

Honolulu, Hawaii

APR 24

, 2025

RE: H.B. No. 300
H.D. 1
S.D. 1
C.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 300, H.D. 1, S.D. 1, entitled:

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

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

PART I. OVERVIEW

As introduced, the administration's budget for operating and capital improvement costs totaled:

Operating

	<u>FY 2025-2026</u>	<u>FY 2026-2027</u>
GENERAL FUNDS	10,471,559,898	10,541,723,984
ALL MEANS OF FINANCE	20,546,640,464	20,459,458,677



Capital Improvements

	<u>FY 2025-2026</u>	<u>FY 2026-2027</u>
GENERAL FUNDS	0	0
GENERAL OBLIGATION BONDS	1,327,344,000	601,195,000
ALL MEANS OF FINANCE	3,433,004,000	2,470,581,000

The Governor, on February 18, 2025, March 21, 2025, and March 28, 2025, notified the Legislature of requested adjustments to the executive budget. The administration's revised budget for operating and capital improvement costs totaled:

Operating

	<u>FY 2025-2026</u>	<u>FY 2026-2027</u>
GENERAL FUNDS	10,541,517,110	10,575,312,707
ALL MEANS OF FINANCE	20,639,057,579	20,505,987,636

Capital Improvement

	<u>FY 2025-2026</u>	<u>FY 2026-2027</u>
GENERAL FUNDS	0	0
GENERAL OBLIGATION BONDS	1,373,444,000	627,640,000
ALL MEANS OF FINANCE	3,486,804,000	2,478,281,000

The Governor's biennium budget, as stated in the Governor's State of the State address on January 21, 2025, focused on:

- (1) Easing the cost-of-living burden;
- (2) Affordable housing;
- (3) Homelessness;
- (4) Maui recovery;
- (5) Healthcare;
- (6) Public safety; and
- (7) Climate and the environment.

PART II. GENERAL FUND REVENUES AND ECONOMY

The Council on Revenues, in its January 2025 meeting, increased the projected revenue growth for fiscal year 2025 from 3.5% to 6.4% while at the same time decreasing the projection for fiscal year 2026 from 2.2% to -1.5%.



In its March 2025 meeting, the Council decreased the forecast for fiscal year 2025 from 6.4% to 5.0% while also lowering its forecast for fiscal year 2026 from -1.5% to -2.25%.

The Council commented that the fiscal year 2025 decrease in its March 2025 meeting was in part due to "higher than expected individual and corporate tax refunds that were not accounted for in the January 2025 forecast", while the decrease for fiscal year 2026 in the same meeting was due to "the heightened economic uncertainty caused by policy changes at the Federal level."

The table below reflects the most recent estimate of general fund tax revenues for fiscal years 2025 through 2031 as reported by the Council on Revenues in its March 2025 general fund forecast.

General Fund Tax Revenues

Fiscal Year	Amount (in Thousands of Dollars)	Growth from previous year
2025	\$10,046,729	5.0%
2026	\$9,820,678	-2.25%
2027	\$10,105,506	2.9%
2028	\$10,358,144	2.5%
2029	\$10,627,456	2.6%
2030	\$10,829,378	1.9%
2031	\$11,165,089	3.1%

PART III. COMMITTEE'S PRIORITIES

Your Committee on Conference has amended this measure to include:

- (1) Approved executive requests for trade-offs, transfers, changes to means of financing, conversions of positions from temporary to permanent, ceiling increases or decreases, and reductions; and
- (2) Additional funding for critical government services.

Specifically, this budget measure, as amended, appropriates:

Operating

	<u>FY 2025-2026</u>	<u>FY 2026-2027</u>
GENERAL FUNDS	10,593,637,391	10,637,871,235



ALL MEANS OF FINANCE	19,940,654,149	19,763,497,669
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Capital Improvement

	<u>FY 2025-2026</u>	<u>FY 2026-2027</u>
GENERAL FUNDS	0	0
GENERAL OBLIGATION BONDS	1,428,063,000	423,022,000
ALL MEANS OF FINANCE	3,379,551,000	2,331,259,000

The measure includes the following major departmental adjustments of the executive budget operating costs for fiscal biennium 2025-2027:

Department of Accounting & General Services:

