

H.B. NO. 1227

A BILL FOR AN ACT

MAKING AN EMERGENCY APPROPRIATION FOR RISK MANAGEMENT.

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

1 SECTION 1. This Act is recommended by the governor for
2 immediate passage in accordance with section 9 of article VII of
3 the constitution of the State of Hawaii.

4 SECTION 2. The purposes of this Act are to make an
5 emergency appropriation and increase the spending ceilings of
6 the state risk management revolving fund (the Fund) by
7 \$3,000,000 to \$21,450,000, an infusion of general funds of
8 \$800,000 and to increase special fund departments/agencies
9 spending ceilings by \$2,926,000 that would exceed the current
10 spending ceiling and appropriation.

11 Section 3. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$800,000 for fiscal
13 year 2006-2007, to be deposited into the state risk management
14 revolving fund created in section 41D-4, Hawaii Revised
15 Statutes.

16 Section 4. There is appropriated out of the following
17 special funds of the following departments and agencies, the

1 combined sum of \$2,926,000 special funds for fiscal year 2006-
2 2007, to be paid into the state risk management revolving fund.
3 There is appropriated out of the special funds of the following
4 departments and agencies, the sums below for fiscal year 2006-
5 2007, to be paid into the state risk management revolving fund:

6 Business & Economic Development and Tourism

7 Foreign Trade Zone

8 BED 107 Foreign Trade Zone Special Fund \$ 6,000

9 Hawaii Tourism Authority

10 BED 113 Tourism Special Fund \$ 165,000

11 High Technology Development

12 Corporation/Hawaii Center

13 for Advanced Transportation

14 Technologies

15 BED 143 U.S. Air Force MORD-HEVDP \$ 4,000

16 High Technology Development

17 Corporation

18 BED 143 High Technology Special Fund \$ 5,000

19 Hawaii Community Development

20 Authority

21 BED 150 Hawaii Community Development

22 Revolving Fund \$ 42,000

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Transportation-Airports

TRN 195 Airports Division \$1,395,000

Transportation-Highways

TRN 595 Highways Division \$ 309,000

Hawaii Health Systems Corp.

HTH 210 Hawaii Health Systems Corporation Operating \$ 223,000

Hawaii Public Housing Authority

HMS 220 Rental Housing Program \$ 777,000

SECTION 5. There is appropriated out of the special funds of these departments and agencies the following sums for fiscal year 2006-2007:

Business & Economic Development and Tourism

Foreign Trade Zone

BED 107 Foreign Trade Zone Special Fund \$ 6,000

Hawaii Tourism Authority

BED 113 Tourism Special Fund \$ 165,000

High Technology Development

Corporation/Hawaii Center for Advanced Transportation Technologies

1	BED 143 U.S. Air Force MORD-HEVDP	\$ 4,000
2	High Technology Development	
3	Corporation	
4	BED 143 High Technology Special Fund	\$ 5,000
5	Hawaii Community Development Authority	
6	BED 150 Hawaii Community Development	
7	Revolving Fund	\$ 42,000
8	Transportation-Airports	
9	TRN 195 Airports Division	\$1,395,000
10	Transportation-Highways	
11	TRN 595 Highways Division	\$ 309,000
12	Hawaii Health Systems Corp.	
13	HTH 210 Hawaii Health Systems	
14	Corporation Operating	\$ 223,000
15	Hawaii Public Housing Authority	
16	HMS 220 Rental Housing Program	\$ 777,000

17 SECTION 6. There is appropriated out of the state risk
18 management revolving fund the sum of \$3,000,000 for fiscal year
19 2006-2007.

20 SECTION 7. All sums appropriated in this Act shall be
21 expended by the department of accounting and general services
22 for the purposes of this Act.

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1 SECTION 8. This Act shall take effect upon approval.

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INTRODUCED BY: Calvin K. Boy

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BY REQUEST

JAN 22 2007

JUSTIFICATION SHEET

DEPARTMENT: Accounting and General Services

TITLE: A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION FOR RISK MANAGEMENT.

PURPOSE: Make emergency appropriations of \$800,000 in general funds to the State Risk Management Revolving Fund for fiscal year 2006-2007; increase the State Risk Management revolving fund spending ceiling by \$3,000,000; and increase by \$2.93 million the special fund department's/agency's ceilings in fiscal year 2006-2007. These increases are required to cover expenditures relating to the \$4.3 million increase or 55% in the property insurance premium and the increase in the deductible from \$250,000 to \$1 million per occurrence. The increase in the cost of property insurance is a direct result of the losses sustained by the insurance companies resulting from Hurricanes Katrina and Rita, the State's recent history of 5 major school fires, the October 30, 2004 Manoa flood losses, and the October 15, 2006 earthquake. The increase in the deductible is directly related to the State's loss history.

MEANS: Emergency appropriation.

JUSTIFICATION: Due to the increased property insurance premium and the increased deductible the State Risk Management's Revolving Fund is projected to have expenditures in excess of the amounts appropriated by the Legislature for the State risk management program for fiscal year 2006-2007. The emergency appropriation of general funds and spending ceiling increase for the State Risk Management Revolving Fund and the increase in the special fund programs ceilings requested by this bill are essential to fund the State's risk management program.

The general fund recommendation included in this measure has been made in accordance with the statutorily defined appropriation ceiling for the Executive Branch pursuant to section 37-92, Hawaii Revised Statutes. Including appropriations made up to and including the regular session of 2006, the Executive Branch appropriation ceiling for fiscal year 2006-2007 has already been exceeded by \$415,349,859 or 8.51 percent. Funding requested in this measure is required to cover expenditures relating to the 55% increase in the property insurance premium and increased deductible and will result in the appropriation ceiling for the Executive Branch to now be exceeded in fiscal year 2006-2007 by \$800,000, or 0.02 percent. This current declaration takes into account additional general fund appropriations authorized in fiscal year 2006-2007 in this measure only, and does not include other general fund appropriations for fiscal year 2006-2007 that may be authorized for the Executive Branch in other legislation submitted to the Legislature during the regular session of 2007.

Impact on the public: If this emergency appropriation is not approved, the current level of \$100,000,000 in property coverage (\$40,000,000 for flood, earthquake and hurricane) will be reduced to the levels which can be afforded and/or the deductibles or self-insured limits will be increased. The later actions will increase the State's portion of a loss. It should be noted that the estimated value of the property covered under the policy is \$13.5 billion.

Impact on department and other agencies: Allows for the expenditure of funds to maintain the current level of property insurance coverage and pay claims.

GENERAL FUND: \$800,000.

OTHER FUNDS: Special Funds: \$2,926,000 revolving fund.

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PPBS PROGRAM
DESIGNATION: AGS-203/Risk Management.

OTHER AFFECTED
AGENCIES: Special funded departments/agencies.

EFFECTIVE DATE: Upon approval.