

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA
P.O. BOX 621
HONOLULU, HAWAII 96809

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
RYAN K.P. KANAKA'OLE
FIRST DEPUTY
CIARA W.K. KAHAHANE
DEPUTY DIRECTOR - WATER
AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES
ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**Testimony of
RYAN K.P. KANAKA'OLE
Acting Chairperson**

**Before the House Committee on
FINANCE**

**Tuesday, April 7, 2026
2:00 PM
State Capitol, Conference Room 308**

**In consideration of
SENATE BILL 2921, SENATE DRAFT I
RELATING TO STATE FUNDS**

Senate Bill 2921, Senate Draft 1 (SB2921, SD1) proposes to transfer the excess balances of various non-general funds to the general fund. **The Department of Land and Natural Resources (Department) opposes this measure for the reasons stated below.**

S-302-C Conservation & Resources Enforcement

Purpose: The Conservation & Resources Enforcement Special Fund was administratively established to receive funds from the Boating Special Fund to fund marine patrol responsibilities that were transferred from the Department of Public Safety to the Department's Division of Conservation and Resources Enforcement (DOCARE).

Impact: The remaining balance in the Conservation and Resources Enforcement Special Fund is currently inaccessible due to expenditure ceiling limitations. DOCARE previously requested an increase to the fund's ceiling to allow use of the remaining balance for the purchase of a patrol boat; however, this request was not approved through the budget process. As a result, the remaining funds cannot be expended at this time. Accordingly, transferring the remaining balance would have minimal operational impact on DOCARE.

S-303-C Water and Land Development

Purpose: Provides funding for geothermal/mineral resource management responsibilities and to address public safety related to rockfalls or slope movement on lands under the jurisdiction of DLNR.

Impact: The program will be unable to carry out its geothermal and mineral resources management responsibilities to protect public safety, preserve resource viability for future generations, and address rockfall and slope movement hazards on lands under the Department's jurisdiction. These funds are also essential for the effective regulation of geothermal mining operations, including required training and workshops, as well as geothermal monitoring, assessment, equipment, and related personnel costs.

S-305-C Parks Administration and Operation

Purpose: Transient Accommodations Tax (TAT) funding was authorized by the Legislature in 2003 and again in 2005. The Legislature allocated \$1 million of TAT revenues to the Department for State Parks (\$900k) and Na Ala Hele Trails and Access Program (\$100k) in recognition of the critical nexus of these resources and the tourism industry. Over the ensuing 16 years there have been several legislative measures and statutory amendments to the allocation of the TAT to the Department for deposit into the Special Land Development Fund (SLDF) and then disbursed to various divisions within the Department. For the past several budget cycles, the \$3 million currently allocated to the Department has been used by State Parks, Office of Conservation and Coastal Lands, and DOCARE.

Impact: State Parks relies on these funds to support lifeguard services at Keawaula, O'ahu. The funds are fully utilized each year, and State Parks is currently negotiating services for FY26 and FY27 based on the availability of this funding.

If these funds are transferred, State Parks would be required to identify and reallocate resources from other programs to sustain lifeguard coverage, which could impact operations elsewhere. Maintaining this funding source is critical to ensuring uninterrupted public safety services at this location.

S-306-C Na Ala Hele Program

Purpose: This fund was administratively established to account for the collection of the Highway Fuel Tax collected under Chapter 243, Hawaii Revised Statutes (HRS), Contributions, Fees, etc., to implement the Hawai'i Statewide Trail and Access Program (Na Ala Hele).

Impact: This fund is supported by revenues from the State Fuel Tax, commercial use fees, camping and access fees, as well as private donations and grants, and is dedicated to sustaining the Division of Forestry and Wildlife's Na Ala Hele Trail and Access Program. These funds directly support essential management and public safety functions, including trail hazard mitigation, routine trail upkeep and maintenance, installation and maintenance of hazard signage, invasive species control along trail corridors, historic trail research and monitoring, and coordination of seven public advisory councils.

The Na Ala Hele Trail and Access Program is responsible for overseeing more than 262 trails and access roads statewide, totaling approximately 540 miles. The scope and geographic breadth of this system require consistent and reliable funding to ensure safe public access, resource protection, and regulatory compliance.

Without this funding source, the program would face significant operational constraints and would be unable to effectively carry out its statutory responsibilities under HRS §198-D. The

loss of these funds would directly impact trail safety, environmental stewardship, and public access statewide.

S-309-C Bureau of Conveyances Special Fund

Purpose: To support the mission of the Bureau of Conveyances (BOC) which is to serve and protect the public by providing for an accurate, timely, and permanent system of recording, maintaining, preserving and secure accessibility to all documents dealing with real property, Uniform Commercial Code (UCC) forms and maps for the State of Hawai'i. This includes but is not limited to the planning, design, construction and acquisition of equipment, furnishings, software and addition of permanent and temporary staffing necessary for the daily operations, administration and continued improvement of the BOC recording office.

Impact: Transferring funds from the BOC Special Fund would have immediate and far-reaching consequences for Hawai'i's real estate and land management systems. The BOC is responsible for recording all real property transactions statewide, forming the legal foundation for property ownership, lending, development, and taxation. Any disruption in its operations would directly affect property transfers, land use management, and the timely processing of conveyance tax forms—an important and recurring source of State revenue.

BOC also plays a critical role in guaranteeing ownership for Land Court-registered properties and is actively addressing a certification backlog to ensure records remain accurate and legally reliable. At the same time, it is completing the final phase of a comprehensive digitization initiative to expand public access to recorded documents and property maps. This modernization effort strengthens transparency, improves efficiency, supports the real estate and financial sectors, and helps prevent title theft and fraud.

Reducing funding at this stage would significantly delay or halt these essential functions. The result would be slower transaction processing, prolonged backlogs, diminished revenue collection efficiency, and increased vulnerability in the State's property recording system. Ultimately, insufficient funding would jeopardize the reliability and integrity of Hawai'i's land records system—an essential pillar of economic stability and public trust in property ownership protections.

S-312-C State Parks Special Fund

Purpose: The State Parks Special Fund was established under Chapter 184, HRS, and includes all proceeds collected by the State Parks programs including park user fees, leases or concession agreements, the sale of any article purchased from the Department to benefit State Parks programs, or any gifts or contributions. Chapter 184, HRS, allocates funds for the following purposes: (1) Permanent and temporary staff positions (now funded by general funds); (2) Planning and development of State Parks programs; (3) Construction, repairs, replacement, additions, and extensions of State Parks facilities; (4) Operation and maintenance costs of State Parks and State Parks programs; and (5) Administrative costs of the Division of State Parks. Additionally, within the State Parks Special Fund, there is a Diamond Head State Monument sub-account, into which shall be deposited fifty-five per cent of all proceeds collected from the admission fees charged at the Diamond Head State Monument, which are used for repair, maintenance, and operating costs.

Impact: Transferring funds from the State Parks Special Fund at this time would significantly disrupt current and planned operational and capital initiatives. These funds are integral to the strategy of offsetting the requested 27 positions, allowing general funds to be directed toward sustaining these critical staffing needs. A reduction in available special funds would undermine this plan and create additional pressure on the operating budget.

In addition, State Parks is actively addressing a substantial backlog of repairs, deferred maintenance, and facility improvements across the system. Diverting funds would delay or scale back work that is already underway and essential to public safety, resource protection, and visitor experience.

The transfer would also jeopardize major upcoming and in-progress projects, including the Wahiawā–Lake Wilson project, the Wailuku River State Park extension and expansion, and long-needed upgrades to ADA-accessible campsites. These initiatives represent significant commitments to accessibility, community access, and infrastructure improvement statewide.

Given these operational and capital demands, State Parks respectfully requests that funds not be transferred at this time. Allowing the Division to complete critical repairs, improvements, and priority projects will provide a more accurate basis to re-evaluate the operating budget within the next five years.

S-316-C Special Land and Development Fund

Purpose: For the planning, development, management, operations, or maintenance of all lands (including submerged lands) under the control and management of the Board of Land and Natural Resources (BLNR), including but not limited to staff positions.

Impact: The unencumbered cash balance of the Special Land and Development Fund (SLDF) is currently about \$47.5 million. Diverting an undisclosed amount to the general fund could deplete the fund. SLDF funds all of Land Division, the Office of Conservation and Coastal Lands, as well as positions in the Engineering Division, Commission on Water Resource Management, and the Chairperson's Office.

Total appropriation for transfers and operating expenditures for FY26 is approximately \$24.5 million of which \$9.1 million has been transferred to other programs and approximately \$8.7 million has already been expended as of February 26, 2026.

We also understand that SLDF is now securitized to assure that the State can meet its debt service obligations to bondholders. In addition to continuing operating expenses, SLDF is obligated to pay the debt service for the demolition of Uncle Billy's in Hilo which is approximately \$14 million.

To ensure sufficient funds for operations and debt service payments, the Department requests that an amount equal to at least two years of transfers/operating expenses and expected debt service payments be retained in SLDF at all times. Further, operating expenses increase each year. Therefore, the Department requests that at least \$50 million be left in SLDF.

S-311-C/S-317-C Land Conservation Fund/Legacy Land Conservation Fund

Purpose: Act 156, Session Laws of Hawai'i (SLH) 2005 established permanent adequate funding for land conservation by increasing the conveyance tax on a sliding scale and dedicating ten per cent of the annual proceeds from the conveyance tax to the Land Conservation Fund. The Legacy Land Conservation Program (LNR102) invests the proceeds received to protect the State's natural capital base by conserving land for watershed protection, coastal preservation, flood prevention, parks, habitat protection, cultural preservation, agricultural production, and open space and scenic resources.

Impact: In 2025, the Legislature appropriated \$9,034,784 for the fiscal year 2026-2027 (FY27) land conservation fund. About \$2.4 million in unencumbered funds from previous years will be available at the start of FY27. Estimated FY27 revenue of \$5.2 million brings total available FY27 funding up to \$7.6 million, leaving about \$5.3 million available for FY27 land acquisition grant awards (down from \$7 million in FY26). By FY28, annual funding for land acquisition grant awards will drop to about \$2.9 million and will remain at that level indefinitely, absent legislative action to increase land conservation fund revenues.

The land conservation fund has zero dollars in excess of its requirements, and the Department recommends that the Legislature refrain from authorizing the transfer of moneys from the land conservation fund to the general fund.

S-325-C Beach Restoration Special Fund

Purpose: The Beach Restoration Special Fund was created by Act 84, SLH 1999. The purpose of the Act was to combat the loss of our beaches by establishing a revenue source for beach and dune restoration projects.

Impact: The current expenditure ceiling for this fund is \$1 million. It has a baseline annual revenue of approximately \$600,000 derived from seawall easement leases, TAT allocations, and application processing fees for coastal projects. Additional revenue is generated from fines associated with unauthorized shoreline structures; however, these collections are unpredictable and can fluctuate significantly from year-to-year.