- Adds \$3,200,000 for Kamehameha III temporary school;
- Adds \$7,350,000 and 1 position for streaming of all State and Local Boards and Commission meetings;
- Adds \$5,530,000 for Microsoft 365 G5 licenses;
- Adds \$10,000,000 for Hawaii Information Portal CherryRoad Enterprise;
- Adds \$3,200,000 for Cybersecurity Risk Mitigation;
- Adds \$2,000,000 for Independent Verification and Validation;
- Adds \$3,773,000 and 4 positions for Data/AI Office and AI Risk Management Tools and Geospatial License Renewal;
- Adds \$2,255,500 and 2 positions for establishing the Cemetery Management Office to manage State-owned cemeteries;
- Adds \$2,495,000 and 2 positions for Electronic Filing System Upgrade;
- Adds \$4,103,275 for Voting System Contract, Digital Voter Information Guide and Electronic Registration Information Center;
- Adds \$10,000,000 to expand 911 services to new and emerging technologies;
- Adds \$3,306,644 and 6 positions to provide system support for Enterprise Financial System Project;
- Adds \$1,601,280 and 10 positions to establish the Business Transformation Office; and
- Adds \$150,000 for business plan for revenue generation development.

Department of Agriculture:

- Adds \$26,649,462 and 44 positions for Biosecurity;



- Adds \$556,000 for Vehicle Replacement; and
- Adds \$2,000,000 to supplement the revolving fund for Irrigation Systems.

Department of the Attorney General:

- Adds \$590,952 and 4 positions for the Sex Offender Registry Program;
- Adds \$4,000,000 for Litigation Expenses;
- Adds \$885,938 and 3 positions for the Charities Division;
- Adds \$458,298 and 2 positions for the Medicaid Fraud Control Unit;
- Adds \$468,308 and 2 positions for the Hawaii Correctional System Oversight Commission; and
- Adds \$6,200,000 for Child Support Enforcement Services.

Department of Budget & Finance:

- Adds \$547,920 and 3 positions for Financial Administration;
- Adds \$465,084 and 5 positions for the Office of Federal Awards Management;
- Adds \$1,576,100 and 1 position for the Employees' Retirement System;
- Adds \$431,157 and 1 position for the Hawaii Employer-Union Health Benefits Trust Fund; and
- Adds \$3,307,382 to increase salaries for the Office of the Deputy Public Defender.

Department of Business, Economic Development & Tourism:

- Adds \$2,900,000 for the Healthcare Workforce Development Program;
- Adds \$1,730,000 for the Made in Hawaii Workforce Development Program;
- Adds \$1,977,020 for the Hawaii Convention Center R&M Projects;
- Adds \$1,300,000 for the Military and Community Relations Office;
- Adds \$2,000,000 for the Manufacturing Assistance Program;
- Adds \$2,000,000 for the Hawaii Small Business Innovation Research Program Phase II & III;
- Adds \$2,000,000 for the Accelerator Grant Program;
- Adds \$334,200 for computer software;



- Adds \$169,080 and 1 position for Agribusiness Development and Research; and
- Adds \$4,116,236 for contracting the College of Tropical Agriculture and Human Resilience to support local commodity growth.

Department of Commerce & Consumer Affairs:

- Adds \$12,000,000 for the King Kalakaua Building; and
- Adds \$50,000 for the Interstate Medical Licensure Compact.

Department of Defense:

- Adds \$858,000 for Computer Hardware Refresh;
- Adds \$230,000 for upgrades to the Distributed Antenna System; and
- Adds \$4,466,126 for the Youth Challenge Academy.

Department of Education:

- Adds \$150,000,000 for deferred maintenance;
- Adds \$4,002,384 and 13 positions for the Kaiapuni Program;
- Adds \$11,781,786 for Athletics, including increases for travel, increases in coaching salaries, increases in athletic training supplies, flag football, equity, and adding an athletic trainer at Kūlanihāko'i High School;
- Adds \$2,200,000 for English Learner Standards;
- Adds \$41,980,000 for Summer Programs;
- Adds \$7,550,000 for Workforce Readiness;
- Adds \$999,600 in both years for Advanced Placement Exams;
- Adds \$20,000,000 for Skilled Nursing services;
- Adds \$3,400,000 for Mental Health & Social-Emotional Wellbeing;
- Adds \$3,579,360 and 20 mental health interventionist positions;
- Adds \$927,248 and 6 positions for mathematics and financial literacy curriculum initiatives and for instructional support for classroom teachers;
- Adds \$30,000,000 for electricity costs;
- Adds \$6,500,000 for increases in various contract costs;
- Adds \$3,000,000 for soil contamination mitigation efforts;
- Adds \$13,000,000 for increased nighttime security at schools and school security enhancements;
- Adds \$8,000,000 for the Ho'ākea program; and



- Adds \$1,395,472 and 4 positions for the McKinley Community School for Adults.

