

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT GOVERNOR



Hawaii Green Infrastructure Authority

An Agency of the State of Hawaii

JAMES KUNANE TOKIOKA
CHAIR

GWEN S YAMAMOTO LAU
EXECUTIVE DIRECTOR

Testimony of
Gwen Yamamoto Lau
Executive Director
Hawaii Green Infrastructure Authority
before the
House Committee on Water & Land
Tuesday, March 18, 2025, 10:00 AM
State Capitol, Conference Room 411
in consideration of
Senate Bill No. 1395, SD2, HD1
RELATING TO STATE FUNDS

Chair Hashem, Vice Chair Lamosao and Members of the Committee:

Thank you for the opportunity to testify on SB1395, SD2, HD1 which addresses the impacts of climate change from interest accrued in the emergency and budget reserve fund. The Hawaii Green Infrastructure Authority supports the intent of this bill but respectfully requests that it reverts back to its original version.

Serving as a member of the Climate Advisory Team over the past six months has heightened my awareness of the devastating impacts of disasters and underscored the importance of investing in pre-disaster preparedness to mitigate future losses and long-term recovery.

As an island state, we are at ground-zero for climate related disasters. Adding to our vulnerabilities are islanded grids, with the next closest land mass that will be able to provide much needed resources over 2,300 miles away.

The objective in creating a Climate Mitigation and Resiliency Special Fund is to provide ongoing funding to:

- Increase resilience in our communities by fortifying homes susceptible to hurricanes, as well as ensuring our communities are provided with necessary resources, capacity building technical assistance (e.g., Vibrant Hawaii, Hawaii Hazards Awareness and Resilience Program; Hawaii Wildfire Management Organization, etc.) to provide pre and post-disaster education, planning and coordination through community-based organizations, to increase a community's readiness, in collaboration with local, state and federal agencies;
- Coordinate statewide planning, collaboration and conduct disaster preparedness exercises and drills on a regular basis to ensure communities, local, state and federal governments are aligned during an actual disaster; and
- Ensure a thriving environment by removing invasive plants that provide fuel for wildfires and fortify natural protections against hurricanes and storm surges.

Thank you for this opportunity to testify and provide comments on SB 1395, SD2, HD1.



Hawai'i Climate Advisory Team

To: Rep. Mark J. Hashem, Chair
Rep. Rachele F. Lamosao, Vice Chair
House Committee on Water & Land

From: The Climate Advisory Team
SB1395, SD2, HD1 - Relating to State Funds - Support With Comments
Tuesday, March 18, 2025, 10:00 a.m., Conference Room 411 & Videoconference

Aloha Chair Hashem, Vice Chair Lamosao, and Members of the Committee,

Mahalo for the opportunity to testify **in support of the intent** of SB1395, SD2, HD1 relating to state funds. The Climate Advisory Team (CAT) strongly believes sustained resilience funding is urgently needed to protect Hawai'i residents, businesses, communities, and the environment from the adverse impacts of disasters like hurricanes, wildfires, earthquakes, and tsunamis. Such disasters are happening with increasing frequency and severity. The state must act now to fund resilience projects and programs that strengthen our ability to withstand catastrophic events.

The CAT is a volunteer group, convened by Governor Green to develop community-informed policy recommendations to help make Hawai'i more resilient to natural disasters. The CAT published its findings and recommendations in a [policy paper](#) in January 2025. **The CAT's top priority recommendation is for the state to establish dedicated revenue sources that ensure long-term funding for resilience projects. It is also a top priority of the Governor's administration for the 2025 legislative session.**

While we support the intent of SB1395, SD2, HD1 in that it would establish a funding mechanism to use the excess interest from the Emergency and Budget Reserve Fund (EBRF), the CAT respectfully requests that the bill be reverted to its original form which would establish a dedicated Climate Mitigation and Resiliency Special Fund. The special fund would ensure revenues generated from excess EBRF interest are directly spent on disaster resilience and climate mitigation work and allow for more expeditious release of funds for projects. The CAT underscores the viability of this funding approach to support disaster resilience work in Hawai'i, particularly the fact that it would not place added financial burden on residents, while still providing urgently needed revenues to address the increasing costs associated with disasters.

The magnitude of financial risk Hawai'i faces from potential disasters cannot be overstated. The ongoing expected loss to all properties in Hawai'i due to disasters is \$14 billion over the next 10 years, according to an actuarial analysis of disaster risk commissioned by the CAT. If no new resilience measures are implemented, losses are expected to increase roughly 25 percent over the next 25 years



Hawai'i Climate Advisory Team

because of continued climate change. These forecasted losses are strictly financial and do not begin to cover the impact of lives lost, community hardship, or irreparable damage done to Hawai'i's unique cultural fabric. More information about this analysis is available in [Section 3.1 of our Policy Recommendations on Climate Disaster Resilience, Recovery and Funding](#).

Investing in Hawai'i's environmental, infrastructure and community resilience now can significantly reduce expected losses from disasters like hurricanes, wildfires, and floods. FEMA estimates that for every dollar invested, an average of \$6 can be averted in disaster costs. A California study similarly finds that every \$1 million spent annually on vegetation management, a form of environmental resilience work, can save roughly \$3.7 million in costs. Funding efforts that make our land, public infrastructure, residential homes, and communities more capable of weathering future disasters is a sound investment.

Revenues generated from the excess interest of the Rainy Day Fund should be directed to the most urgently needed environmental, infrastructure, and community resilience projects:

Environmental Resilience Projects:

- **Removal of Invasive Plants that Fuel Wildfires:** 25% of Hawai'i's land area is covered in flammable invasive grasses and shrubs. Investing in perpetual management of high-fire-risk vegetation will reduce the risk of wildfires and protect communities from the same kind of devastation Lahaina experienced. Examples of projects that urgently need funding for wildfire prevention are in South Kona, where highly flammable invasive fountain grass needs to be removed (\$500,000), and in West Maui, where a green break must be established to prevent the spread of wildfires to adjacent areas where natural resources, property, and public safety may be threatened (\$3 million).
- **Restore and Conserve Natural Projections Against Storm Surge, Tsunamis, and Flooding:** Fortifying mauka and makai ecosystems will significantly increase our protection against inland and marine flooding. One project that urgently needs funding is the Lumahai Watershed protection project on Kaua'i (\$1 million), which hooved animals, particularly feral pigs, are damaging. The loss of these forests impacts the communities below, which are threatened by flooding and erosion.