This variability makes it essential to retain unencumbered balances to ensure program stability. The fund supports community-based dune and shoreline restoration efforts statewide by assisting community groups with project planning, technical development, and direct financial support. These projects require sustained, multi-year commitments to be effective, as beach and dune restoration is inherently long-term and dependent on continued monitoring, maintenance, and adaptive management.

Transferring the unencumbered balance would undermine our ability to honor existing commitments and initiate future restoration efforts. Without sufficient reserves, we would be unable to provide consistent support for beach protection and shoreline resilience projects statewide, potentially compromising both environmental stewardship and community partnerships.

S-326-C Water Resource Management Fund

Purpose: Provides supplemental financial assistance to Commission on Water Resource Management (Commission) in order to carry out the mandates of the State Water Code to

protect Hawai'i's water resources and provide for maximum beneficial use of water for present and future generations. Allows revenues generated by the Commission to be used for activities to carry out these mandates.

Impact: The Fund provides critical supplemental support for activities that are core to the Commission's mandate to protect Hawai'i's water resources and ensure their reasonable and beneficial use for present and future generations. Revenues deposited into the fund are generated from user fees and fines and are intended to be reinvested directly into water resource management, including monitoring, data collection, scientific studies, and other technical work that informs regulatory and planning decisions. The fund also serves as a financial backstop for extraordinary and unpredictable expenses, particularly contested case hearings. These proceedings are constitutionally and statutorily required in certain matters and can be complex, lengthy, and costly—often exceeding the excess amounts available in the Commission's annual budget. Without access to the fund, adjudication of important issues, including proceedings related to the issuance of water use permits, would be delayed.

S-328-C Dam and Reservoir Safety Special Fund

Purpose: Provides funding to reduce the risk of flooding to public safety and property from the failure of dams.

Impact: The Legislature established this fund in 2007 in response to the 2006 Kaloko Dam breach, which killed seven people and caused extensive property and environmental damage on the island of Kaua'i. The fund directly supports the Dam and Reservoir Safety Program to conduct dam safety investigations and cover staff expenses for inspections, updating of regulatory guidelines, review of dam safety permit applications, training for dam owners, local consultants and emergency response agencies, updating hazard classifications, modeling and identifying dam break inundation area, maintaining a current inventory of dams and their Emergency Action Plans, real-time monitoring of dam water level gages, enforcement actions and providing a source of emergency response funds for dam remediations/interventions and emergency inspections.

The LNR810 program has a general fund appropriation, but it supports a Planner V position to implement and administer the Dam and Appurtenance Improvement and Removal Grant Program (DAIRGP) under Act 134, SLH 2023. DAIRGP helps private owners of high-hazard dams in poor or unsatisfactory conditions initiate studies and projects to reduce or remove risks to the public. The Dam and Reservoir Safety Program is sustained through special funds, with additional staff support from SLDF. Any decrease in this special fund would increase risk to life and safety in downstream communities.

S-341-C Ocean Stewardship Special Fund

Purpose: The Ocean Stewardship Special Fund was established by the Legislature primarily to hold Ocean Stewardship User Fees generated pursuant to Act 46, SLH 2021. Pursuant to HRS §187A-51, the Ocean Stewardship Special Fund shall be used to: (1) Develop and carry out marine resource conservation, restoration, enhancement, research, regulatory measures, enforcement actions, educational activities, or any other management measure intended to conserve, restore, and enhance marine resources under the jurisdiction of the State; (2) Develop and carry out restoration and compensatory mitigation measures for impacts to the marine environment, including impacts to the marine environment from federal or state

permitted actions, or violations of subtitle 5 of title 12 or any rule adopted thereunder; and (3) Install, maintain, and replace day use mooring buoys and other infrastructure to reduce impacts to the marine ecosystem.

Impact: The Department's Division of Aquatic Resources (DAR) has begun funding ocean stewardship projects using these special funds, many of which are multi-year initiatives that will require continued funding to succeed. Currently funded projects include:

- Marine debris removal
- Statewide marine resource assessments
- Statewide day-use mooring buoy program management
- Chondria (invasive algae) research
- Water quality coordination
- Oahu coral restoration

DAR is also currently in the solicitation or planning process on a number of projects (many of which involve close collaboration with community partners), including:

- Coastal water quality monitoring on Maui
- Maui estuary and stream surveys
- Intertidal monitoring
- Restorative aquaculture
- Anchialine Pool Restoration
- Aquatic invasive species removal/control
- Wetland restoration in Maunalua Bay and West Loch

Transferring the unencumbered balance of the Ocean Stewardship Special Fund to the General Fund would immediately disrupt ongoing ocean stewardship initiatives and effectively halt the planning and development of future projects. Many of these efforts require multi-year coordination, community partnerships, and long-term resource commitments. Removing the available balance would create significant funding uncertainty, making it difficult to sustain or enter into future project agreements.

Equally important, the Ocean Stewardship Special Fund was established with the clear expectation that its revenues would be dedicated to ocean stewardship and marine resource management. Diverting these funds away from their intended purpose would erode public trust, particularly among stakeholders, community partners, and contributors who expect that these monies will be reinvested directly into protecting Hawai'i's marine resources. Maintaining the integrity of the fund is essential not only for program continuity, but also for upholding transparency, accountability, and public confidence in the State's stewardship of ocean resources.

S-347-C Forest Stewardship Fund

Purpose: The purpose of the fund is to support the Forest Stewardship Program and collect forest product revenue to use for: 1) replanting, managing, and maintaining timber management areas, 2) enhancing forest reserves with focus on koa forest management, and 3) developing environmental education and training programs.

Impact: This fund is supported by revenue generated from forest products harvested within statewide forest reserves and is reinvested directly back into the management and stewardship

of those same lands. These revenues are critical to carrying out core responsibilities, including reforestation, invasive species control, forest health monitoring, fire risk reduction, and long-term resource protection.

Maintaining this fund is essential to sustainable forest management. Without it, the Division would lack the dedicated resources necessary to restore harvested areas, manage invasive threats, and ensure the long-term productivity and resilience of our forest reserves. These lands do not only produce timber, they provide vital public benefits such as watershed protection for drinking water supplies, carbon sequestration, wildlife habitat, cultural resources, and recreational access.

A reduction or diversion of this funding would directly undermine the State's ability to manage and regenerate its forest resources, placing long-term ecological and economic benefits at risk. Retaining this fund ensures that revenues generated from forest use are reinvested to sustain and protect these public trust resources for future generations.

S-348-C Sport Fish Special Fund

Purpose: The Sport Fish Special Fund was established by Section 187A-9.5, HRS, in 1993. Moneys mainly collected as fees for sport fishing licenses and permits are deposited into the fund. Expenditures from the Sport Fish Special Fund shall be limited to programs and activities to implement Title 12, Subtitle 5, including the provision of state funds to match federal grants under the Federal Aid in Sport Fish Restoration Act, for acquisition of the use, development, or maintenance of trails and accessways into public fishing areas, fishery management areas, marine life conservation districts, or private lands where public sport fishing is authorized, and for research programs and activities concerning sport fish conservation and management. Research programs and activities conducted by personnel of the Department or through grants-in-aid to or contracts with the University of Hawai'i or other qualified organizations or individuals. The proceeds of the Sport Fish Special Fund shall not be used as security for or pledged to the payment of principal or interest on, any bonds or instruments of indebtedness. The Department may use moneys in the Sport Fish Special Fund for the importation into, and the management, preservation, propagation, enforcement, and protection of sport fishes in, the State; provided that the Department, prior to authorizing expenditures or expending funds from the Sport Fish Special Fund, first shall attempt to use those funds to maximize the State's participation to secure federal funds under the Federal Aid in Sport Fish Restoration Act as amended. The State is required to have (and does have) legislation that prevents diversion of fishing license fees from the control of the State's fisheries agency. The use of license fee "is limited to functions required to manage the agency and the fish resources for which the agency has authority under state law."

Impact: Any transfer of funds from the Sport Fish Special Fund to the General Fund would trigger noncompliance with federal requirements under the Sport Fish Restoration Program. As a condition of receiving federal funds, the State must ensure that revenues derived from fishing licenses and related sources are used exclusively for fisheries management and related eligible purposes. Diverting these funds, even partially, would render Hawai'i ineligible for participation in the program.

The financial consequence would be significant. Hawai'i would forfeit approximately \$3.5 million annually in federal Sport Fish Restoration funds, dollars that directly support fisheries

conservation, habitat restoration, boating access improvements, aquatic resource monitoring, enforcement, and public fishing programs statewide.

In effect, transferring state funds would not only reduce available local resources but would also result in the loss of substantial federal matching funds, creating a compounded financial impact. Maintaining the integrity of the Sport Fish Special Fund is essential to preserving federal eligibility, sustaining critical fisheries programs, and protecting the long-term health of Hawai'i's aquatic resources and recreational fishing opportunities.

S-349-C Conservation and Resources Enforcement

Purpose: This fund was established to deposit grants, awards, donations, gifts, transfers, or monies derived from public or private sources for purposes of enforcing the provisions of Title 12, Chapters 6D, 6E, and 6K, HRS.

Impact: The Conservation and Resources Enforcement Special Fund established under HRS §199-1.5, is a critical operational funding source for the Division of Conservation and Resources Enforcement (DOCARE). It serves as the mechanism through which DOCARE receives and expends its allocated share of TAT revenues, funds specifically intended to support enforcement activities in areas heavily utilized by visitors.

These funds directly support frontline operations. They are used to pay for overtime worked by Conservation and Resources Enforcement Officers, allowing DOCARE to maintain enhanced patrol coverage in high-traffic visitor areas, including state waters, state parks, and beaches. Without this funding, DOCARE's ability to provide adequate enforcement presence in these locations would be significantly reduced.

In addition to personnel costs, the appropriation supports essential operational infrastructure and services. For example, it funds the CODY Records Management System, which is critical for case tracking, reporting, and information management, as well as other necessary equipment, goods, and services required for officers to effectively carry out their public safety and resource protection responsibilities.

Any reduction or transfer of funds from this appropriation would directly impact DOCARE's enforcement capacity, particularly in visitor-impacted areas, and would weaken the State's ability to protect natural and cultural resources while ensuring public safety. Maintaining this funding source is essential to sustaining DOCARE's mission and operational readiness statewide.

S-350-C Dam Appurtenance Improvement or Removal Grant Program

Purpose: Provides funding and reappropriates funds for the Dam and Appurtenance Improvement or Removal Grant Program (DAIRGP) to support the improvement or removal of deficient high and significant hazard dams which are in poor or unsatisfactory condition in the State and pose a risk to public safety.

Impact: This fund was established to support the State Dam and Appurtenance Improvement or Removal Grant Program, which provides assistance for the removal or remediation of privately owned dams with hazardous deficiencies that threaten public safety. Many of these

dams date to the plantation era and are now owned by homeowners or homeowners' associations that lack the financial capacity to address the hazards.

The Department has developed this grant program and special fund to sustain this critical State initiative. The program is especially important given increasing extreme climate events and the uncertainty surrounding federal funding and authorization. Demand for assistance has already exceeded the \$5,000,000 seeding, demonstrating a clear need for continued support.

