



STATE OF HAWAII
DEPARTMENT OF HEALTH
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Testimony in SUPPORT of S.B. 1118
Making an Emergency Appropriation to the Department of Health for Hazard Evaluation
and Emergency Response Preparedness

SENATOR JILL N. TOKUDA, CHAIR
SENATE COMMITTEE ON WAYS AND MEANS

Hearing Date: **February 24, 2015**
8:55a.m.

Room Number: 211

1 **Fiscal Implications:** \$1,050,000 in general funds.

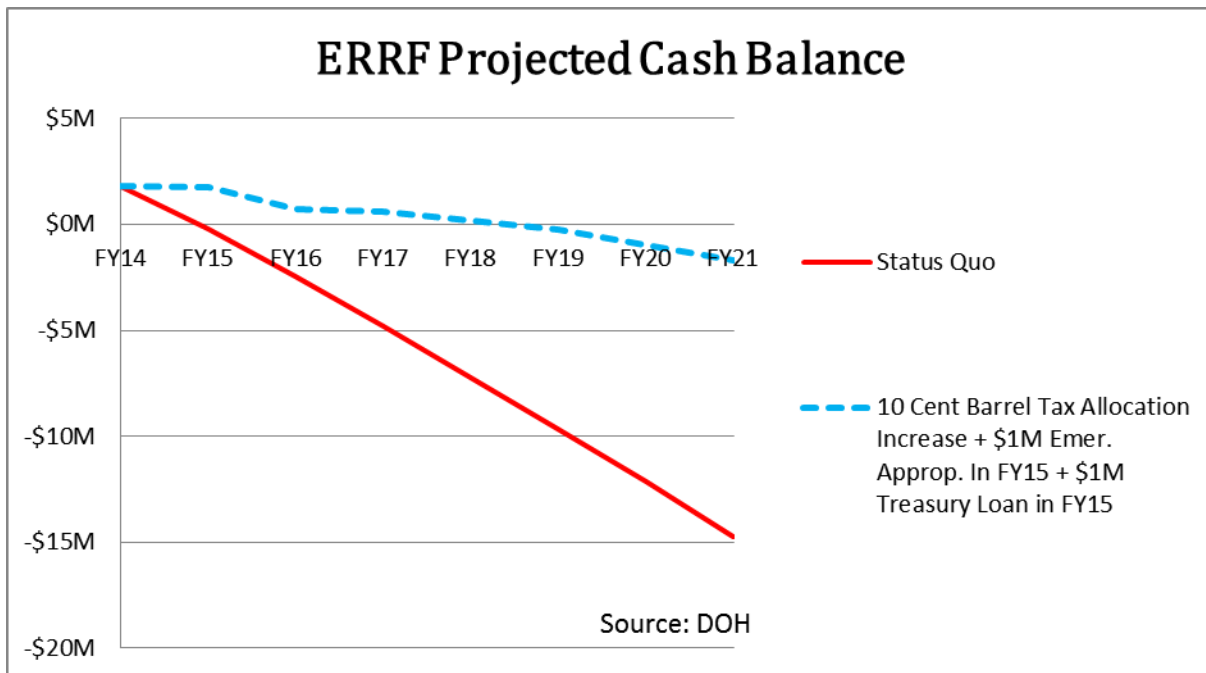
2 **Department Testimony:** The Department **STRONGLY SUPPORTS** this administration
3 measure, which requests an emergency appropriation of \$1,050,000 so that it can cover payroll
4 and administrative expenses for its environmental protection programs and respond to any
5 unforeseen environmental emergencies, like oil spills, for the remainder of the fiscal year. These
6 expenses are normally covered by the Department's Environmental Response Revolving Fund,
7 which receives 5 cents of the \$1.05 Barrel Tax that is levied on every barrel of oil imported into
8 Hawaii, however because of the State's reduced consumption of oil over the last several years,
9 ERRF revenues have steadily declined by ~5% per year.

10 The ERRF is on a path to drop below zero cash balance before the end of this fiscal year when it
11 will no longer be able to support the 41 positions within the Department (31 filled positions) that
12 depend on it for funding. These include positions that respond to oil spills and hazardous
13 material releases, as well as positions that work on important environmental issues, like State
14 water quality monitoring, contaminated site remediation, and management of solid and
15 hazardous waste.

16 The Department has done a number of things to try to sustain the ERRF during this time of
17 financial crisis, including instituting a hiring freeze and unencumbering contracts, but this has
18 only succeeded in extending the time until the ERRF reaches zero balance by a few months.
19 Without adequate ERRF capitalization, the Department will need to begin the process of laying
20 off program staff as early as April 2015. The ERRF's dangerously low balance also means that

1 there is no reserve money available to fund any Departmental response to environmental
2 emergencies, like the response that was necessary during the Honolulu Harbor Molasses Spill.

3 In order to remedy this situation, the Department is requesting the one-time Emergency
4 Appropriation of \$1,050,000 in this measure, as well as a \$1 million loan from the State
5 Treasury, and a 10 cent increase in the Department's Barrel Tax allocation for the ERRF (H.B.
6 941/S.B. 1110). The Department of Budget and Finance and the Governor's Office are currently
7 considering the Treasury Loan. The Emergency Appropriation, Treasury Loan, and 10 cent
8 Barrel Tax allocation increase would sustain the ERRF until FY 2018 (see graph below), and
9 would help ensure the Department's ongoing ability to support the 41 ERRF-funded positions
10 while it works on finding a more viable, long-term source of funding.



11
12 Supporting this measure will help to ensure the State's ongoing environmental emergency
13 response capability, as well as maintain vital water monitoring, drinking water, and solid and
14 hazardous waste program staff.

15 Thank you for the opportunity to provide testimony on this important measure.