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STATE OF HAWAI'I
DEPARTMENT OF DEFENSE
HAWAI'I EMERGENCY MANAGEMENT AGENCY

TESTIMONY ON SENATE BILL 3067 SD1
RELATING TO EMERGENCY MANAGEMENT

BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS

BY

JAMES DS. BARROS
ADMINISTRATOR
HAWAI'I EMERGENCY MANAGEMENT AGENCY

FEBRUARY 28, 2024

Aloha Chair Dela Cruz, Vice-Chair Moriwaki, and Members of the Committee:

Thank you for the opportunity to submit testimony to **SUPPORT** SB 3067 SD1.

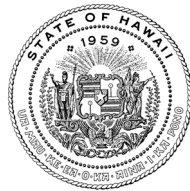
The response provided by the State of Hawai'i following the devastating August wildfires on Maui identified immediate challenges presented by an emergency. HI-EMA strongly **SUPPORTS** SB 3067 SD1 for its guidance concerning establishment of an actionable fund to be used before, during, and after a hurricane. Maintaining a \$5,000,000 buffer from the general excise tax revenues offers emergency managers an immediate source of crucial funding to access when time is critical.

HI-EMA also supports placing this money in investment accounts to assure it is working for the benefit of the state provided that its passage does not replace or adversely impacts priorities indicated in the Executive Budget.

We encourage passage of this measure as another monetary tool available in the event of emergencies.

Thank you for the opportunity to provide testimony on Senate Bill 3067 SD1.

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WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 3067, S.D. 1

February 28, 2024
10:01 A.M.
Room 211 and Videoconference

RELATING TO THE HURRICANE RESERVE TRUST FUND

The Department of Budget and Finance (B&F) strongly supports S.B. 3067, S.D. 1, an Administration bill to move the Hurricane Reserve Trust Fund into the State Treasury. This measure also makes a housekeeping amendment to repeal an obsolete portion of section 237-31, HRS, that related to the replenishment of funds transferred from the Hurricane Reserve Trust Fund in 2011.

The state treasury maintains an investment pool consisting of participating state accounts. Funds within the state treasury are prudently managed to achieve the investment objectives of safety, liquidity, and yield, in priority order. The investment pool also enables the achievement of economies of scale for the effective and efficient management of funds and enhances the State's liquidity position.

Presently, under section 431P-16, HRS, the Hurricane Reserve Trust Fund is established outside the state treasury under the direction of a board. Although established outside the state treasury, by statute, interest earned from the principal in the Hurricane Reserve Trust Fund is transferred and deposited into the general fund each year.

The amount of interest earned from the principal in the Hurricane Reserve Trust Fund and deposited to the general fund has fluctuated over the years. For the past several years, the fund has been invested by a bank trust division and operations have been dormant. At this time, it would be in the State's best interest to place the Hurricane Reserve Trust Fund within the state treasury. The transfer will also align investment objectives as the interest on the principal belongs to the general fund.

B&F has had discussions with the Department of Commerce and Consumer Affairs, which administers the Hurricane Reserve Trust Fund, on the changes proposed in this bill, and all are in agreement.

Thank you for your consideration of our comments.

TAX FOUNDATION OF HAWAII

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SUBJECT: GENERAL EXCISE, Repeal Obsolete Earmark to Hurricane Reserve Trust Fund

BILL NUMBER: SB 3067 SD 1

INTRODUCED BY: Senate

EXECUTIVE SUMMARY: Moves the Hurricane Reserve Trust Fund into the State Treasury and makes other housekeeping amendments relating to the Fund.

SYNOPSIS: Amends section 237-31, HRS, to delete general excise tax earmark (2) for transfers to and from the hurricane relief fund

Amends section 431P-16, HRS, to delete 1) the requirement that the hurricane reserve trust fund be outside the state treasury, 2) board discretion and 3) requirement that moneys be invested and reinvested in accordance with the plan of operation.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: As it relates to the General Excise Tax Law, the bill makes a housekeeping amendment to repeal an obsolete portion of section 237-31, HRS, that related to the replenishment of funds transferred from the Hurricane Reserve Trust Fund in 2011.

Digested: 2/26/2024