Given the limited funding available, the Department awarded grants to only two facilities in order to maximize the likelihood of full hazard remediation rather than partial planning or design work. Any reduction in this special fund may prevent completion of these projects and eliminate the State's ability to assist future owners of hazardous dams who cannot afford rehabilitation.

Federal dam safety rehabilitation funding remains uncertain and may be reduced or eliminated. Without this program, affected property owners may face liens or other enforcement actions that could result in foreclosure or forced sale to finance required remediation.

S-359-C/S-360-C Ocean-based Recreation/Boating Special Fund

Purpose: This fund was established pursuant to HRS §248-8 to collect revenues to implement boating and ocean recreation programs.

Impact: These funds constitute the primary funding sources for the Division of Boating and Ocean Recreation (DOBOR) and enable the Division to fulfill the thirteen statutory mandates set forth in HRS §200-3. Combined, these two funds generate approximately \$30 million annually and support the operation, maintenance, and administration of the State's 16 small boat harbors, numerous boating facilities and launch ramps, and the statewide vessel registration and titling program, which has jurisdiction over all ocean waters surrounding Hawai'i out to three nautical miles from shore.

The scope and complexity of this responsibility are significant. DOBOR oversees commercial and recreational ocean activities statewide, including permitting, regulation, enforcement coordination, safety oversight, and conflict resolution among diverse ocean users. These responsibilities are essential to protecting public safety, preserving natural resources, and ensuring equitable and sustainable access to ocean waters.

DOBOR makes every effort to encumber available funds to advance the goals of the ocean recreation program, including improving management systems, enhancing oversight, and supporting safety initiatives. However, any transfer or reduction of unencumbered funds would directly constrain DOBOR's operational capacity. It would limit DOBOR's ability to effectively manage increasing commercial and recreational ocean use, address user conflicts, modernize oversight systems, and maintain safe conditions on the water.

Given the growing demand on Hawai'i's ocean resources and the State's responsibility to manage them responsibly, maintaining the integrity of these funds is critical to ensuring safe, sustainable, and well-regulated ocean recreation statewide.

These funds are not surplus; they are fully committed to sustaining essential public infrastructure. DOBOR makes every effort to encumber available funds to address critical repair

and maintenance needs across its facilities. However, DOBOR faces an estimated deferred maintenance backlog exceeding \$1 billion. This backlog continues to grow due to historical underfunding, rising construction and material costs, and inflationary pressures.

Given the scale of the infrastructure responsibilities and the existing maintenance deficit, any reduction or transfer of unencumbered funds would directly impair DOBOR's ability to address urgent repairs, maintain safe boating facilities, and prevent further deterioration of public assets. Retaining these funds is essential to protecting public safety, preserving revenue-generating facilities, and ensuring the State can responsibly manage and maintain its boating infrastructure system.

Thank you for the opportunity to comment on this measure.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
KA 'OIHANA PONO LIMAHANA

April 7, 2026

To: The Honorable Chris Todd, Chair,
The Honorable Jenna Takenouchi, Vice Chair, and
Members of the House Committee on Finance

Date: Tuesday, April 7, 2026
Time: 2:00 p.m.
Place: Conference Room 308, State Capitol

From: Jade T. Butay, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. 2921 S.D.1 RELATING TO STATE FUNDS

The **DLIR respectfully opposes** this measure, which would transfer unspecified amounts from the Boiler and Elevator Safety Revolving Fund, the Boiler and Elevator Revolving Fund, and the Employment and Training Fund (ETF). Although the Purpose section states that the intent is to transfer balances exceeding one year of operating expenses to the general fund, the Boiler and Elevator Revolving Fund has maintained a balance of approximately one year of operating funds for the past three years. The Department anticipates this trend will continue.

§383-128 (b)(1) authorizes the use of ETF moneys for "The operation of the state employment service for which no federal funds have been allocated." At present, the ETF balance is smaller than the federal workforce grants the Department receives. Under the current federal administration, workforce funding has faced delays, reductions, temporary eliminations, and later restorations. Planning amid shifting federal policies and limited fiscal certainty has created ongoing challenges. In this environment, the ETF serves as a critical backstop, allowing the State to maintain continuity of workforce programs during periods of federal uncertainty, delayed grant approvals, or interruptions in funding distribution.

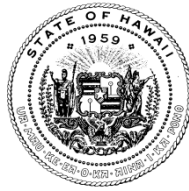
Moreover, the Department is preparing to deploy ETF funds in response to the recent Kona Low storm systems while awaiting the potential availability of a National Dislocated Worker Grant (DWG) under the Workforce Innovation and Opportunity Act (WIOA). The Department previously received a \$10.5 million DWG following the Maui wildfires, which supported temporary employment opportunities for up to one year to help mitigate the disaster's employment and economic impacts. Preliminary discussions for the Kona Low response include support for the agricultural sector as well as humanitarian assistance. These grants provide funding to create temporary employment

opportunities that assist with cleanup and recovery efforts when an area affected by an emergency or major disaster is declared eligible for public assistance by the Federal Emergency Management Agency (FEMA).

The Department also notes that it operates under a U.S. Department of Labor (U.S. DOL) approved cost allocation agreement, in which the Unemployment Insurance (UI) Division is reimbursed for the costs of collecting employer-paid taxes deposited into the ETF pursuant to HRS §383-129. As a result, the ETF balance must be sufficient to cover the UI Division's collection costs. If the ETF balance is insufficient, the DLIR is required to notify the U.S. DOL and may be found to be out of compliance with the cost allocation agreement.

The DLIR fully recognizes the Legislature's responsibility to balance the State's budget and appreciates the difficult decisions that must be made to meet that obligation. We respectfully ask that these considerations be weighed carefully as you evaluate this measure, particularly the potential impact on the boiler and elevator safety program, workforce program stability, and federal funding obligations.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

EDWIN H. SNIFFEN
DIRECTOR
KA LUNA HO'OKELE

Deputy Directors
Nā Hope Luna Ho'okele
DREANALEE K. KALILI
TAMMY L. LEE
CURT T. OTAGURO
ROBIN K. SHISHIDO

Tuesday, April 7, 2026
2:00 p.m.
State Capitol, 308

**SB2921, SD1
RELATING TO STATE FUNDS**

House Committee on Finance

The Hawaii Department of Transportation (HDOT) opposes S.B. 2921, SD1, to the extent that it proposes to transfer HDOT non-general fund account balances to the general fund.

HDOT non-general funds/enterprise/special funds are distinguished from all other non-general funds addressed in this bill, such that HDOT funds are unavailable and unallowable for transfer to the general fund due to significant inherent legal, contractual, economic, and operational restrictions that govern the use of HDOT funds that support Hawaii's statewide critical infrastructure system of airports, harbors, and highways.

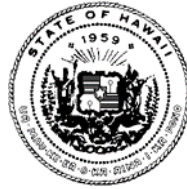
Amounts in the Airport Revenue Fund, the Rental Motor Vehicle Customer Facility Charge Special Fund, Passenger Facility Charge Special Fund cannot be transferred to the general fund due to both federal airport revenue-use prohibitions and contractual obligations under the bond certificate.

Although amounts in the State Highway Fund and the Harbor Special Fund may be transferable under the respective bond certificates and HRS §37-53 provided compliance therewith, Senate Bill 2921 violates the provisions of the applicable bond certificates and conflicts with existing statutory requirements governing transfers of moneys from the State Highway Fund and the Harbor Special Fund.

Moreover, transfer of revenues from the Highway Fund and Harbor Special Fund would affect operations and routine maintenance; special maintenance; our Capital Improvement Program and affect our ability to fund emergency projects;

Thank you for the opportunity to testify in opposition to this bill.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



RYAN I. YAMANE
DIRECTOR
KA LUNA HO'OKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

April 6, 2026

TO: The Honorable Representative Chris Todd, Chair
House Committee on Finance

FROM: Ryan I. Yamane, Director

SUBJECT: **SB 2921 SD1 – RELATING TO STATE FUNDS.**

Hearing: April 07, 2026, 2:00 p.m.
Conference Room 308 & Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) understands the intent of the measure, appreciates the SD1 amendments removing certain DHS funds, and provides comments related to remaining DHS funds. The Hawaii Public Housing Authority (HPHA) will submit its own testimony regarding the funds* it oversees.

The chart below reflects the DHS funds that remain in this bill

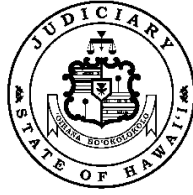
Department of Human Services			
60	INTERIM ASSISTANCE REIMBURSEMENT SPECIAL FUND	0	0
61	PRESCHOOL OPEN DOORS SPECIAL FUND	0	0
62	STATE LOW-INCOME HOUSING REVOLVING FUND*	0	0

Codified at section 346-57.5, Hawaii Revised Statutes (HRS), the Interim Assistance Reimbursement (IAR) special fund may retain up to \$3,000,000, and any excess amounts lapse to the general fund at the end of the fiscal year. The intent of the special fund is to avoid the need for emergency appropriations for the General Assistance (GA) program during economic

downturns, when caseloads rise. The IAR special fund's balance is not used to determine the amount of GA payments. At this time, the "excess amount" in the IAR is \$782,143.24

Codified at section 346-182, HRS, the Preschool Open Doors special fund allows for all moneys received by the department's child care assistance program to be deposited to this fund. While authorized, the special fund has not been established, and the DHS has not received any contribution or appropriation to the fund. Consequently, there is no balance or excess.

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



The Judiciary, State of Hawai‘i

Testimony to the Thirty-Third Legislature, 2026 Regular Session

House Committee on Finance

Representative Chris Todd, Chair

Representative Jenna Takenouchi, Vice Chair

Tuesday, April 7, 2026, 2:00 p.m.

State Capitol, Conference Room 308 & Videoconference

by

Brandon M. Kimura

Administrative Director of the Courts

Bill No. and Title: Senate Bill No. 2921, S.D. 1, Relating to State Funds.

Purpose: Transfers to the general fund the excess balances of various non-general funds and programs.

Judiciary’s Position:

Respectfully, the Judiciary strongly opposes Section 2, numbers 160–161, which pertain to one special fund and one revolving fund managed by the Judiciary. The Judiciary is grateful for the amendments by the Senate Committee on Ways and Means to omit certain other Judiciary-managed funds from consideration in this measure.

In short, the measure, as pertains to the **Parent Education Special Fund (160)**, would result in strong negative consequences for children in homes of divorcing or separating parents. As this measure pertains to the **Supreme Court Law Library Revolving Fund (161)**, it would negatively affect critical law library administrative operations, including maintaining a functional, current, and accessible legal collection.

Volatile and declining revenues and increasing operating costs have diminished the balances for these funds over the past several years. Therefore, maintaining the balances in these funds have become critical for their continued operation. The uncertain and often inconsistent revenue streams for the Judiciary’s special and revolving funds require that a sufficient balance be



maintained to carry the funds through downturns in fee collections. For the Parent Education Special Fund, **estimated expenditures for FY26 exceed estimated revenues by 7.5%**. For the Supreme Court Law Library Revolving Fund, **estimated expenditures for FY26 exceed estimated revenues by 330%**. There are no “amounts in excess of the requirements” of these funds.” (Page 2, line 5). If the balances of these funds are transferred to the general fund, not only will there be debilitating consequences to the funds themselves, but the Judiciary may also not be able to fulfill the statutory requirements associated with the funds.