There are dozens of environmental resilience projects across the state in areas that face the highest risk of disaster devastation. Summaries of these projects are [available from the Department of Land and Natural Resources](#) (DLNR).

Community and Infrastructure Resilience Projects:

- **Address Critical System Vulnerabilities:** Our state's infrastructure is inadequately built for the known threat of future disasters. The CAT estimates that \$267.5 million over five years is



Hawai'i Climate Advisory Team

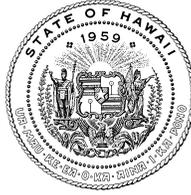
needed to enhance critical systems and address Hawai'i's greatest energy and supply chain vulnerabilities. Examples of projects that urgently need more funding and expediency are the Hawai'i Department of Transportation's (HDOT) harbor modernization projects that will address our supply chain vulnerabilities, and the upgrading of emergency communication systems across the counties and state.

- **Support Community Resilience Hubs:** Resilience hubs support residents before, during, and after emergencies, including disasters. Communities with well-equipped resilience hubs will fare better during and after disasters. The CAT's analysis finds that the state should invest \$60 million over the next five years to expand and strengthen resilience hubs on every island and work with on-the-ground organizations leading this work over the last several years.

Thank you for the opportunity to testify before your committee and provide comments on SB1395, SD2, HD1.

With aloha,

The Climate Advisory Team



EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

House Committee on Water and Land

Tuesday, March 18, 2025

10 a.m.

State Capitol, Conference Room 411, and Videoconference

In Support

S.B. No. 1395, S.D. 2, H.D. 1, Relating to State Funds

Chair Hashem, Vice Chair Lamosao, and Members of the House Committee on Water and Land:

The Office of the Governor supports S.B. No. 1395, S.D. 2, H.D. 1, Relating to State Funds. S.B. No. 1395, S.D. 2, H.D. 1, allocates interest earned on balances within the Emergency and Budget Reserve Fund (EBRF) to the general fund in years that the EBRF's balance exceeds the State's fund balance objective. The bill also requires the Governor to request in the executive budget submitted to the Legislature an amount of general funds equal to the amount of interest deposited into the general fund the preceding fiscal year to advance projects that address climate change impacts.

Among Governor Green's Climate Advisory Team's policy recommendations to increase Hawaii's preparedness for and mitigation of climate-related disasters is a dedicated source of funding for climate and disaster resiliency initiatives. Such initiatives include projects that mitigate, adapt to, or increase resiliency against climate change, such as the following projects.

- Kauai Watershed Forest Protection (\$2,000,000): protects native forests and increases climate resilience through invasive plant removal, fence maintenance, and invasive hooved animal removal; prevents the conversion of the Lumahai watershed from forests to bare ground to reduce threats of flooding and erosion
- JC Shrimp Ponds and Waialeale Pond Management (\$1,000,000): restores shrimp ponds at JC to support threatened and endangered birds and flood management; revitalizes a degraded wetland, including through invasive species removal and planting of sustainable food; and conducts workforce training to bolster capacity for wetland restoration and management staff

- Dozens of other projects around the State that are smaller in scale but equally as important, such as \$150,000 for Pia Valley infrastructure in Kuliouou and \$600,000 for Pouhala Marsh restoration in Waipahu

Given the scale of current and future climate impacts to Hawaii, the Climate Advisory Team advised allocating \$1.375 billion over the next five years to climate and disaster resiliency. To avoid placing an undue financial burden upon Hawaii residents, the team recommended using interest from the EBRF, also known as the "Rainy Day Fund," to finance climate resiliency initiatives. The EBRF serves as a source of funding for the State in times of emergency, and one of its uses is "[t]o restore facilities destroyed or damaged or services disrupted by disaster in any county" (section 328L-3(d)(3), Hawaii Revised Statutes). Although such restoration is needed to respond to damages, maintaining a dedicated source of funding only for response and recovery functions neglects the dire need for and significant benefits to investing in disaster preparation and resiliency, including climate adaptation and mitigation. The reactive nature of the EBRF, therefore, requires supplementation with a proactive climate-disaster financing mechanism to ensure the State remains one step ahead of, rather than one step behind, the next disaster.

"To maintain levels of programs determined to be essential to public health, safety, welfare, and education" (section 328L-3(d)(1), Hawaii Revised Statutes), as the EBRF is authorized to do, **the State must firstly prevent losses before they occur.** Adapting our infrastructure and systems to build resiliency against disasters is critical to safeguarding the safety, health, and well-being of our State. Further, proactively investing in climate resiliency not only promotes safety and saves lives but is more cost effective than rebuilding after a disaster.

Currently, interest from the EBRF is reinvested back into the EBRF. This bill would redirect interest from the EBRF into the general fund, which the Legislature could then appropriate towards the climate resilience projects requested in the Governor's budget. Utilizing interest from the EBRF would not only avoid impacting taxpayers but would do so **without withdrawing any of the EBRF's principal amount**, ensuring the EBRF's reserves of more than \$1.5 billion remain available should the State require their use. Further safeguarding the financial stability of the EBRF is the requirement that the EBRF's balance exceed the State's fund balance objective, as described in Administrative Directive 22-01, in order for the fund's interest to be made available via deposit into the general fund. Redirecting the EBRF's interest to fund adaptation and resiliency projects now would support the continued strength of the EBRF in the event of an emergency requiring an appropriation since investments now would likely decrease future response and recovery costs, minimizing the amount of principal required to support the State's recovery.

