

STAND. COM. REP. NO.

1172

Honolulu, Hawaii

, 2025

MAR 10

RE: H.B. No. 300

H.D. 1

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

Madame:

Your Committee on Finance, to which was referred H.B. No. 300  
entitled:

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

begs leave to report as follows:

The purpose of this measure is to appropriate funds for the  
operating and capital improvement costs of the Executive Branch  
for fiscal biennium 2025-2027.

As introduced, the administration's operating budget 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

On February 18, 2025, the Governor notified the Legislature  
of requested adjustments to the executive budget. The  
administration's revised operating budget totaled:

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Operating

	<u>FY 2025-2026</u>	<u>FY 2026-2027</u>
GENERAL FUNDS	10,519,904,900	10,572,868,063
ALL MEANS OF FINANCE	20,614,223,896	20,499,921,519

Capital Improvement

	<u>FY 2025-2026</u>	<u>FY 2026-2027</u>
GENERAL FUNDS	0	0
GENERAL OBLIGATION BONDS	1,373,444,000	601,195,000
ALL MEANS OF FINANCE	3,479,104,000	2,470,581,000

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs; Department of Corrections and Rehabilitation; Department of Budget and Finance; Department of the Attorney General; Department of Agriculture; University of Hawai'i System; Department of Hawaiian Home Lands; Department of Human Resources Development; Department of Accounting and General Services; Department of Law Enforcement; Department of Taxation; Department of Health; Department of Business, Economic Development, and Tourism; Department of Human Services; Department of Labor and Industrial Relations; Department of Defense; Hawai'i State Public Library System; Hawaii Housing Finance and Development Corporation; Executive Office on Early Learning; Hawaii State Energy Office; Hawai'i Community Development Authority; Statewide Office on Homelessness and Housing Solutions; Office of Planning and Sustainable Development; Stadium Authority; Hawaii Green Infrastructure Authority; Executive Office on Aging; Hawai'i Technology Development Corporation; State Council on Developmental Disabilities; Hawaii State Commission on the Status of Women; School Facilities Authority; Public Utilities Commission; John A. Burns School of Medicine University of Hawai'i at Mānoa; Board of Education; Hawaii Public Housing Authority; Agribusiness Development Corporation; Hawaii Correctional System Oversight Commission; Department of Water Supply, County of Hawai'i; Honolulu Board of Water Supply; Department of Water, County of Kaua'i; Department of Water Supply, County of Maui; ABC Group; Responsive Caregivers of Hawaii; Behavior Analysis No Ka Oi, Inc.; Hawai'i Waiver Providers Association; Full Life; Hawai'i Oral Health Coalition; Arc of Kona; Catholic Charities Hawai'i; Hawai'i Island Community Health Center; Holomua Collaborative; Hawai'i Association for Behavior Analysis; The Nature Conservancy,



Hawai'i and Palmyra; BAYADA Behavioral Health; Kaua'i Island Utility Cooperative; Hawaii Dental Service; Special Education Advisory Council; Parents and Children Together; Hawaii Laborers & Employers Cooperation and Education Trust Fund; Care for 'Āina Now Coalition; Planned Parenthood Alliance Advocates - Hawai'i; Hawai'i True Cost Coalition; Early Childhood Action Strategy; Hunt Development Group, LLC; Hawai'i Farm Bureau; Hawaiian Electric; Healthcare Association of Hawaii; Maui Health System; HPM Building Supply; Mana Up; Akaka Foundation; Autism Behavior Consulting Group; Ho'omau Autism Services LLC; and numerous individuals.

Your Committee received testimony in opposition to this measure from the Drug Policy Forum of Hawai'i; Reimagining Public Safety in Hawai'i Coalition; and numerous individuals.

Your Committee received comments on this measure from the Office of the Governor; Hawaii Health Systems Corporation; Department of Education; Department of Transportation, Department of Land and Natural Resources; Early Learning Board; Kaho'olawe Island Reserve Commission; Land Use Commission; Pakolea Support Services; Hawaii Disability Rights Center; Hawai'i Friends of Restorative Justice; Kualoa Ranch; Essential Access Health; Hawai'i Public Health Institute; Commit to Keiki; Hep Free Hawaii; Hawaii Appleseed Center for Law & Economic Justice; Hawai'i Children's Action Network Speaks!; ACLU of Hawai'i; and four individuals.

Your Committee on Finance finds that the indicators for the economic outlook of the State show relatively moderate growth. However, challenges remain as the State prepares to deal with potential impacts from changing federal policy.

On January 6, 2025, State Economist, Dr. Eugene Tian, briefed your Committee that while the state economy is buoyed by construction, real estate, and a stable labor market, it is still facing challenges, including:

- (1) Higher than national average inflation;
- (2) A shrinking labor force; and
- (3) Slow visitor industry recovery.