The Parent Education Special Fund would be immediately affected—the Kids First therapeutic training sessions for families undergoing divorce proceedings will be adversely impacted.

The following provides information on the impact that this measure would have on each fund:

I. (160) Parent Education Special Fund (Account Code S-26-325)

The Parent Education Special Fund is essential to sustaining the statewide Kids First Program. This program contracts and compensates professional service providers and secures necessary supplies to support families navigating divorce and separation. As a court-mandated program, Kids First plays a critical role in addressing the emotional and psychological impacts of divorce and family separation on children. The mission of Kids First is to promote peaceful co-parenting, strengthen family communication, and provide education to families involved in the Family Court system.

The Parent Education Special Fund is the primary funding source for the Kids First Program. Prior to the COVID-19 pandemic and currently, program costs slightly exceed the annual revenues. Currently we are experiencing a gradual decline in the funds to pay for the operating expenses and training. When the pandemic forced the suspension of in-person gatherings, the program transitioned to an online format, allowing collections to accumulate temporarily. While the online course ensured continuity of services during an unprecedented public health emergency, it was not a long-term or permanent substitute for the in-person model. The therapeutic benefits of Kids First—particularly the interactive, experiential components for both parents and children—can only be fully realized through in-person sessions.

Transferring the accumulated special fund balance to the general fund would jeopardize the program’s ability to provide the in-person services as the revenues fluctuate annually and the program’s expenses increase due to the rise in the cost of living. Without adequate resources, the program would face a reduction in the number of classes offered, which will cause delays for



scheduling court hearings. The following sections describe the program in greater detail and outline the significant risks associated with transferring or eliminating the fund.

Kids First Program Overview and Funding Importance

Kids First is a court-mandated educational program for divorcing parents and their children ages 6–17, as well as never-married parents involved in custody or visitation matters. Children from these families attend when appropriate. Established in 1995, the program has served families in our community for over 30 years.

The mission of Kids First is to promote peaceful co-parenting and effective communication through education and support services. Parents are encouraged to refocus on their children’s needs and to understand how ongoing conflict can negatively impact their children’s emotional and psychological well-being. At the same time, children are provided with tools and support to help them cope with family changes during a difficult period.

On O‘ahu, Kids First classes are offered weekly:

- Wednesday evenings (in person) at the Ronald T. Y. Moon Court Complex in Kapolei and at Hale Hilina‘i in Honolulu (for parents and children)
- Thursday evenings via Zoom (for parents and children)
- One Friday evening per month via Zoom for Paternity classes, with plans to expand to an in-person option

Attendance consists of a one-time, two-hour class required by the court.

The program is funded through the Parent Education Special Fund, supported by a \$50 court fee paid by plaintiffs. These funds are dedicated to program operations and help avoid reliance on the State’s general fund.

The Parent Education Special Fund supports essential program needs, including:

- Contracted licensed psychologists who facilitate classes
- Security provided by Sheriff’s deputies at Judiciary facilities
- Security personnel to operate screening equipment
- Contracted volunteers assisting with children’s sessions
- Program materials, including snacks and supplies for children
- Training for new and current judges on best practices and updated information

These components are critical to ensuring the program remains safe, effective, and responsive to families experiencing high levels of conflict and stress.



As Kids First evolves to meet the changing needs of families, operational costs continue to increase. Expanded class offerings, additional services, and rising costs for staffing, security, and materials all contribute to this growth. Maintaining adequate funding is essential to ensure the program can continue to adapt and provide meaningful support.

Removing funds from the Parent Education Special Fund would directly impact the program's ability to deliver these services safely and effectively.

For more than three decades, Kids First has helped parents shift from conflict to cooperation while giving children a voice and meaningful support during one of the most challenging transitions in their lives. Preserving this funding is an investment in the well-being of Hawai'i's families.

Kids First provides education and resources to support parents experiencing divorce, separation, and paternity-related disputes. The program contracts with experienced therapists who educate parents on the emotional and developmental impacts of family conflict on children and the broader family unit. Parents receive practical strategies to manage conflict, communicate effectively, and support their children through transition.

The program also directly supports children affected by these changes. Its goal is to help children understand they are not responsible for parental conflict and to equip them with healthy coping strategies. Facilitators and volunteers are trained to deliver child-centered activities, including:

- Icebreaker exercises that encourage emotional expression
- Identification of safety concerns
- Group activities that foster peer connection

These efforts create a supportive, nonjudgmental environment where children can process their experiences and build resilience.

Over the past three years, Kids First has served 13,831 parents and children statewide, demonstrating both its importance and strong demand. However, the cost of providing the families with children, this program, has increased.

Consequences of Transferring the Fund Balance

If the Parent Education Special Fund balance is transferred to the general fund, the program's sustainability will be at risk. Potential impacts include:

- Reduced training for staff and judges, limiting the effectiveness of those working with families
- Loss of resources for parent and child education
- Loss of experienced licensed psychologists who deliver the program



- Elimination of a critical early-intervention resource for children

Existing funding reserves play a vital role in maintaining continuity. They allow circuits to absorb routine cost fluctuations, such as staffing, security, facility use, and curriculum updates without disrupting services or requiring fee increases for families. Historically, these reserves have ensured consistent statewide access, even during temporary declines in participation or revenue.

Reducing or eliminating these reserves would have immediate consequences. The program would likely need to reduce class availability, creating delays for families required to attend during critical periods of transition. Even a 10–20% reduction in capacity could significantly limit access and create inequities across islands.

Ultimately, if funding reserves are depleted, the program may need to seek legislative approval for fee increases or rely on general fund support. This would shift financial burdens onto families already experiencing stress undermining the program’s purpose.

Maintaining a strong reserve is not simply a financial preference; it is a necessity. It ensures operational stability, equitable access across all islands, and responsible stewardship of a program that directly supports the well-being of children and families.

II. (161) Supreme Court Law Library Revolving Funds (Account Code S-26-350)

The Supreme Court Law Library collects fines, fees, and other revenue from users for late returns, lost or damaged books, copy machine fees, and fees for using library services. These funds are deposited into the Law Library Revolving Fund which serves a critical and specific operational purpose that cannot be absorbed or redirected without direct harm to the public. These funds are designated to replace or repair lost, damaged, stolen, unreturned, or outdated books, serials, periodicals, and other library materials and resources that are essential to maintaining a functional, current, and accessible legal collection. The fund also supports day-to-day public services, including providing paper for public-access computers and maintaining a photocopier available to the general public.

Redirecting these funds would leave the library without a reliable mechanism to sustain its collection and services. Eliminating this fund would not generate meaningful savings; it would simply transfer the cost elsewhere or, worse, result in a degraded library that fails the public it is meant to serve.

The Law Library has current plans to expend from the Law Library Revolving Fund in the fourth quarter of FY2026 to replace missing volumes at neighbor island branches in Hilo, Kona, Kaua‘i, and Maui.



Senate Bill No. 2921, S.D. 1, Relating to State Funds
House Committee on Finance
April 7, 2026, 2:00 P.M.
Page 6

For these reasons, the Judiciary respectfully, but strongly, opposes Section 2, numbers 160–161, of this measure pertaining to the Parent Education Speial Fund and the Supreme Court Law Library Revolving Fund managed by the Judiciary.

Thank you for the opportunity to provide testimony for this measure.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
House Committee on Finance
April 7, 2026 at 2:00 p.m.

By

Luis P. Salaveria

Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SB 2921 SD1 – RELATING TO STATE FUNDS

Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **opposes** SB 2921 SD1, Relating to State Funds. This bill transfers to the general fund the excess balances of various non-general funds and programs.

Although no amounts have been identified in the current draft of the bill, it does identify which funds are being considered to have a portion of their moneys transferred to the state general fund. We note that the Office of the Auditor recently completed their review of the University of Hawai'i's (UH) non-general funds in Report No. 26-01, which can be found here: <https://files.hawaii.gov/auditor/Reports/2026/26-01.pdf>

The funds for the UH are listed below, including some comments about the source of revenues and the intent of the funds:

University of Hawaii Risk Management Special Fund

Campuses within the UH system are assessed to pay for the administration and operation of the risk management program of UH, including settlements and judgments, claims, insurance premiums, and legal fees.

University of Hawaii at Manoa Malpractice Special Fund

This fund pays for costs arising from the defense and settlement of claims against UH, its students, or its faculty for professional malpractice and maintains a reserve to pay expenses related to malpractice claims filed against John A. Burns School of Medicine (JABSOM) faculty physicians. The UH assesses faculty physicians their fair share of the reserve contribution to generate revenues for this fund.

University of Hawaii Tuition and Fees Special Fund

Tuition and fees paid for by students and their families are collected in the Tuition and Fees Special Fund (TFSF). These funds are used to pay for instruction, academic support, student support, and instructional support.

Systemwide Information Technology and Services Special Fund

This fund collects fees from users, including UH departments who pay for software licenses and administrative costs associated with information technology at UH.

Library Special Fund

Revenues for this fund are derived from library fines, fees for services provided on a cost recovery basis, and self-service coin operated photocopying and printing. These funds are used to support and improve services provided by UH's libraries.

University of Hawaii Scholarship and Assistance Special Fund

This fund does not generate revenues on its own but cash is transferred into this fund from UH's Tuition and Fees Special Fund. The Scholarship & Assistance Special Fund provides financial assistance to qualified UH students.

State Higher Education Loan Fund

As this fund is a loan fund, its revenues are generated by the repayment of loans from borrowers and interest earned. These loans are disbursed to needy students that meet eligibility requirements and reducing the available cash in this fund will impair the fund's ability to issue new loans.

State Aquarium Special Fund

Admission fees, education program fees, facility rental fees, and other miscellaneous activities generate revenue for this fund that supports the operations of the Waikīkī Aquarium.

University of Hawaii – West Oahu Special Fund

The original purpose of this fund was to collect revenue derived from land sales and leases and to use this fund for the development of the UH West O'ahu campus. This fund has outlived its purpose and can be repealed.

University Revenue-Undertakings Fund

This fund was established to provide for all costs of construction, operation, repair, and maintenance of UH projects. Revenues for this fund include various fees, rent, interest, bond proceeds, and other sources of income. Projects using this fund include student housing, faculty housing, parking, food services, the Campus Center Complex, etc.

Hawaii Cancer Research Special Fund

A portion of the cigarette tax generates revenue for this fund which currently pays for the debt service of capital expenditures and building maintenance for the Cancer Research Center of Hawai'i.

Energy Systems Development Special Fund

Revenues for this fund are generated from a portion of the barrel tax, as well as rebates and from grants or incentives associated with energy conservation measures. These funds are used to help reduce Hawai'i's dependence on fossil fuel and imported oil, and move Hawai'i toward energy self-sufficiency.