Testimony of the Office of the Governor
S.B. No. 1395, S.D. 2, H.D. 1
March 18, 2025
Page 3

While the Office of the Governor appreciates previous amendments depositing EBRF interest into the general fund, **the Office of the Governor prefers the original draft of the bill and requests your committee restore its provisions.** Specifically, the Office of the Governor believes that **establishing a special fund into which the EBRF's interest could be deposited, rather than depositing the EBRF's interest into the general fund, is a more appropriate and prudent fiscal practice.**

Climate mitigation and resiliency are essential to the health, safety, and wellbeing of Hawaii's islands and people. We must fund projects that will strengthen the State's ability to mitigate and adapt to the impacts of climate change without financially burdening Hawaii's residents, and the Office of the Governor believes that depositing the EBRF's interest into a special fund for the financing of climate resiliency projects will accomplish these dual goals.

The Office of the Governor looks forward to continuing discussions on this bill. Thank you for the opportunity to provide testimony on this measure.

Josh Green
GOVERNOR OF HAWAII



STATE OF HAWAII
HAWAII CLIMATE CHANGE MITIGATION & ADAPTATION
COMMISSION
POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Co-Chairs:
Chair, DLNR
Director, OPSD

Commissioners:
Chair, Senate AEN
Chair, Senate WTL
Chair, House EEP
Chair, House WAL
Chairperson, HTA
Chairperson, DOA
CEO, OHA
Chairperson, DHHL
Director, DBEDT
Director, DOT
Director, DOH
Chairperson, DOE
Director, C+C DPP
Director, Maui DP
Director, Hawai'i DP
Director, Kaua'i DP
The Adjutant General
Manager, CZM

Testimony of
LEAH LARAMEE
Climate Change Coordinator on behalf of
Climate Change Mitigation and Adaptation Commission Co-Chair Mary Alice Evans and
Co-Chair Dawn N.S. Chang

Before the House Committee on
WATER AND LAND

Tuesday, March 18, 2025
10:00 AM
State Capitol, Conference Room 411 & Videoconference

In consideration of
SENATE BILL 1395 SENATE DRAFT 2 HOUSE DRAFT 1
RELATING TO STATE FUNDS

Senate Bill 1395 SD2 HD1 allocates interest earned on balances within the emergency and budget reserve fund to the general fund in years in which the emergency and budget reserve fund's balance exceeds the State's fund balance objective; for any fiscal year following a fiscal year in which emergency and budget reserve fund interest is deposited into the general fund, requires the Governor to include in the budget or supplemental budget submitted to the Legislature a request that an amount of general funds equal to the amount of interest deposited be expended to advance projects that address climate change impacts. The Hawai'i Climate Change Mitigation and Adaptation Commission (Commission) **offers the following comments**. The Commission consists of a multi-jurisdictional effort between 20 different departments, committees, and counties to protect the lives and livelihoods of the people of Hawai'i through accelerated climate action.

Previous versions of this bill provide a sustainable funding mechanism to support climate actions across the state to mitigate and recover from the life-threatening impacts of climate change. Climate change is accelerating yet our state response has not matched the ambitions set or met the rate of implementation to meet the many challenges Hawai'i is already facing. Climate actions have been severely underfunded with expected costs rising each year of inaction. In order to adequately meet the growing impacts and costs of climate change to our economy, natural resources, communities and health, a Climate Mitigation and Resiliency Special Fund that allows

for both long term dedicated funding for long range planning and nimble emergency response should be established.

The devastating fires of Lahaina, a singular event exacerbated by climate change, is expected to cost over \$12 billion dollars. Skyrocketing insurance premiums and mass exodus from insurance agents in vulnerable areas are a clear indication that we can no longer ignore the costly impacts of climate. A 2024 study shows that every \$1 spent on climate resilience and preparedness saves communities \$13 in damages, cleanup costs and economic impact.ⁱ An investment into climate mitigation and resilience is an investment into our people, economy and future. Annual allocations do not allow for both the flexibility needed to respond to emergency situations nor for the long term planning that can take place when funding is dedicated.

There is no shortage of actions that can be taken today. The Commission’s “Grants to Projects Bridge” (<https://climate.hawaii.gov/grants-to-projects-bridge>) has identified unfunded climate projects totaling nearly \$1 billion annually. These projects were identified as needs by state agencies, included in state and county plans, and submitted by community members ready to implement climate resilience in their communities. Climate action can not take place without funding. The new version of this bill does little to ensure that funding will be readily available to meet the needs of communities to build a resilient, affordable and safe climate ready Hawai‘i. Funding climate action is a hugely popular initiative that will not only save kama‘aina money and boost the economy but will also save lives.

Mahalo for the opportunity to testify on this measure.

ⁱ <https://www.uschamber.com/security/the-preparedness-payoff-the-economic-benefits-of-investing-in-climate-resilience>



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

SYLVIA LUKE
LT. GOVERNOR

MARK B. GLICK
CHIEF ENERGY OFFICER

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Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 451-6648
Web: energy.hawaii.gov

Testimony of
MARK B. GLICK, Chief Energy Officer

before the
HOUSE COMMITTEE ON WATER & LAND

Tuesday, March 18, 2025
10:00 AM
State Capitol, Conference Room 411 and Videoconference

In SUPPORT of
SB 1395, SD2, HD1

RELATING TO STATE FUNDS.

Chair Hashem, Vice Chair Lamosao, and members of the Committee, the Hawai'i State Energy Office (HSEO) supports SB 1395, SD2, HD1, an Administration measure, which allocates interest earned on balances within the Emergency and Budget Reserve Fund (EBRF) to the general fund in years in which the EBRF's balance exceeds the State's fund balance objective, and requires the Governor to include in the budget or supplemental budget submitted to the Legislature a request that an amount of general funds equal to the amount of interest deposited be expended to advance projects that address climate change impacts.