Department of Education - Libraries:

- Adds \$2,400,000 for Security Services contracts;
- Adds \$868,000 for temporary library locations for Wahiawa, Pearl City & Makawao libraries;
- Adds \$1,000,000 for increases for repair and maintenance costs; and
- Adds \$750,000 for an automated material handling system.

Department of Education - Executive Office on Early Learning:

- Adds \$13,264,299 and 108 positions for public pre-kindergarten expansion.

Department of Hawaiian Home Lands:

- Adds \$836,400 and 3 positions for the Tribal Broadband Connectivity Program; and
- Adds \$2,400,324 for personal services.

Department of Health:

- Adds \$248,257,800 for Hawaii Health Systems Corporations (HHSC) - Regions;
- Adds \$18,000,000 for Maui Health System;
- Adds \$22,000,000 for Hawaii Health Systems Corporations Oahu Region (Leahi and Maluhia);
- Adds \$3,719,675 and 21 positions for Certified Community Behavioral Health Clinic certification for Oahu, Maui, Hawaii, and Kauai Community Mental Health Centers;
- Adds \$5,426,000 for adult inpatient psychiatric services at HHSC hospitals on Hawaii Island and Kauai;
- Adds \$26,000,000 for Locum Tenens Contracts for the Hawaii State Hospital;
- Adds \$16,600,000 for overtime and other payroll costs for the Hawaii State Hospital;
- Adds \$5,500,000 for psychiatric beds for the Hawaii State Hospital;



- Adds \$27,000,000 for Medicaid 1915(c) Home and Community Based Services Waiver for Individuals with Intellectual and Developmental Disabilities;
- Adds \$6,000,000 for family planning and preventative health services;
- Adds \$1,201,169 and 2 positions to reestablish the State Oral Health Program;
- Adds \$2,000,000 for Medical Provider Education and Implementation Research for medical cannabis use and Public Education Campaigns;
- Adds \$1,345,876 and 7 positions for inspections of food establishments;
- Adds \$7,664,414 for 9-1-1 emergency ground ambulance and 9-1-1 emergency aeromedical ambulance service for the County of Maui;
- Adds \$3,500,000 for ambulance services for North Kona;
- Adds \$3,200,000 for a second medic station and ambulance on Molokai; and
- Adds \$30,000,000 for the Healthcare Education Loan Repayment Program.

Department of Human Resources Development:

- Adds \$12,006,375 for workers' compensation claims;
- Adds \$1,750,000 for a classification and compensation study to update Executive Branch civil service classes;
- Adds \$1,162,642 for payroll adjustments and redescribed positions; and
- Adds \$60,000 for employee training and professional development.

Department of Human Services:

- Adds \$500,000 for the State Rent Supplement Program;
- Adds \$500,000 for the Federal Section Eight Program;
- Adds \$3,100,000 for the Family Assessment Center in Waianae and Puna;
- Adds \$7,500,000 for the Housing First Program;
- Adds \$3,500,000 for Outreach and Civil Legal Services;
- Adds \$7,500,000 for the Rapid Re-Housing Program;
- Adds \$2,787,506 for increased security guard costs at BESSD (Benefit, Employment and Support Services Division) offices statewide;



- Adds \$7,000,000 for the Comprehensive Child Welfare Information System;
- Adds \$6,000,000 for the Child Protective Services shortage differential to support recruitment and retention;
- Adds \$70,000,000 for the Nursing Facility Sustainability Special Fund;
- Adds \$450,000,000 for the Hospital Sustainability Special Fund;
- Adds \$13,000,000 for ABA (Applied Behavioral Analysis) to increase provider payment rates;
- Adds \$28,120,000 for In-Home HCBS (Home and Community Based Services);
- Adds \$1,500,000 for the Child Wellness Incentive Pilot Program;
- Adds \$58,910,362 to sustain increased reimbursement rates for most medical professional services;
- Adds \$230,000 for Youth Violence Prevention;
- Adds \$2,000,000 for Youth Mental Health Support;
- Adds \$1,000,000 for Sex Trafficking Victims Support;
- Adds \$500,000 for increased security measures for the Social Services Division;
- Adds \$4,000,000 for the development and implementation of a new BES (Benefits, Eligibility Solution) System;
- Adds \$4,000,000 for the implementation and modernization of IT operations;
- Adds \$1,210,000 for Family Resource Centers; and
- Adds \$12,911,369 for the Disaster Case Management Project to continue Maui Wildfire recovery efforts.