Mauna Kea Lands Management Special Fund

Fees and charges for the use of land and facilities with the Mauna Kea lands is the source of revenue for this fund which is used to manage Mauna Kea lands and enforce administrative rules relating to those lands.

John A. Burns School of Medicine Special Fund

This fund's source of income is the medical license renewal fees charged to physicians. The purpose of this fund is to support JABSOM's activities related to physician workforce assessment and planning.

University of Hawaii Capital Improvement Program Project Assessment Special Fund

Assessments on capital improvement program (CIP) projects, repair and maintenance projects, and major renovation projects managed by the UH are the source of revenues for this fund that defrays costs involved in carrying out UH managed CIP projects. Expenditures include personnel costs, printing, transportation, travel, car mileage, and other necessary expenses incurred from managing CIP projects.

Child Care Programs Special Fund

This fund was established for the operation of child care programs and the construction and renovation of child care centers established by the UH. Fees for services, application and comprehensive fees are deposited into this fund, which are used to provide quality integrated child care services and training opportunities for professional development by serving as a training site.

University of Hawaii at Manoa Intercollegiate Athletics Special Fund

Revenues for Mānoa's Athletic Department come from a variety of sources including ticket sales, broadcast rights, corporate sponsorships, pay guarantees from opposing teams, NCAA and conference pay outs, concession sales, and student fees. These funds are used to pay employees, including coaches and training staff, scholarship and medical expenses of student-athletes, travel for competitions and meetings, recruitment, equipment, materials and supplies needed for operations, payments to officials, due to athletic conferences, payment of guarantees to/for visiting teams, and credit card and transaction fees.

University of Hawaii at Hilo Intercollegiate Athletics Special Fund

Similar to the Mānoa Athletics Special Fund, the Hilo Athletics Special Fund also collects revenues from ticket sales, sponsorships, and other related income. These funds are used to support athletic programs and sports camps for UH Hilo.

University of Hawaii – Hilo Theatre Special Fund

Ticket sales, advertising sales, donations, and other moneys collected in conjunction with the UH Hilo theatre program are deposited into this fund which is used to pay for expenses related to programs and performances held at the theatre.

‘Ulu‘ulu: The Henry Ku‘ualoha Giugni Moving Image Archive of Hawai‘i Special Fund

This fund is used to support the activities of the moving image archive and revenues for the fund come from legislative appropriations and federal and private grants.

University of Hawaii Green Special Fund

Revenues for this fund are from investment earnings, gifts or donations, and savings realized from energy conservation measures and are to be used to support energy efficiency, renewable energy, and sustainability projects. This fund currently has no cash balance in it and is not projected to be used in the foreseeable future.

University of Hawaii Commercial Enterprises Revolving Fund

The Commercial Enterprises Revolving Fund collects revenues derived from the operation of commercial enterprises with UH and the funds are used for costs of operation of these enterprises, including personnel, renovating commercial space and purchasing merchandise, supplies and equipment. Examples of commercial enterprises include UH Press, the School of Architecture’s HIDEDESIGN Community Design Center, H Zone stores, Mānoa One Card, food services, and the Waikīkī Aquarium gift shop.

Research and Training Revolving Fund

The revenues for this fund are the indirect overhead revenues generated by the UH from research and training programs. These funds are used for research and training purpose that may result in additional research and training grants and contracts, as well as facilitating research and training at the UH.

Student Health Center Revolving Fund

This fund pays for the cost of operations of the Student Health Center, including primary medical care to the UH community, and revenues are generated from fees for services, sales of medical supplies or prescriptions, mandatory student fees, and insurance reimbursements.

Transcript and Diploma Revolving Fund

Fees collected from transcript and diploma requests are used to defray the costs of producing and distributing transcripts and diplomas.

University of Hawaii Graduate Application Revolving Fund

Fees from the processing of applications for admittance to different graduate programs generate revenues for this revolving fund. Expenditures from this fund are used to process applications for graduate programs.

Seed Distribution Program Revolving Fund

Revenues are generated from farmers, seed companies, garden shops, educational institutions, and homeowners and these proceeds are used for the cultivation and production of vegetable and garden seeds which are sold to the public.

Center for Labor Education and Research Revolving Fund

Class fees and services are the sources of revenue for the Center for Labor Education and Research (CLEAR) revolving fund. These funds are used to support the operational expenses for CLEAR.

Hawaiian Language College Revolving Fund

The revenues from the sale of Hawaiian language materials and other related items are deposited in this fund which is used to support the Hawaiian Language College at UH Hilo.

University of Hawaii Real Property and Facilities Use Revolving Fund

By statute, this fund's holds all revenues collected by the UH for the use of UH real property and facilities. These funds are used to pay the costs of operating UH facilities, including maintenance, administrative expenses, wages and benefits of employees, utilities, and other operational expenses.

University Parking Revolving Fund

The revenues for this fund are all the parking fees and fines and are used to support parking services.

Hawaii Education Loan Program Revolving Fund

Repayments of loans made by borrowers is the primary source of revenue for this fund which provides loans to help college students become educators who teach and remain in the Hawai'i public school system.

Community Colleges Revolving Fund

Revenues for this fund are from fees for special programs and activities including off-campus programs, summer session programs, overseas programs, evening sessions, study abroad, exchange programs, cultural enrichment programs, and consultative services. These proceeds help to pay for these programs that the community colleges run for the benefit of the communities they serve.

University of Hawaii Conference Center Revolving Fund

This fund was created last legislative session in Act 97, Session Laws of Hawai'i 2025. Revenues for this fund are all fees, charges, and other moneys collected in conjunction with conference center programs, and funds are used to facilitate the administration of various conference center programs across the UH system.

Thank you for this opportunity to testify.



STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 04/07/2026
Time: 02:00 PM
Location: 308 VIA VIDEOCONFERENCE
Committee: FIN

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Bill: SB2921, SD1, RELATING TO STATE FUNDS.

Purpose of Bill: Transfers to the general fund the excess balances of various non-general funds and programs. (SD1)

Department's Position:

The Hawaii State Department of Education (Department) respectfully opposes SB 2921, SD 1.

The measure proposes to transfer to the State general fund excess balances of various departmental non-general funds. There are eight funds listed under the "Department of Education" section; however, only three are specifically related to the Department.

First and foremost, Hawaii's public school students have made significant positive strides towards returning to pre-pandemic performance levels and beyond. While the Department remains cognizant of the State's fiscal constraints, it is imperative that predictable, reliable, and adequate funding for public schools be prioritized as it is an investment in our State's future.

The Department must also acknowledge the State Auditor's [Report No. 12-04, Study of the Transfer of Non-general Funds to the General Fund](#), dated July 2012. The impetus for the Auditor's report was the Hawaii State Supreme Court's (Court) decision on Hawaii Insurers Council v. Linda Lingle, Governor, State of Hawaii, et al. The Court ruled that the constitutional Separation of Powers doctrine was violated in an unconstitutional raid of an insurance special fund.

The Auditor's report stated that the transfers converted insurance assessments into an illegal and unconstitutional tax and "amounted to an impermissible blurring of the distinction between the executive power to assess regulatory fees and the legislative power to tax for general purposes." The State was then ordered to return funding to the insurance special fund.

The State Auditor recommended a more robust and methodical review of special funds to avoid questionable transfers due to incomplete analysis and to minimize the risk of errors and potential liability to the State. In addition, the State Auditor recommended

the use of a checklist (Appendix F of the report) for reviews that go beyond the three-pronged test applied by the Court and includes other questions regarding federal or state law that could preclude transfers, such as raiding non-general funds that contain bond proceeds.

Our analysis of the three funds for the Department using the methodology from the State Auditor’s checklist shows the following:

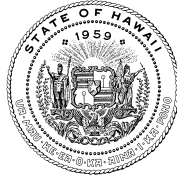
	Special Fund	Legal Authority	Source of Revenues	Use of Revenues	Able to Transfer? Reason
52	Federal Revenue Maximization Program Revolving Fund	Section 302A-1406, HRS	Federal revenues, legislative appropriations, interest, and other sources..	For medicaid-eligible services provided by the Department and administrative costs related to the Federal Revenue Maximization Program.	No ; federal funds may preclude transfers and use for general fund purposes. Additionally, the Department must maintain a portion of available funds to receive reimbursement revenue.
54	Education Design and Construction Project Assessment Fund	Section 302A-1508, HRS	Assessments on construction projects managed by the Department.	Defraying the costs of carrying out construction projects managed by the department	No ; funds used for the benefit of parties upon whom the fund assessment is imposed; assessment may also be derived from bond proceeds.
56	Teachers' Housing Revolving Fund	Section 302A-833, HRS	All moneys, including refunds, reimbursements, and rentals, for housing from teacher tenants.	For any and all of the purposes of teachers' housing, including the planning, construction, maintenance, and operation of teachers' housing.	No ; funds used for the benefit of parties upon whom the fund assessment is imposed.

Based upon our analysis, the Department cannot recommend any funding be transferred from the Department’s non-general funds.

Five funds listed under the “Department of Education” section in the measure are with other agencies: #53 Hawaii Teacher Standards Board Special Fund was with the Hawaii Teacher Standards Board but repealed pursuant to Act 161, SLH 2019; #55 School Facilities Special Fund is with the School Facilities Authority; #57 Libraries Special Fund and #58 Library Fee for Enhanced Services Special Fund are with the Public Libraries; and #59 Early Learning Special Fund is with the Executive Office on Early Learning. The Department defers testimony on those funds to the applicable agency.

Thank you for the opportunity to testify on SB 2921, SD 1 and for your continued support of public education.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
COMMITTEE ON FINANCE

APRIL 7, 2026, 2:00 P.M.
CONFERENCE ROOM 308 AND VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 2921, S.D. 1

RELATING TO RELATED TO STATE FUNDS

Chair Todd, Vice Chair Takenouchi, and members of the Committee, thank you for the opportunity to submit testimony on S.B. 2921, S.D. 1.

The Department of Accounting and General Services (DAGS) offers **comments** on S.B. 2921, S.D. 1., which authorizes the Director of Finance to transfer to the general fund certain non-general fund account balances that exceed one year's operating expenses.

DAGS shares the Legislature's concern regarding the impacts of shifting federal policies and the resulting reductions in federal funding on State programs. Each of the identified DAGS funds in this version of the measure fulfills a statutory purpose essential to the state's operational stability, and our ability to deliver services to the

public. More importantly, none of these funds is projected to have fiscal year-end account balances that exceed one year's operating expenses anticipated in FY 27.

The **State Risk Management Revolving Fund** (HRS §41D-4) enables the Comptroller to carry out statewide risk management responsibilities under HRS § 41D-2, including:

- Paying claims for damage or loss to state property caused by fire or other catastrophic events such as the Kona Low storms which require funding within any fiscal year,
- Repairing or replacing damaged buildings, structures, and contents, such as the impacted state facilities and infrastructure damaged or destroyed by the 2023 Maui wildfires,
- Providing temporary structures so essential services can continue during repairs,
- Paying claims brought against the state under HRS §§ 662-11, 41D-3, 41D-8; the program anticipates an increase in vehicle pothole claims as a result of the Kona Low events, and
- Covering losses from fraud, theft, embezzlement, misappropriation, nonfeasance, misfeasance, and other dishonest acts committed by state employees.