HSEO concurs with the Legislature that immediate investments in climate change resilience and mitigation are needed to protect Hawai'i's economy and people. HSEO prefers the original version of this measure with its establishment of the Climate Mitigation and Resiliency Special Fund (CMRSF) to be funded by interest earned by the EBRF. Should the original version of this measure be reinstated, HSEO stands ready to support the agencies tasked with administration of the CMRSF; particularly proposed CMRSF investments related to energy and transportation resilience.

As this is a fiscal issue, we defer to the appropriate agency for comment.

Thank you for the opportunity to testify.



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

STATE OF HAWAII
DEPARTMENT OF DEFENSE
HAWAII EMERGENCY MANAGEMENT AGENCY

TESTIMONY ON SENATE BILL 1395 SD2 HD1,
RELATING TO STATE FUNDS

BEFORE THE HOUSE COMMITTEE ON
WATER AND LAND

BY

JAMES DS. BARROS
ADMINISTRATOR
HAWAII EMERGENCY MANAGEMENT AGENCY

MARCH 18, 2025

Aloha Chair Hashem, Vice-Chair Lamosao, and Members of the Committee:

Thank you for the opportunity to submit a testimony to **SUPPORT** Senate Bill 1395 SD2 HD1.

The Hawaii Emergency Management Agency supports the bill draft that established the Climate Mitigation and Resiliency Special Fund and recognizes that Hawaii is facing increasing risks from climate change. By establishing this special fund, this bill will provide a dedicated source of funding for projects aimed at addressing climate change impacts. HIEMA believes that advancing this initiative will help strengthen the state's emergency preparedness and reduce the long-term costs of climate-related disasters.

By establishing a structured funding mechanism, HIEMA can work alongside other entities to implement critical projects that protect our communities, economy, and infrastructure from future climate threats. This collaborative, statewide approach is essential to ensure that Hawaii remains secure and sustainable in the face of climate change. HIEMA supports this measure, with the understanding that its passage will not negatively impact the priorities outlined in the Executive Budget.

Thank you for the opportunity to provide testimony in support of Senate Bill 1395 SD2 HD1.

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



Care for 'Āina Now Coalition

March 18, 2025

House Committee on Water & Land
Rep. Mark Hashem, Chair
Rep. Rachele Lamosao, Vice Chair
Members of the Committee

Re: The Imperative of Allocating Adequate Funding to Protect Natural Resources
Support SB1395 SD2 HD1, Relating to State Funds

Aloha!

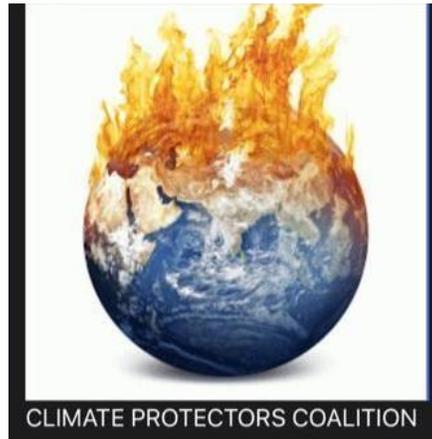
Thank you for the opportunity to support SB1395 SD2 HD1, relating to State Funds.

At its core, our recommendation is for Hawai'i to significantly increase funding for natural resource management and restoration. How we protect and manage our natural resources will determine whether our children and future generations inherit a healthy, safe, and sustainable environment. An additional \$560 million annually is needed to close the current budget shortfall in protecting our islands against in protecting our islands against climate threats, wildfires, and the impacts of over-tourism. We support this measure for its potential to help close that gap.

Natural resources are the lifeblood of our pae 'āina, providing us with the essentials for survival and the foundation for Hawaii's economy, our very society. These resources include clean air and water, fertile soil, living coral reefs, stable coastlines and beaches, biodiversity and healthy forests. We commend the legislature, cognizant of the local and global threats to these riches, for declaring Hawaii to be the first state in the nation to declare a climate emergency. Protecting and restoring these resources is a moral, economic, and ecological imperative.

We are a coalition of individuals and organizations committed to supporting better management of the state's natural resources for the protection of our communities, our water supplies, our economy, and our environment. Legislators have a unique role in shaping policies that reflect our ethical obligation to safeguard the environment for all living beings.

Please support this measure.



To: The Honorable Chair Mark Hashem, the Honorable Vice Chair Rachele Lamosao, and Members of the Committee on Water and Land.

From: Hawai'i Reef and Ocean Coalition and Climate Protectors Hawai'i (by Ted Bohlen)

Re: Hearing **SB1395 SD2 HD1 RELATING TO STATE FUNDS**

Hearing: Tuesday March 18, 2025 10:00 a.m. Rm.411

Aloha Chair Hashem, Vice Chair Lamosao, and Members of the Committee on Water and Land!

Hawai'i Reef and Ocean Coalition (HIROC) is a group of scientists, educators, filmmakers and environmental advocates who have been working since 2017 to protect Hawaii's coral reefs and ocean. The Climate Protectors Hawai'i seeks to educate and engage the local community in climate change action, to help Hawai'i show the world the way back to a safe and stable climate.

Hawai'i Reef and Ocean Coalition and Climate Protectors Hawai'i **SUPPORT** SB1395 SD2 HD1 with an amendment!

Hawai'i is experiencing a **climate emergency! The effects of climate warming are here now and will increase in the future!** From the rain bomb in Haena to the catastrophic fire in Lahaina, to droughts, floods, and more intense storms and more invasive species, **climate warming will necessitate greater reserves for the increased level of disasters. We need to invest now in efforts to limit and adapt to climate effects and become more resilient against both current and future climate impacts.**

This bill would allocate interest earned on balances within the emergency and budget reserve fund ("Rainy Day Fund") to the general fund in years when the Rainy Day Fund's balance exceeds the State's fund balance objective. It requires the Governor to include a request in the budget that an

equal amount of general funds be expended to advance projects that address climate change impacts.