On January 25, 2025, the U.S. House of Representatives passed a budget resolution that proposed a potential \$2 trillion cut in federal spending impacting safety net programs such as Medicaid, Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF). Should these reductions come to fruition, the State will need flexibility in the budget to respond.

On February 28, 2025, the University of Hawaii Economic Research Organization (UHERO) warned that "Hawaii's economic growth is threatened by federal disruptions. While tax cuts may provide some stimulus this year, the Administration's actions—including tariffs, mass deportations, and spending cuts—will impose significant drag thereafter. The clearest near-term risk is federal layoffs, which will result in a loss of more than 2,000 local jobs, fully offsetting growth in construction and the lift from local tax cuts. Together with other federal policies, this places the Hawaii economy at risk of recession over the next few years."

In light of these concerns, your Committee focused on core and safety net programs and prepared for flexibility within the budget by providing:

- (1) \$200,000,000 in FY26 for deposit into the Emergency and Budget Reserve Fund;
- (2) \$465,084 and five positions in FY27 for Office of Federal Awards Management;
- (3) \$20,990,000 in FY26 and FY27 for summer school;
- (4) \$10,000,000 in FY26 and FY27 for skilled nursing services;
- (5) \$80,545,000 in FY26 and \$69,597,400 in FY27 for Hawaii Health Systems Corporations Regions and implementation of Epic Systems for East Hawaii;
- (6) \$12,000,000 in FY26 and \$6,000,000 in FY27 for Maui Health System;
- (7) \$1,838,210 in FY26 and \$3,305,926 in FY27 and twenty-one positions for certified community behavioral health



clinic certification for Oahu, Maui, Hawaii, and Kauai  
Community Mental Health Centers;

- (8) \$13,000,000 in FY26 and FY27 for locum tenens contracts  
for Hawaii State Hospital;
- (9) \$1,700,000 in FY26 and FY27 for contracted services for  
family planning and preventative health services;
- (10) \$250,000 in FY26 and FY27 for the State Rent Supplement  
Program;
- (11) \$250,000 in FY26 and FY27 for the federal Section 8  
Program;
- (12) \$3,750,000 in FY26 and FY27 for the Housing First  
Program;
- (13) \$3,750,000 in FY26 and FY27 for the Rapid Re-Housing  
Program;
- (14) \$6,500,000 in FY26 and FY27 for Applied Behavioral  
Analysis to increase provider payment rates;
- (15) \$29,455,181 in FY26 and FY27 to sustain increased  
reimbursement rates for most medical professional  
services; and
- (16) \$605,000 in FY26 and FY27 for Family Resource Centers.

Upon consideration, your Committee has amended this measure  
by:

- (1) Appropriating the following for operating and capital  
improvement expenses:

Operating

	<u>FY 2025-2026</u>	<u>FY 2026-2027</u>
GENERAL FUNDS	10,668,359,711	10,519,050,655
ALL MEANS OF FINANCE	20,484,862,473	20,216,604,470

Capital Improvements

	<u>FY 2025-2026</u>	<u>FY 2026-2027</u>
GENERAL FUNDS	0	0

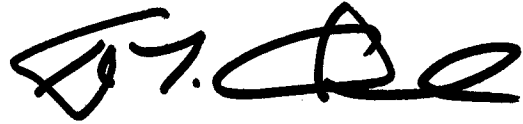


GENERAL OBLIGATION BONDS	1,453,490,000	446,559,000
ALL MEANS OF FINANCE	3,628,285,000	2,369,450,000

- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 300, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 300, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Finance,



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KYLE T. YAMASHITA, Chair



TKCR 172

<b>Bill/Resolution No.:</b>	<b>Committee Referral:</b>	<b>Date:</b>		
HB 300	FIN	3/5/25		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. YAMASHITA, Kyle T. (C)	/			
2. TAKENOUCHI, Jenna (VC)	/			
3. GRANDINETTI, Tina Nakada	/			
4. HOLT, Daniel	/			
5. HUSSEY, Ikaika	/			
6. KEOHOKAPU-LEE LOY, Sue L.	/			
7. KITAGAWA, Lisa	/			
8. KUSCH, Matthias	/			
9. LAMOSAO, Rachele F.	/			
10. LEE, Mike	/			
11. MIYAKE, Tyson K.	/			
12. MORIKAWA, Dee	/			
13. TEMPLO, Shirley Ann	/			
14. ALCOS III, David	/			
15. REYES ODA, Julie	/			
16. WARD, Gene				/
TOTAL (16)	15	0	0	1
<b>The recommendation is:</b> <input type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: _____				
<b>Distribution:</b> Original (White) – Committee            Duplicate (Yellow) – Chief Clerk's Office            Duplicate (Pink) – HMSO				