The Legislature explicitly protected this fund by stating that its money cannot be garnished, attached, or subjected to legal compulsion to satisfy state obligations. This safeguard ensures the state can respond immediately to catastrophic losses, liability claims, cyber claims, and incidents of employee dishonesty.

Any reduction to this fund would increase the state's financial exposure and delay recovery efforts following major events such as fires, natural disasters, or a large frequency in liability claims.

The **State Archives Preservation and Long-Term Access Special Fund** (HRS §94-8) ensures the State can preserve, manage, and provide long-term access to Hawaii's permanent digital records. These records are essential for public transparency, government accountability, research, legal reference, community access, and preservation of Hawaii's historical and cultural documentary heritage. Because revenues have not fully recovered from pandemic-era economic conditions, the Archives has deferred replacing critical servers, storage systems, and software, many of which are now near end-of-life. Beginning next biennium, the Archives must return to full authorized spending to prevent system failure. Any reduction would jeopardize the state's digital archives, hinder public access to permanent records, and risk losing irreplaceable historical materials.

The **ETS Access Hawai'i Committee Special Fund** (HRS §27G-6) and the **ETS Shared Services Technology Special Fund** (HRS §27-43) collectively support enterprise-wide IT functions vital to the entire State. They fund critical positions that include the Chief Information Officer, state cybersecurity leadership, and twelve additional Enterprise Technology Services positions that support mandated statewide IT, cybersecurity, and service-delivery responsibilities, along with Enterprise IT oversight and modernization work and the Governor's constituent-relations platform.

All positions funded by these sources are **filled** and are actively performing functions tied to statutory and administrative mandates. Reductions to these funds

would result in the loss of essential cybersecurity, digital services, and technology governance capabilities across state government. These capabilities protect sensitive data, support agency operations, and safeguard government continuity.

The **State Parking Revolving Fund** (HRS §107-11), managed by the Automotive Management Division (AMD), is fully self-sustaining and receives no general funds. The fund pays for salaries and fringe benefits of roughly 27 employees, retirement payouts required under federal law, operation, repair, and maintenance of 36 state-managed parking garages, including pay stations, elevators, parking lot grille gates and barriers arms, and supports activities for compliance with safety, operational, and maintenance standards across parking facilities.

AMD is also carrying a substantial of deferred maintenance, particularly for parking structures, due to existing state law requiring the Parking Revolving Fund to lapse all unencumbered money above \$500,000 to the General Fund, severely restricting the Division's ability to address ongoing infrastructure needs. As such, the program has requested a ceiling increase in the Executive Supplemental Budget (H.B. 1800) to provide for the ability to address ongoing infrastructure needs.

The Legislature created every fund addressed in this testimony for a reason, these funds:

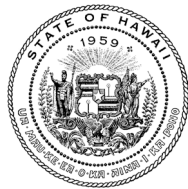
- Protect state property and financial stability,
- Preserve public records and access to government information,
- Maintain cybersecurity and essential statewide technology services, and
- Support parking infrastructure for state workers and the public.

Reducing or diverting these funds would undermine essential state functions, expose Hawai'i to preventable financial risk, and disrupt the services that departments and communities depend on. For these reasons, I respectfully urge the Committee to keep all of these special and revolving funds intact and allow them to continue serving their legally mandated purposes.

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

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 2921, S.D.1, Relating to State Funds

BEFORE THE:

House Committee on Finance

DATE: Tuesday, April 7, 2026
TIME: 2:00 p.m.
LOCATION: State Capitol, Room 308

Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

The Department of Taxation (DOTAX) provides the following comments on S.B. 2921, S.D.1 for your consideration.

S.B. 2921, S.D.1 transfers moneys from various funds and programs to the general fund. The bill provides a breakdown of amounts determined to be in excess of the requirements of the fund, as determined by the Legislature, and the amount that the Director of Finance shall transfer from the fund to the general fund. The amounts for each fund are currently listed as zero.

The bill is effective upon approval and shall take effect retroactively on June 30, 2026.

DOTAX notes that it administers two of the funds in the bill, the Tax Administration Special Fund and the Cigarette and Tax Stamp Administrative Special Fund.

Tax Administration Special Fund

The Tax Administration Special Fund, established pursuant to section 235-20.5, Hawaii Revised Statutes (HRS), is funded with fees collected for comfort rulings and

research credit certifications, revenue collected by the Special Enforcement Section (SES), and fines assessed and collected for violations of transient accommodations tax (TAT) advertising laws. With respect to revenue collected by SES, any amount collected in excess of \$2 million is deposited each fiscal year into the general fund in accordance with section 235-20.5, HRS. Section 235-20.5, HRS, provides that funds in the Tax Administration Special Fund shall be used for the following purposes:

- (1) Issuing comfort letters, letter rulings, written opinions, and other guidance to taxpayers;
- (2) Issuing certificates under [section] 235-110.9;
- (3) Administering the operations of the special enforcement section;
- (4) Funding support staff positions in the special enforcement section;
and
- (5) Developing, implementing, and providing taxpayer education programs, including tax publications.

Cigarette Tax Stamp Administration Special Fund

The Cigarette Tax Stamp Administration Special Fund, established pursuant to section 245-41.5, HRS, is funded with a portion of the cigarette stamp fee. Section 245-41.5, HRS, provides that funds in the Cigarette Tax Stamp Administration Special Fund shall be used as follows:

- (1) To provide the stamps and administer the cigarette tax stamp provisions as provided in chapter 245; and
- (2) For any other requirements deemed necessary to carry out the purposes of chapter 245.

If this Committee identifies moneys from the Tax Administration Special Fund and Cigarette Tax Stamp Administration Special Fund to be transferred to the general fund, DOTAX requests that sufficient moneys be left in the special funds for administration and operational needs.

Thank you for the opportunity to provide comments.



**STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY**
DEPARTMENT OF HEALTH - KA 'OIHANA OLAKINO

JOSH GREEN, MD
GOVERNOR OF HAWAII
KE KIA'AINA O KA MOKU'AINA 'O HAWAII

KENNETH S. FINK, MD, MGA, MPH
DIRECTOR OF HEALTH
KA LUNA HO'OKELE

JOHN C. (JACK) LEWIN, MD
ADMINISTRATOR

1177 Alakea Street, #402, Honolulu, HI 96813

Phone: 587-0788 Fax: 587-0783 www.shpda.org

April 6, 2026

TO: HOUSE COMMITTEE ON FINANCE
Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
Honorable Members

FROM: John C. (Jack) Lewin, MD, Administrator, SHPDA, and Sr. Advisor to
Governor Josh Green, MD on Healthcare Innovation

RE: **SB 2921-SD1 -- RELATING TO STATE FUNDS**

HEARING: Tuesday, April 7, 2026 @ 2:00 pm; Conference Room 308

POSITION: Comments

Testimony:

Pursuant to Hawaii Revised Statutes (HRS) 323D-12.6 (b), the State Health Planning and Development Agency Special Fund is necessary "to assist in offsetting program expenses of the agency" and is funded through certificate of need application fees. It is crucial for the agency to maintain the full balance in this fund as certificate of need fees annually are based upon the number of applications received and the capital cost of each application and can be as low as \$200 per application. There is no means to accurately forecast the annual inputs into this fund and are beyond SHPDA's control. Therefore, any transfer out of this fund under this bill would put SHPDA in danger of having an operating deficit in the event that the Certificate of Need application fees were minimal for any current or future fiscal year.

SHPDA has over \$340,000 in our HTH 906 Special Fund and will receive an estimated at least \$122,000 in new related funds charged to CON applicants over the year. As stated, the income from the Special Fund is variable based on the scope and number of CON applications.

Note that we have also used special funds this and last year to pay for two special projects:

1. Digitalization of 50 years of CON files to make room for new staff in our current space and to make the record more accessible to the public; and
2. The first office renovations for SHPDA in 4 decades to accommodate 2 new state positions new four federal staff funded from the AHEAD grant and RHTF

SB 2921-SD1: testimony of SHPDA (2026), continued

(rural health) program funds, for which SHPDA is managing over \$70M per year.

We also may likely need our Special Fund for remediation or enforcement strategies related to the upcoming applications for the HPH-HMSA proposed “partnership”, or vertical integration proposal, which requires a SHPDA actions, and for which hearings may be held to evaluate a proposed change in hospital(s) control. This proposal could also require funding an enforcement and/or a legal oversight strategy for required covenants that could be necessary based on public hearing evidence and SHPDA council or administrative determinations on this proposal. We are working with the AG on this sensitive issue.

For these reasons, we ask that this fund not be reduced.

Respectfully, Jack Lewin, MD, Administrator



STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
KA 'OIHANA PONO LIMAHANA

April 7, 2026

To: The Honorable Chris Todd, Chair,
The Honorable Jenna Takenouchi, Vice Chair, and
Members of the House Committee on Finance

Date: Tuesday, April 7, 2026
Time: 2:00 p.m.
Place: Conference Room 308, State Capitol

From: Jade T. Butay, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. 2921 S.D.1 RELATING TO STATE FUNDS

The **DLIR respectfully opposes** this measure, which would transfer unspecified amounts from the Boiler and Elevator Safety Revolving Fund, the Boiler and Elevator Revolving Fund, and the Employment and Training Fund (ETF). Although the Purpose section states that the intent is to transfer balances exceeding one year of operating expenses to the general fund, the Boiler and Elevator Revolving Fund has maintained a balance of approximately one year of operating funds for the past three years. The Department anticipates this trend will continue.

§383-128 (b)(1) authorizes the use of ETF moneys for "The operation of the state employment service for which no federal funds have been allocated." At present, the ETF balance is smaller than the federal workforce grants the Department receives. Under the current federal administration, workforce funding has faced delays, reductions, temporary eliminations, and later restorations. Planning amid shifting federal policies and limited fiscal certainty has created ongoing challenges. In this environment, the ETF serves as a critical backstop, allowing the State to maintain continuity of workforce programs during periods of federal uncertainty, delayed grant approvals, or interruptions in funding distribution.

Moreover, the Department is preparing to deploy ETF funds in response to the recent Kona Low storm systems while awaiting the potential availability of a National Dislocated Worker Grant (DWG) under the Workforce Innovation and Opportunity Act (WIOA). The Department previously received a \$10.5 million DWG following the Maui wildfires, which supported temporary employment opportunities for up to one year to help mitigate the disaster's employment and economic impacts. Preliminary discussions for the Kona Low response include support for the agricultural sector as well as humanitarian assistance. These grants provide funding to create temporary employment

opportunities that assist with cleanup and recovery efforts when an area affected by an emergency or major disaster is declared eligible for public assistance by the Federal Emergency Management Agency (FEMA).