Maintaining a dedicated source of funding only for response and recovery functions neglects the dire need for and significant benefits to investing in disaster preparation and resiliency, including climate adaptation and mitigation. The reactive nature of the Rainy Day Fund, therefore, requires supplementation with a proactive climate-disaster financing mechanism to ensure the State remains one step ahead of, rather than one step behind, the next disaster.

Please pass this bill AMENDED TO ITS ORIGINAL FORM WITH INTEREST GOING TO A DEDICATED SPECIAL FUND RATHER THAN THE GENERAL FUND or another funding bill with a proactive climate-resiliency dedicated financing mechanism for projects (for examples see DLNR DOFAW's story map) to mitigate the impacts and costs of climate heating and make Hawai'i more resilient against climate heating.

Mahalo!

Hawai'i Reef and Ocean Coalition and Climate Protectors Hawai'i (by Ted Bohlen)

**Testimony of The Nature Conservancy
Supporting SB 1395 SD2 HD1, Relating to Economic Development.
Committee on Water & Land
March 18, 2025 at 10:00 am
Conference Room 411 and via Videoconference**

Aloha Chair Hashem, Vice Chair Lamosao, and Members of the Committees:

Mahalo for the opportunity to testify today. The Nature Conservancy (TNC) Hawai'i and Palmyra supports SB 1395 SD2 HD1, which allocates interest earned on balances within the emergency and budget reserve fund to the general fund in years in which the emergency and budget reserve fund's balance exceeds the State's fund balance objective. For any fiscal year following a fiscal year in which emergency and budget reserve fund interest is deposited into the general fund, requires the Governor to include in the budget or supplemental budget submitted to the Legislature a request that an amount of general funds equal to the amount of interest deposited be expended to advance projects that address climate change impacts.

Hawai'i faces surmounting environmental challenges like wildfires, disappearing coastlines, bleached coral reefs, and an underinvestment in the management of these natural and cultural resources. As an island region, our community safety faces growing risk the longer we go without significant funding toward environmental protection and restoration. Hawai'i is in immediate need of additional resources to conserve and protect our ecosystems, native species, coastlines, and the community livelihoods that depend on these resources.

SB 1395 SD2 HD1 is one clear pathway to protecting, restoring, and enhancing Hawai'i for our local communities and the visitors we share it with, for future generations and beyond. By establishing a clear climate resilience fund, we ensure that our State makes the long-term, sustained investments to care for our 'āina and reduce risk to our communities. However, we encourage the legislature to ensure that the proposed mechanisms in this bill align with the scale of our challenges and make use of the strong expertise already in place in our State government.

Mahalo for the opportunity to testify in support of SB 1395 SD2 HD1.

Guided by science, TNC is a non-profit organization dedicated to the preservation of the lands and waters upon which all life depends. The Conservancy has helped protect more than 200,000 acres of natural lands in Hawai'i and Palmyra Atoll. We manage 40,000 acres in 13 nature preserves and have supported over 50 coastal communities to help protect and restore the nearshore reefs and fisheries of the main Hawaiian Islands.

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March 17 2025

To: Chair Mark Hashem, Vice Chair Rachele Lamosao, and House Members of the Water & Land Committee

Subject: **SB1395 SD2 HD1**, Relating to State Funds

Aloha,

I am writing in **support** of **SB1395 SD2 HD1**, which asks to allocate interest earned on balances within the emergency and budget reserve fund (EBRF) to the general fund in years in which the fund's balance exceeds the State's fund balance objective. The measure states that the monies be utilized to forward climate mitigation and adaptation projects, as well as initiatives that increase resilience against climate change. It is pertinent that we act now to reduce future costs of the climate emergency that threaten the State's economy, environmental sustainability, and agriculture sector.

Even if we act now, some impacts of climate change are unavoidable. As outlined in [Climate Ready O'ahu](#), there are actions that we can take not just at a city level, but also at a state level, to help mitigate future hazards and adapt to the impacts of climate change that we are both currently and expected to experience. The caveat is that financial support, education, and resource sharing is necessary to pilot such initiatives.

The threats of climate change are already impacting Hawai'i, especially the State's farmers, ranchers, and aquaculturists. Seasonal weather patterns are changing which put these vital components of our communities at risk of severe drought, harder to predict fires, intense storms and floods, and other extreme weather events. According to the [NOAA National Centers for Environmental Information State Climate Summary](#) for Hawai'i, temperatures have increased across the island chain by 2°F since 1950, with significant warming over the last decade. Unprecedented warming is projected for the next century, especially if greenhouse gas emissions aren't reduced. Warming temperatures coupled with reduced rainfall pose a particular danger for native plant and animal ecosystems including risk of extinction and

The Food+ Policy internship develops student advocates who learn work skills while increasing civic engagement to become emerging leaders. We focus on good food systems policy because we see the importance and potential of the food system in combating climate change and increasing the health, equity, and resiliency of Hawai'i communities.

In 2025, the cohort of interns are undergraduate and graduate students and young professionals working in the food system. They are a mix of traditional and nontraditional students, including parents and veterans, who have backgrounds in education, farming, public health, nutrition, and Hawaiian culture.

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<https://statesummaries.ncics.org/chapter/hi/>



frequency of wildfires. The future of Hawai'i agriculture depends on investments in research about crops that can withstand the projected increase in temperature and droughts.

Additionally, the [State Climate Summary](#) states that since 1900, rates of sea level rise ranged from 0.6 inches to 1.6 inches per decade for the Hawaiian Islands which has caused severe coastal erosion and increased risk of tidal floods. Over the last century, at least 70% of Hawai'i's beaches have been eroded and shoreline recession is projected to double by 2050. These historically unprecedented rates will negatively affect agriculture, coastal ecosystems and management systems, and tourism which will cause considerable economic damage.