Department of Labor & Industrial Relations:

- Adds \$8,342,260 for the Workforce Investment Opportunity (WIOA) grant;
- Adds \$5,958,695 for the Disability Compensation Division Modernization Project;
- Adds \$5,579,714 for the modernization of case tracking systems;
- Adds \$1,165,000 to implement the Hawaii Retirement Savings Program;
- Adds \$1,000,000 for the Farm to Foodbank Program; and
- Adds \$750,000 for the Family Leave Study.

Department of Land & Natural Resources:



- Adds \$14,820,456 and 22 positions for the Fire Protection Program;
- Adds \$800,000 for Hydrologic Studies;
- Adds \$5,000,000 for the Dam and Appurtenances Program;
- Adds 7 positions for the Mauna Kea Stewardship and Oversight Authority; and
- Adds \$6,970,075 and 21 positions for DOCARE Academy Expansion.

Department of Law Enforcement:

- Adds \$1,300,495 and 6 positions for the Wahiawa District Court and Civic Center;
- Adds \$5,234,951 and 8 positions for the Fireworks Enforcement Section;
- Adds \$2,420,000 for the Illegal Fireworks Task Force;
- Adds \$825,000 for the Gun Buyback Project;
- Adds \$1,110,276 and 5 positions for accreditation;
- Adds \$514,000 for the Silver Alert Program;
- Adds \$10,000,000 for the Department of Education Safer Watch Program;
- Adds \$340,000 and 2 positions for the Address Confidentiality Program; and
- Adds \$3,000,000 for the IT Software Project.

Department of Corrections and Rehabilitation:

- Adds \$8,200,000 to provide Reentry Services to Help Connect Offenders with Community-Based Resources, Including Replacement Vital Documents, Mental Health and Substance Abuse Treatment, and Transitional Housing; and
- Adds \$224,000 for Mental Health Technician Certification Program - Level 1 Trauma Informed Training.

Department of Taxation:

- Adds \$1,681,550 for Monitoring and Maintenance of the Gen Tax System;
- Adds \$794,556 for a New Online Tax Filing Platform; and
- Adds \$200,000 for the Tax Review Commission.

Department of Transportation:

- Adds \$10,905,600 for Aircraft Rescue Firefighting Operations;

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- Adds \$34,999,180 for Electric Vehicle Leasing and Maintenance Supplies for Airports;
- Adds \$10,708,706 for Energy Service Company Debt Service;
- Adds \$47,625,002 for Security Contract for Airports;
- Adds \$1,000,000 for Special Maintenance Irrigation Improvement at Daniel K. Inouye International Airport;
- Adds \$2,461,300 for Automated External Defibrillator and Publicly Accessible Defibrillator Units for Airports;
- Adds \$22,260,000 for the Consolidated Rent-A-Car program;
- Adds \$392,000,969 for Revenue Bonds for Airports;
- Adds \$136,325,000 for Special Maintenance for Airports;
- Adds \$49,033,512 for Rental Car Customer Facility Charge Revenue Bonds;
- Adds \$2,020,354 for Customs and Border Protection IT Equipment for Airports;
- Adds \$550,000 for the Airports Branding Agency Contract;
- Adds \$330,000 and 1 position for Airports Landscape Architect;
- Adds \$2,152,000 for Harbors Facility Security Plan;
- Adds \$10,400,000 for Harbors Debt Service payment and Transportation Infrastructure Finance and Innovation Act Loan;
- Adds \$50,000,000 for Harbors Joint Service Inter-Government Service Agreement;
- Adds \$19,017,069 for Harbors buyout of leasing of high-mast lights and fixtures with Banc of America Leasing & Capital LLC;
- Adds \$60,617,000 for Harbors General Obligation Bond and Revenue Bond Debt Service;
- Adds \$65,000,000 for Harbors Special Maintenance Projects;
- Adds \$154,794,979 for Highways General Obligation Reimbursable Bond and Revenue Bonds;
- Adds \$95,000,000 for the Highways Special Maintenance Program;
- Adds \$15,000,000 for Highways Statewide Fire Mitigation;
- Adds \$5,000,000 for Highways Property Storage and Debris Removal Services from Homeless Encampments;
- Adds \$13,459,298 for Highways Safe Routes to School Program;
- Adds \$1,941,713 for Bond Rebate Payment for Highway Revenue Bonds;
- Adds \$2,000,000 for Greenhouse Gas Reduction;
- Adds \$330,000 and 1 position for Highways Landscape Architect;
- Adds \$600,000 for Oahu Metropolitan Planning Organization training programs; and
- Adds \$350,000 for the Molokai Air Subsidy Program.