The Department also notes that it operates under a U.S. Department of Labor (U.S. DOL) approved cost allocation agreement, in which the Unemployment Insurance (UI) Division is reimbursed for the costs of collecting employer-paid taxes deposited into the ETF pursuant to HRS §383-129. As a result, the ETF balance must be sufficient to cover the UI Division's collection costs. If the ETF balance is insufficient, the DLIR is required to notify the U.S. DOL and may be found to be out of compliance with the cost allocation agreement.

The DLIR fully recognizes the Legislature's responsibility to balance the State's budget and appreciates the difficult decisions that must be made to meet that obligation. We respectfully ask that these considerations be weighed carefully as you evaluate this measure, particularly the potential impact on the boiler and elevator safety program, workforce program stability, and federal funding obligations.

Equal Opportunity Employer/Program

Auxiliary aids and services are available upon request to individuals with disabilities.

TDD/TTY Dial 711 then ask for (808) 586-8842.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
DIRECTOR

DANE K. WICKER
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
GEORJA SKINNER
Administrator, Creative Industries Division
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Tuesday, April 7, 2026
2:00 p.m.
State Capitol, Conference Room 308

In consideration of
SB2921 SD1
RELATING TO STATE FUNDS

Chair Todd, Vice Chair Takenouchi, and members of the Committee. The Creative Industries Division (CID) of the Department of Business, Economic Development and Tourism (DBEDT) offers comments on SB2921, SD1, which transfers excess monies from various funds and programs to the general fund.

CID respectfully requests your consideration to exclude the Hawai'i Film and Creative Industries Development Special Fund (HFCF), Hawaii Revised Statutes §201-113, which the Legislature established under Act 193, SLH 2022. There are no general funds in the HFCF, as all sources of funding are derived from facility rentals managed by DBEDT/CID, which support film and creative entrepreneurial development.

Further, impacts will be felt by our creative community directly. The pilot RFP for Phase I creative content development awards will go to multiple awardees via contracts totaling \$400,000 via an FY25 RFP. If swept, this will derail a current procurement supporting local content creators. The funds support locally created shorts, series and features. All 112 applicants are to receive their notification letters this month, and any

reduction of the fund will impact the creative community and contracts for projects to be awarded.

HFCF is integral to the support of 1) access to capital for local creatives across multiple sectors of the creative economy 2) workforce, skills development 3) facilities for development and export of creative IP and 4) marketing support for projects seeking distribution, licensing and distribution.

Maintaining a baseline of \$500,000 of funds currently derived from rents of studio spaces and no general funds is critical for CID's mission and the strategic framework DBEDT and CID have established in partnership with education and WFD leaders and organizations.

These programs directly expand a Hawai'i-based creative workforce that supports stable, high-wage, knowledge-driven entrepreneurial development.

Should the Committee proceed with fund sweeps, CID respectfully requests that it codify the following:

- Definition of Excess for CID's Special Fund:
"Excess" means any balance exceeding \$1,000,000 in the Hawai'i Film and Creative Industries Development Special Fund.

This ensures that CID can:

- Execute awards and grants authorized by the Legislature
- Sustain facility operations supporting ongoing productions
- Maintain statewide workforce development alignment with UH and DOE
- Fulfill statutory mandates under §201-113

Thank you for the opportunity to testify.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKA'I

BUSINESS DEVELOPMENT AND SUPPORT DIVISION

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
DIRECTOR

DANE K. WICKER
DEPUTY DIRECTOR

DENNIS T. LING
ADMINISTRATOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawai'i 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawai'i 96804
Web site: dbedt.Hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
Dennis T. Ling
Administrator

Business Development and Support Division
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Tuesday, April 7, 2026
2:00 PM

State Capitol, Conference Room 308
In consideration of
SB2921, SD1
RELATING TO STATE FUNDS.

Chair Todd, Vice Chair Takenouchi and members of the Committee. The Business Development and Support Division (BDSD) of the Department of Business, Economic Development and Tourism (DBEDT) offers the following comments on **SB2921, SD1** which would transfer to the general fund the excess balances of various non-general funds and programs, including the Hawaii Community-Based Economic Development Special Fund.

BDSD acknowledges that access to financing is vital for Hawaii's small businesses and essential to the growth and diversification of the state's economy – particularly for entrepreneurs who may not qualify for conventional lending.

Pursuant to Chapter 210D, Hawaii Revised Statutes (HRS), the Community-Based Economic Development (CBED) Program is established to foster community-based enterprises, increase access to capital and support economic diversification, self-reliance and employment opportunities. CBED advances this goal through the CBED loan program that is funded by the Hawaii Community-Based Economic Development Special Fund.

The CBED loan program addresses gaps in conventional lending by providing financial assistance to qualified businesses that are unable to obtain financing through traditional means. CBED loans, ranging from \$25,000 to \$125,000, are made to qualified Hawaii entrepreneurs focused on expanding agricultural, manufacturing and wholesale businesses, aligning with division and legislative economic diversification and infrastructure priorities. By serving these borrowers, CBED strengthens the State's overall financing ecosystem and increases access to capital for small businesses.

As of the end of 2025, the CBED loan program portfolio totaled \$1.54M in loans across 18 local businesses who employ 199 individuals.

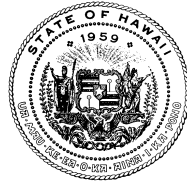
Further, Chapter 210D, HRS, establishes the Hawaii Community-Based Economic Development Revolving Fund. Referred to as a "special fund" by this measure, this fund is a revolving loan fund. As such, rather than being expended, loan principal and interest return to the fund and then funds are re-lent to new borrowers. This structure preserves public capital while multiplying its long-term economic impact.

CBED leverages existing capital through co-lending partnerships, to increase total funds available for small business financing. Partners such as the Department of Agriculture and Biosecurity, Feed The Hunger Fund, Hawaii Community Reinvestment Corporation and the Pakini Loan Fund contribute 50% of loan amounts with CBED contributing the remaining 50%. Additionally in 2021, CBED secured a \$1M federal grant from the U.S. Economic Development Administration (EDA) with a \$250,000 state match from this fund. CBED has been advised that an additional federal grant opportunity may become available in 2026. Maintaining the special fund ensures that the state remains positioned to leverage capital and apply for additional federal funds.

Reducing or eliminating the CBED Special Fund would permanently diminish the state's ability to support Hawaii's small businesses and the state's strategic economic diversification and development goals. For these reasons BDSB respectfully requests that the Hawaii Community-Based Economic Development Special Fund be preserved and not be reclaimed.

Thank you for the opportunity to testify.

JOSH GREEN, M.D.
GOVERNOR OF HAWAII
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII



KENNETH S. FINK, M.D., M.G.A., M.P.H.
DIRECTOR OF HEALTH
KA LUNA HO'ŌKELE

STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

**Testimony COMMENTING on SB2921 SD1
RELATING TO STATE FUNDS.**

Hearing Date: April 7, 2026

Room Number: 308

1 **Department Testimony:** The Department of Health (Department) appreciates the difficult
2 financial situation the State faces, especially amid reductions in federal funding and uncertainty
3 regarding future federal funding. However, transferring special fund balances to the general fund
4 does create risks for important government programs, including programs responding to the
5 Kona Low Storms. The Department looks forward to a productive conversation with the
6 Legislature that balances overall state fiscal health with protecting vulnerable populations and
7 fragile environmental resources.

8 **Row 64: Mental Health and Substance Abuse Special Fund**

9 The Adult Mental Health Division utilizes the Mental Health and Substance Abuse
10 Special Fund to support behavioral health infrastructure, treatment capacity, and programmatic
11 activities, including services that help stabilize individuals in crisis and support community-
12 based mental health and substance use disorder treatment. Transfers from this fund could create
13 operational and fiscal pressures that ultimately increase downstream costs to higher-acuity
14 systems such as emergency departments, hospitals, and the justice system.

1 **Row 65: Neurotrauma Special Fund**

2 The Developmental Disabilities Division uses the Neurotrauma Special Fund to finance
3 positions and support critical work, such as a contract with the University of Hawaii for the
4 Neurotrauma Registry, which is required by § 321H-4, Hawaii Revised Statutes (HRS).

5 **Row 66: Drinking Water Treatment Revolving Loan Fund**

6 The Drinking Water Treatment Revolving Loan Fund program, also known as the
7 Drinking Water State Revolving Fund, is a federal-state partnership that provides low-cost
8 financing to municipal and privately-owned public water systems for a wide range of water
9 infrastructure projects across the State.

10 Approximately \$5 of every \$6 in this revolving fund are federal capitalization grant
11 moneys provided to the Department pursuant to 42 U.S.C. § 300j-12. The balance is mostly
12 comprised of State matching funds equal to at least 20% of the total amount of federal
13 capitalization grants as required pursuant to 42 U.S.C. § 300j-12(e). A fractional amount of
14 moneys in the special fund represent interest on no- or low-interest rate loans, which are used to
15 pay for staff and other administrative costs of managing the program.

16 Transferring funds from the Drinking Water Treatment Revolving Loan Fund would
17 violate federal statute (42 U.S.C. § 300j –12(a)(2)) regarding use of those moneys,
18 and breach the State's grant agreement with the federal government. It would also likely cause

1 the State's matching funds portion to fall below the \$1 to \$5 ratio, which could endanger
2 additional federal grants for this special fund.

3 **Row 67: Water Pollution Control Revolving Fund**

4 The Water Pollution Control Revolving Fund program, also known as the Clean Water
5 State Revolving Fund, is a federal-state partnership that provides low-cost financing for water
6 quality infrastructure projects across the State.

7 Approximately \$5 of every \$6 in this revolving fund are federal capitalization grant
8 moneys provided to the Department pursuant to 33 U.S.C. § 1381. The balance is mostly
9 comprised of State matching funds equal to at least 20% of the total amount of federal
10 capitalization grants as required pursuant to 33 U.S.C. § 1382(b)(2). A fractional amount of
11 moneys in the special fund represent interest on no- or low-interest rate loans, which are used to
12 pay for staff and other administrative costs of managing the program.

13 Transfer of funds from the Water Pollution Control Revolving Loan Fund would violate
14 federal statute (33 U.S.C. § 1383) and breach the State's grant agreement with the federal
15 government. It would also likely cause the State's matching funds portion to fall below the \$1 to
16 \$5 ratio, which may result in withholding additional federal payments to the State until the
17 State's proportion of matching funds again reached the statutory threshold (33 U.S.C. § 1385b).

18 **Row 68: Environmental Response Revolving Fund**

1 The Department relies on the Environmental Response Revolving Fund (ERRF) to fund
2 environmental emergency response actions, in addition to emergency planning, remediation, and
3 other critical activities. The Department requires the unencumbered cash balance of the ERRF as
4 an immediate source of reserve funds in the case of large unanticipated environmental
5 emergency response efforts. The ERRF is currently being utilized to fund environmental
6 monitoring for the Kona Low Storm recovery and was utilized to respond to the Red Hill fuel
7 spill, the Maui wildfires, and the remediation of the Ukumehame Lithium-ion battery site. Due
8 to the random variability of environmental emergency responses, the Department needs to be
9 able to access the reserve funds to be able to mobilize assets in a timely manner in order to
10 minimize negative environmental impacts. Should the federal government decrease its response
11 to a future disaster, the State will need to rely on ERRF to fund its own response.