Until recent years, there have been few systemic efforts to advance climate change mitigation, adaptation, and resiliency projects in Hawai'i. It is critical to appropriate funds for climate-smart initiatives which benefit our economy, ecosystems, and communities. It is our kuleana to invest in mitigation efforts as soon as possible to protect our resources mauka to makai, and protect the generations to come from unnecessary climate-related suffering.

I urge the committee to **pass** this measure. Thank you for the opportunity to testify on this issue.

Mahalo,
Lea iaea & the Food+ Policy Team
#fixourfoodsystem

The Food+ Policy internship develops student advocates who learn work skills while increasing civic engagement to become emerging leaders. We focus on good food systems policy because we see the importance and potential of the food system in combating climate change and increasing the health, equity, and resiliency of Hawai'i communities.

In 2025, the cohort of interns are undergraduate and graduate students and young professionals working in the food system. They are a mix of traditional and nontraditional students, including parents and veterans, who have backgrounds in education, farming, public health, nutrition, and Hawaiian culture.

https://drive.google.com/file/d/1YOQSw1ERdJLC4iFegGY39_IDfidH0Ag/view

<https://statesummaries.ncics.org/chapter/hi/>



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 1395, HD1 RELATING TO STATE FUNDS

TO: House Committee on Water and Land

FROM: Tina Andrade, President and CEO, Catholic Charities Hawaii

Hearing: **Tuesday, 3/18/25; 10:00 am;** Videoconference and Room 411

Chair Hashem, Vice Chair Lamosao, and Members, Committee on Water and Land:

Catholic Charities Hawaii **strongly supports SB 1395, HD1**, which would increase the state's resilience to climate change by allocating the interest earned from the balance in the Emergency and Budget Reserve Fund (EBRF) to the General Fund if the EBRF balance exceeds the State's objectives for this fund. Requires the Governor to utilize this interest in the following year and to request to expend general funds equal to this interest to advance projects that address climate change impacts.

Catholic Charities Hawaii (CCH) is a tax exempt, community-based organization that has been providing social services in Hawaii for over 77 years. CCH has programs serving elders, children, families, veterans, homeless and immigrants. We serve over 40,000 people each year throughout the state.

As a community-based organization committed to serving Hawaii's most vulnerable populations, we recognize that climate change disproportionately impacts low-income families, kūpuna, and underserved communities. Rising sea levels, wildfires, and extreme weather events pose an increasing threat to homes, livelihoods, and essential services. Without proactive investment, these challenges will continue to escalate, placing greater burdens on our residents and economy.

SB 1395 provides a fiscally responsible solution by leveraging interest from the state's Emergency and Budget Reserve Fund, ensuring that Hawaii can invest in climate resilience without imposing new financial burdens on residents. This dedicated funding could kickstart forward-thinking investments that would mitigate, adapt to, or increase resiliency to climate change. These projects would be essential to safeguard Hawaii's future.

We urge the Legislature to pass SB 1395 HD1 to ensure a stable, long-term funding mechanism for climate adaptation and disaster preparedness. By taking action now, we can protect our communities, reduce future recovery costs, and build a more resilient Hawaii for generations to come.

We urge your support for this bill. If you have any questions, please contact our Legislative Liaison, Betty Lou Larson at (808) 527-4813.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Requires Governor to include in budget an amount to advance projects that address climate change

BILL NUMBER: SB 1395 HD 1

INTRODUCED BY: House Committee on Energy & Environmental Protection

EXECUTIVE SUMMARY: Allocates interest earned on balances within the emergency and budget reserve fund to the general fund in years in which the emergency and budget reserve fund's balance exceeds the State's fund balance objective. For any fiscal year following a fiscal year in which emergency and budget reserve fund interest is deposited into the general fund, requires the Governor to include in the budget or supplemental budget submitted to the Legislature a request that an amount of general funds equal to the amount of interest deposited be expended to advance projects that address climate change impacts.

SYNOPSIS: Amends section 328L-3 HRS, to credit interest earned on balances within the Emergency and Budget Reserve Fund to the General Fund in years in which the Emergency and Budget Reserve Fund's balance exceeds its' fund balance objective established in Administrative Directive No. 22-01 (available at <https://budget.hawaii.gov/wp-content/uploads/2022/12/Administrative-Directive-No.-22-01.pdf>).

Adds a new section 37-___, HRS, to have the Governor request in the budget or supplemental budget that the interest deposited into the General Fund pursuant to amended section 328L-3, HRS, be expended for specific projects that address climate change impacts, including projects that mitigate, adapt to, or increase resiliency to climate change.

EFFECTIVE DATE: July, 1 3000.

STAFF COMMENTS: This is an Administration bill sponsored by the Office of the Governor and designated GOV-01 (25).

The current draft of the bill contemplates the following:

1. If the rainy day fund plus the interest that it earns does not exceed the fund balance objective (which appears to be 10% of the preceding year's general fund revenues under section I.d.ii of Administrative Directive 22-01).
2. If the rainy day fund plus interest does exceed the fund balance objective, then the amount of excess E is deposited into the general fund.
3. If the amount E from the previous fiscal year is not zero, the Governor must request the Legislature to expend the amount E to advance specific projects that address climate change.

We are impressed that the bill is trying to solve this problem without the use of a special fund. However, we are concerned that step 3 violates the separation of powers doctrine. Less

Re: SB 1395 HD 1

Page 2

objectionable would be a requirement that the executive branch report the amount E to the Legislature and/or selected committees and executive departments, so said committees and executive departments can work out a way to spend the funds.

Digested: 3/15/2025

SB-1395-HD-1

Submitted on: 3/16/2025 9:37:03 AM

Testimony for WAL on 3/18/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kathryn Takakuwa	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Hashem and Vice Chair Lamosao, and members of the Committee on Water and Land,

My name is Kathi Takakuwa and I live in Waikalua, Kāneʻohe. I strongly support SB1395 which will require the Governor to include in the budget or supplemental budget submitted to the Legislature a request that an amount of general funds equal to the amount of interest deposited be expended to advance projects that address climate change impacts.