University of Hawaii:

- Adds \$7,040,000 and 4 positions for UH Mānoa Athletics;
- Adds \$1,000,000 for UH Hilo Athletics;
- Adds \$660,000 for the Practical Nursing Bridge program at UHMC;
- Adds \$711,270 and 7 positions for UH Financial Aid Services;
- Adds \$960,000 and 2 positions for UHERO and UH Collaboration;
- Adds \$1,473,847 and 3 positions for 'Ulu'ulu Archives Moving Images;
- Adds \$1,263,000 and 3 positions for the Pamantasan Council;
- Adds \$250,000 and 1 position for the UH Maui Water Quality Lab; and
- Adds \$2,000,000 for AI-based career pathways programs.

Your Committee on Conference has amended this measure by:

- (1) Changing the effective date to July 1, 2025; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.


As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 300, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 300, H.D. 1, S.D. 1, C.D. 1.

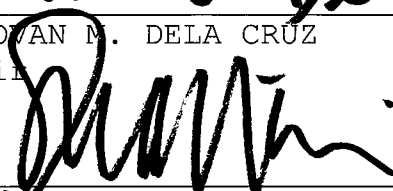
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE


DONOVAN M. DELA CRUZ
Chair


KYLE T. YAMASHITA
Chair

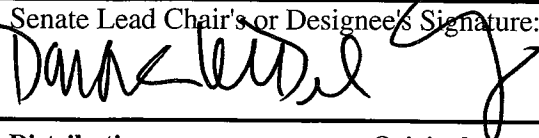
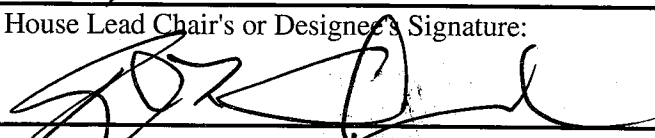

SHARON MORIWAKI
Co-Chair



Hawaii State Legislature

CCR 45

Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: HB 300, HD 1, SD 1					Date/Time: 4/21/2025 5:51 PM				
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).									
<input type="checkbox"/> The Committee is reconsidering its previous decision.									
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
DELA CRUZ, Donovan M., Chr.	/				YAMASHITA, Kyle T., Chr.	/			
MORIWAKI, Sharon Y., Co-Chr.	/				GRANDINETTI, Tina Nakada	/			
AQUINO, Henry J.C.	/				HOLT, Daniel	/			
DECOITE, Lynn	/				HUSSEY, Ikaika	/			
ELEFANTE, Brandon J.C.	/				KEOHOKAPU-LEE LOY, Sue L.	/			
HASHIMOTO, Troy N.	/				KITAGAWA, Lisa	/			
INOUE, Lorraine R.	/				KUSCH, Matthias	/			
KANUHA, Dru Mamo	/				LAMOSAO, Rachele F.	/			
KIDANI, Michelle N.	/				LEE, Mike	/			
KIM, Donna Mercado	/				MIYAKE, Tyson K.	/			
LEE, Chris	/				MORIKAWA, Dee	/			
WAKAI, Glenn	/				TAKENOUCHI, Jenna	/			
FEVELLA, Kurt	/				TEMPLO, Shirley Ann	/			
					ALCOS III, David	/			
					REYES ODA, Julie	/			
TOTAL	13				TOTAL	15			
A = Aye		WR = Aye with Reservations		N = Nay		E = Excused			
Senate Recommendation is:					House Recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
									
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