Office of the Governor

TITLE: A BILL FOR AN ACT RELATING TO STATE FUNDS.

PURPOSE: To establish the Climate Mitigation and Resiliency Special Fund and to authorize the allocation of all earned interest from the Emergency and Budget Reserve Fund (EBRF) to the newly established special fund and to appropriate moneys out of the Climate Mitigation and Resiliency Special Fund to advance projects addressing climate change impacts.

MEANS: Add a new chapter to the Hawaii Revised Statutes (HRS), amend section 328L-3(b), HRS, and appropriate moneys out of the Climate Mitigation and Resiliency Special Fund.

JUSTIFICATION: Interest earned on various state funds may be used as a funding source. The interest generated by the EBRF, also known as the "Rainy Day Fund," is generally reinvested into the original fund. However, this bill would allow the State to redirect all generated interest from the EBRF towards climate resilience projects. The value of this funding stream would fluctuate based on market interest rates, consistent with the State's statutory investment guidelines (section 36-21, HRS) tied to U.S. Treasury rates. This approach would provide a needed funding source to address the costs of climate change while placing no incremental burden on Hawaii residents.

Impact on the public: Providing funding to address long-term threats to the State's economy, sustainability, environment, security, culture, and way of life, impacted by climate change, will benefit the public.

Impact on the department and other agencies: This bill would continue the State's efforts

for Hawaii's green initiative and further the State's commitment to combat climate change.

GENERAL FUND:

None.

OTHER FUNDS:

EBRF: -\$66,122,606.30 per fiscal year (FY)
(Estimate is based upon five percent interest multiplied by FY24 ending EBRF unencumbered cash balance).

Special Funds: \$60,000,000 for each of fiscal years 2026 and 2027.

PPBS PROGRAM

DESIGNATION:

BUF101; DEF110.

OTHER AFFECTED

AGENCIES:

Department of Budget and Finance and
Department of Defense.

EFFECTIVE DATE:

July 1, 2025.