As you are aware, our state and planet are experiencing a climate crisis. The survival of humanity is at stake and there are systemic and legislative actions that we need to take to help ourselves. Marine biologist and policy expert Dr. Ayana Elizebeth Johnson writes, “Although it is too late to “solve” or “stop” climate change.... we can minimize the damage, mitigate the impacts, and adapt to this unknown new world.”

In the summer of 2024, Governor Green established the Climate Advisory Team (CAT) to propose policies that improve the state’s resilience and ability to recover from climate disasters. This January, CAT produced a policy paper of findings and recommendations. The first two actions they recommend are the establishment of two state funds: Hawai‘i Climate Resilience Fund and Hawai‘i Disaster Recovery Fund. In addition, they urge the state to establish and fully fund a permanent Hawai‘i Resilience Office.

SB1395 is a very good first step in the establishment of these financial commitments by the state. Once funding is secured, I hope in future sessions you—our policy makers, will design policies for USE of those funds to build a resilient Hawai‘i that the CAT paper details.

Mahalo nui.
Sincerely,

Kathi Takakuwa



Hua Nani Partners
policy | strategy | advisory



CATHOLIC CHARITIES HAWAII



HOUSE COMMITTEE ON COMMITTEE ON WATER & LAND

March 18, 2025, 10:00 a.m., Room 411

Testimony in strong support of SB 1395 SD2 HD1

Aloha Chair Hashem, Vice Chair Lamosao, and members of the Water & Land Committee:

As partners of Climate Hawaii, an initiative of the Hawaii Executive Collaborative (HEC), we **strongly support SB 1395**, which seeks to provide increased funding for projects that reduce climate disaster risks, strengthen community resilience, and protect Hawaii's environment and economy from the escalating impacts of climate change. We do prefer earlier drafts of this measure, **particularly the establishment of the Climate Mitigation and Resiliency Special Fund** to provide dedicated, long-term funding.

By using the interest from the state's Emergency and Budget Reserve Fund, or "Rainy Day Fund," this measure ensures that Hawai'i can invest in resilience without placing new financial burdens on residents.

Why the Climate Mitigation and Resiliency Fund is Essential

Hawai'i is on the frontlines of the climate crisis. Rising sea levels, extreme weather, wildfires, and prolonged droughts threaten communities, infrastructure, and natural resources. Without proactive investment, climate-related disasters could cause billions of dollars in economic losses in the coming decades. Senate Bill 1395 establishes a stable, state-level funding source to support climate adaptation and mitigation efforts, resilient infrastructure investments, ecosystem restoration, and community-driven preparedness initiatives—all critical to safeguarding Hawai'i's future.

Beyond immediate disaster response, this fund allows for long-term, proactive planning, ensuring our state is not solely dependent on unpredictable and often insufficient federal grants. Investing in resilience now is a financially responsible approach—every \$1 spent on adaptation saves \$6 in future disaster costs. Yet historically, climate mitigation has been underfunded compared to post-disaster recovery. Senate Bil 1395 corrects this imbalance by providing consistent, dedicated resources to strengthen Hawai'i's ability to withstand climate-related threats.

Preferred Provisions of SB 1395

- Establishes the Climate Mitigation and Resiliency Special Fund under the Department of Defense, ensuring a coordinated, strategic approach to disaster mitigation.
- Allocates all earned interest from the Emergency and Budget Reserve Fund ("Rainy Day Fund") to finance climate resilience projects.
- Avoids new taxes or burdens on residents, leveraging existing state resources without depleting the principal of the Rainy Day Fund.
- Supports long-term, proactive planning rather than relying solely on costly post-disaster recovery efforts.

A Community-Centered Approach to Resilience

For Hawai'i to maximize the impact of this fund, resources must reach the communities most at risk. We urge the Legislature to ensure that vulnerable areas, particularly those prone to wildfires, flooding, and coastal erosion, receive priority funding. Local expertise and Indigenous knowledge must also play a central role, with partnerships that support Native Hawaiian stewardship practices, community-based organizations, and locally driven resilience efforts. Training programs, home retrofits, and neighborhood-scale emergency preparedness initiatives will be essential to making Hawai'i's communities more climate-resilient from the ground up.

The Cost of Inaction

Without this fund, Hawai'i will remain dangerously exposed to climate disasters, with no dedicated mechanism to mitigate risks. The cost of inaction is immense—higher taxpayer burdens from repeated emergency response, lost economic opportunities as insurance costs rise, and increased

disruptions for businesses and communities. Investing in resilience today prevents greater losses tomorrow, ensuring a more sustainable and prepared future for Hawai'i's people and economy.

A Needed Solution for Hawai'i's Climate-Resilient Future

Senate Bill 1395 represents a commonsense, fiscally responsible approach to protecting lives, reducing costs, and strengthening Hawai'i's ability to adapt to a changing climate. We strongly urge the Legislature to pass this measure to provide the long-term investment Hawai'i urgently needs.

Mahalo for your leadership and the opportunity to testify.

About the Hawai'i Executive Collaborative

The Hawai'i Executive Collaborative (HEC) is a nonprofit organization that serves as a convener and provides backbone support to leaders from different sectors who want to help build a more resilient economy and state. HEC members believe in the power of acting collectively and focus their energies and resources on areas where immediate and systemic changes will benefit Hawai'i and the world. For more information on Climate Hawai'i's real-world, high-impact solutions, please visit climatehawaii.earth.

Hawai'i Executive Collaborative Climate Hawai'i partners supporting this testimony:

- AES Hawai'i
- aio
- Blue Planet Foundation
- Bowers + Kubota
- Catholic Charities Hawaii
- Chaminade University
- County of Kaua'i
- Elemental Impact
- Hawaii Solar Energy Association
- Hawaiian Electric
- Hua Nani Partners
- Manoa Valley Theatre
- Sun Noodle
- Young Brothers
- Zephyr Insurance
- The Nature Conservancy, Hawai'i and Palmyra

Testimony in Support of SB1395 SD2 HD1 Relating to State Funds

Aloha Chair Hashem, Vice Chair Lamosao, and Members of the Water & Land,

Hawai'i Food+ Policy strongly supports SB1395 SD2 HD1, which ensures that interest earned from the Emergency and Budget Reserve Fund is allocated toward advancing projects that mitigate, adapt to, and build resilience against climate change. This critical funding mechanism provides Hawai'i with a sustainable, long-term strategy to address the growing threats of climate change while leveraging existing financial resources.

Hawai'i is on the frontlines of the climate crisis, facing extreme droughts, wildfires, rising sea levels, and increasingly unpredictable weather patterns. The devastating Lahaina wildfires, which claimed 102 lives on Maui, serve as a stark reminder that urgent action is needed to put necessary emergency support systems in place. Without stable investment in climate adaptation and mitigation, these disasters will become more frequent and severe leading to more overall instability in our ecosystems.

SB1395 SD2 HD1 ensures that Hawai'i has the supportive resources to take proactive measures, such as protecting coastal communities and enhancing disaster preparedness. **By passing this bill, the Legislature has an opportunity to make the necessary investment towards the long-term safety, sustainability, and resilience of our islands.**

We urge you to **pass SB1395 SD2 HD1** and ensure Hawai'i is equipped to confront the climate crisis with the urgency it demands.

Mahalo,
Hawai'i Food+ Policy Team

The Food+ Policy internship develops student advocates who learn work skills while increasing civic engagement to become emerging leaders. We focus on good food systems policy because we see the importance and potential of the food system in combating climate change and increasing the health, equity, and resiliency of Hawai'i communities.

In 2025, the cohort of interns are undergraduate and graduate students and young professionals working in the food system. They are a mix of traditional and nontraditional students, including parents and veterans, who have backgrounds in education, farming, public health, nutrition, and Hawaiian culture.

SB-1395-HD-1

Submitted on: 3/17/2025 8:33:01 PM

Testimony for WAL on 3/18/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Nicholas Zehr	Individual	Oppose	Written Testimony Only

Comments:

Honorable Chair, Vice Chair, and Members of the Committee,

I am writing to express my opposition to SB1395, which proposes reallocation of interest from the Emergency and Budget Reserve Fund to fund state-directed climate change projects. While I agree that climate change is a critical issue, I believe this bill presents several concerns regarding the potential for inefficient use of public resources and the appropriate role of government in addressing this challenge.

Climate change is an urgent issue, but government-run initiatives often suffer from inefficiencies, bureaucratic delays, and a lack of flexibility. Mandating that the state direct funds toward specific climate mitigation projects could limit the ability of businesses and individuals to develop and implement innovative, cost-effective solutions. The private sector is often better positioned to find flexible and efficient ways to address climate challenges. The state's role should be to facilitate, rather than mandate, solutions that allow for the most effective use of resources.

Government-driven projects can be slow and cumbersome, and **the state should focus on fostering an environment that encourages private-sector innovation rather than imposing top-down mandates.**

The Emergency and Budget Reserve Fund is meant to provide financial stability during emergencies, such as natural disasters or economic downturns. By redirecting interest from this fund toward climate change projects, the state risks weakening its ability to respond to unforeseen emergencies. While climate change is a growing concern, the priority for this fund should remain on ensuring that the state is prepared for immediate and unpredictable crises.

Instead of committing funds to long-term climate projects that may not have an immediate impact, it is crucial that the state preserves the flexibility to address emergencies that require swift and decisive action.

While this bill does not create new taxes, it mandates increased government spending by reallocating interest from the Emergency and Budget Reserve Fund for climate change projects. History has shown that government-run projects often exceed budgets, suffer from inefficiencies, and fail to deliver the desired results. Without clear accountability and oversight, this bill could result in ineffective use of taxpayer money.

A more effective approach would involve creating transparent processes for evaluating the effectiveness of climate projects. This could include performance metrics, independent reviews, and clear objectives to ensure that funds are used efficiently and achieve measurable outcomes.

Hawaii is particularly vulnerable to the impacts of climate change, and while global efforts are essential, state and local solutions are often the most effective. However, these solutions do not necessarily require large-scale, state-mandated projects. Instead, Hawaii should prioritize creating an environment that encourages innovation and collaboration across sectors. For example, **public-private partnerships and tax incentives for businesses to invest in climate resilience could be more effective than direct state intervention.**

Encouraging voluntary actions and empowering individuals and businesses to address climate challenges could lead to more tailored, efficient, and scalable solutions. The state can play a supportive role without resorting to heavy-handed mandates.

The Emergency and Budget Reserve Fund is designed to help the state navigate unforeseen crises, not to fund long-term projects. While climate change is a critical issue, it is better funded through other mechanisms that do not compromise the state's ability to respond to urgent, unpredictable needs. Redirecting the interest from the reserve fund could limit its effectiveness in times of real emergencies.

The funds in the reserve fund should remain available for pressing needs, and any climate change adaptation efforts should be funded through other, more suitable channels that do not compromise fiscal flexibility.

While I fully recognize the importance of addressing climate change, SB1395 overextends the role of government by mandating state-directed climate projects funded through the Emergency and Budget Reserve Fund. Rather than relying on government-run initiatives, Hawaii should focus on creating an environment that fosters private sector involvement, innovation, and market-based solutions. **If the state chooses to take action, it should do so in a way that ensures accountability, prioritizes immediate needs, and preserves financial flexibility.**

I urge the legislature to reconsider this bill and focus on solutions that allow for efficient, accountable, and flexible responses to both climate change and other unforeseen emergencies. Thank you for considering my testimony.

Respectfully,

Nicholas Zehr