12 Section 128D-2, HRS, requires the Department to transfer unexpended and
13 unencumbered funds in excess of \$1.25 million to the general fund on June 30 of each fiscal
14 year.

15 **Row 69: Deposit Beverage Container Deposit Special Fund**

16 The Deposit Beverage Container Deposit (DBC) Special Fund is used to reimburse
17 consumers for DBC deposits, pay certified redemption centers handling fees for recycling DBCs,
18 and funds critical DBC program activities. The Department relies on the fund to sustain the
19 program—which is especially important as the Department undertakes additional activities to

1 address statutory mandates and State Auditor recommendations, and works to make recycling
2 more convenient.

3 If the fund balance is transferred to general funds, the Department may not be able to
4 fund the establishment of additional redemption centers, account for expected deposit
5 reimbursement adjustments, audit deposit beverage distributors and certified redemption centers,
6 continue to build an electronic reporting system, and support expected personnel costs. The DBC
7 program is making good progress, in line with legislative mandates and requests. The
8 Department's ability to continue to improve the program depends on sufficient funding.

9 **Row 70: Electronic Device Recycling Fund**

10 The Electronic Device Recycling Fund, pursuant to § 339D-10, HRS, derives its revenue
11 from registration fees paid by electronic devices and television manufacturers that are required to
12 participate in the State's electronics and television recycling program. The fund is to be expended
13 by the Department to implement and enforce Chapter 339D, HRS, including enforcement and
14 consumer education. Because the counties have already established their own electronic waste
15 education programs, the Department is continuing to support the county programs with this fund.
16 Approximately \$750,000 is already committed to the counties.

17 Additionally, the fund accounts for portions of salaries for two positions that will aid in
18 the implementation and enforcement of the program. The positions will be established after
19 approval of a pending reorganization request, which the program expects shortly. Thus, a

1 decrease in this fund will significantly impact the Department's ability to pay counties for
2 balances owed and staff resources to implement the program.

3 **Row 71: Noise, Radiation, and Indoor Air Quality Special Fund**

4 The Noise, Radiation, and Indoor Air Quality Special Fund collects fees from related
5 permits, licenses, inspections, certifications, notifications, variances, and investigations to
6 finance Department activities to manage noise, radiation, and indoor air quality risks. A decrease
7 in the fund could impact the Department's ability to replace failed equipment to respond to
8 radiation emergencies and make critical updates to information technology infrastructure that are
9 necessary for cyber security protection. These funds may be needed to enable the Department's
10 continued response to the Kona Low Storms.

11 **Row 72: Asbestos and Lead Abatement Special Fund**

12 The Asbestos and Lead Abatement Special Fund supports the Department's asbestos and
13 lead abatement operations, statewide education and outreach, training and accreditation
14 programs, and long-term planning to meet emerging public health needs. The majority of the
15 fund is committed to payroll for one full-time position and program costs. The Department may
16 need to spend out of the Asbestos and Lead Abatement Special Fund to fund its continued
17 response to the Kona Low Storms.

18 **Row 73: Wastewater Treatment Certification Board Special Fund**

1 The Wastewater Treatment Certification Board Special Fund is critical to the work of the
2 Board of Certification for Personnel Operating Wastewater Treatment Plants (Board). Depletion
3 of funds would hamper the Board's work to conduct inspections of wastewater treatment plants
4 statewide, administer certification exams for wastewater treatment plant personnel, and support
5 statutory obligations of the Board under Chapter 340B, HRS.

6 **Row 74: Sanitation and Environmental Health Special Fund**

7 The Sanitation and Environmental Health Special Fund receives funds from permit,
8 license, and other related fees associated with food safety regulations. The primary use of this
9 fund is to support statewide food safety efforts and provide food handlers education classes
10 statewide, free of charge. This ensures that local food establishments are inspected and are
11 staffed with employees that possess a valid food handlers certificate, which is required to meet
12 Department regulations. Section 321-27(c), HRS, already provides for a cap on the amount in the
13 special fund and a mandate to transfer excess moneys to the general fund.

14 Should funds be removed, there will be a significant reduction of food safety personnel
15 and food establishments will need to pay out-of-pocket for training to meet food safety
16 regulations. This fund supports 26 full time food safety specialists who do outreach, conduct
17 inspections and investigate incidents of foodborne illnesses. This fund also supports a
18 microbiologist who conducts food analyses and supports laboratory operations including
19 laboratory data systems and the testing of dairy and shellfish, necessary for sale of local
20 products.

1 Loss of funding will result in the reduction of these positions and increase foodborne
2 illnesses due to a significant reduction of the Department’s ability to conduct inspections,
3 investigations and test foods in a timely manner. This results in jeopardizing the safety of the
4 public as well as adversely impacting the local restaurant, dairy and shellfish industries.
5 Additional state general funds would be needed to offset any loss of special funds. The
6 Department may need to spend out of the Sanitation and Environmental Health Special Fund to
7 fund its continued response to the Kona Low Storms.

8 **Row 75: Environmental Management Special Fund**

9 The Environmental Management Special Fund supports solid waste management,
10 pollution control, and environmental protection activities. The Department has several
11 obligations that it must fulfill from the fund, including statutorily mandated recycling contracts
12 with counties, obligations related to federal grants that require state supplemental funds, payment
13 of existing memoranda of agreement, salaries for four FTE positions that support work required
14 by statute, and other operating expenses for the solid waste program. The Department must also
15 maintain a balance in this fund to finance non-recurring work such as preparing the State's
16 Integrated Solid Waste Management Plan.

17 **Row 76: Drug Demand Reduction Assessments Special Fund**

18 The Drug Demand Reduction Assessments Special Fund is made up of court ordered
19 monetary assessments and is to be used to supplement substance abuse treatment and other
20 substance abuse demand reduction programs. To achieve this, the Alcohol and Drug Abuse

1 Division partners with the Judiciary to supplement aspects of its Drug Court programs. Without
2 these special funds, Drug Court in Hawai‘i may not continue its current success.

3 **Row 77: Intellectual and Developmental Disabilities Medicaid Waiver Administrative**
4 **Claiming Special Fund**

5 This special fund supports important positions and contracts to ensure the Developmental
6 Disabilities Division continues to serve people with intellectual and developmental disability
7 effectively. The monies in this fund are wholly made up of revenues from Medicaid
8 administrative claiming, therefore the expenditure of funds is limited to the Center on Medicaid
9 and Medicare’s requirements. These requirements state that the funds must be used for the
10 State’s administration of the Medicaid State Plan, of which, the Developmental Disabilities
11 Division administers the 1915(c) waiver. Costs must be allocable to benefits by each
12 participating program and may not include funding for general public health initiatives that are
13 made available to all persons or supplant funding obligations from other federal sources.
14 Therefore, these funds cannot be used for general fund purposes.

15 **Row 78: Disability and Communication Access Board Special Fund**

16 The Disability and Communication Access Board Special Fund, pursuant to § 348F-7,
17 HRS, collects document review, sign language interpreter test application, and continuing
18 education fees. The fund supports eight positions to review all state and county plans and
19 specifications for the construction of public buildings, facilities, and sites for compliance with
20 federal Americans with Disabilities Act Accessibility Guidelines, Title 36 Code of Federal

1 Regulations Part 1191, and the requirements of the Federal Fair Housing Amendments Act of
2 1988, as established in Title 24 Code of Federal Regulations Part 100, Subpart D and defray
3 operating costs not funded by the general fund. Transferring funds affects the overall
4 accessibility of programs, services, and activities for people with disabilities. It also increases
5 backlogs in document reviews, sign language interpreter testing, and continuing education
6 training.

7 **Row 79: Community Health Centers Special Fund**

8 The Community Health Centers Special Fund (CHSSF) funds contracts with community-
9 based providers to provide medical (perinatal, pediatric, adult primary care) and support services
10 to uninsured and underinsured individuals that are at or below two hundred fifty percent (250%)
11 of the Federal poverty level. Optional services include behavioral health care, dental treatment,
12 and pharmaceutical services. Access to primary health services reduces morbidity and mortality
13 by providing timely, appropriate, and less expensive care, and thereby prevent the development
14 and exacerbation of serious health conditions.

15 Furthermore, the CHSSF is a lifeline for underserved or isolated communities, such as
16 contracting for urgent and primary health care services to the Hana community on the island of
17 Maui, subsidies for the Waianae Coast Comprehensive Health Center for the provision of
18 emergency room services between the hours of midnight to 8:00 a.m., 365 days a year, and to
19 provide a one-time reimbursement to the 13 Federally Qualified Health Centers throughout the
20 state for much needed dental supplies and equipment in 2026. Any reduction of the current cash

1 balance will require services to be reduced from FY 2027 and beyond. The CHSSF finances 6.0
2 FTE and reductions to the fund balance may create a reduction in force.

3 **Row 80: Early Intervention Special Fund**

4 The Early Intervention Special Fund (EISF) provides federally mandated early
5 intervention (EI) services for children at-risk, among the zero-to-three population; and to expand
6 and enhance early intervention services for infants and toddlers with special needs. The EISF is
7 critical in sustaining the management and delivery of critical State and Federally mandated EI
8 services to Hawaii children (birth to 3 years old) and their families. The source of revenues for
9 the EISF is Federal reimbursements from Medicaid, TRICARE, Title IV-E, and any other
10 program income or grants earned by this fund.

11 The EISF pays salary and fringe benefits for the EI Section's Financial Resources Unit,
12 which is solely responsible for coordinating and managing EIS's Medicaid and Tricare
13 reimbursement revenue. Any reduction in the EISF would reduce or eliminate the program's
14 ability to generate income via Medicaid and Tricare reimbursement. The fund is also a critical
15 backup funding source to the EIS's Individuals with Disabilities Education Act (IDEA), Part-C
16 Federal Grant which funds other EIS staff salary/fringe and operational costs. Since the IDEA
17 Part-C grant has been level funded for many years, increases in salaries due to collective
18 bargaining erodes the amount of funding available for staff salaries. Any reduction of the cash
19 balance will require services to be decreased beginning FY 2027 and beyond. Lastly, these funds

1 support annual salary and fringe benefits for 5.0 FTE, which if funding is restricted or lost, will
2 create a reduction in force.

3 **Row 81: Hawaii Hemp Processing Special Fund**

4 Under *Hawaii Insurers Council v. Lingle*, 120 Hawai‘i 51, 201 P.3d 564 (2008),
5 regulatory fees assessed by an agency, deposited into a special fund, and used for the regulation
6 or benefit of the parties paying those fees may not be diverted for general public purposes
7 without raising constitutional concerns. The Hawai‘i Hemp Processing Special Fund, established
8 under § 328G-6, HRS, consists in practice of fees and fines collected from hemp processors,
9 distributors, and retailers, and is statutorily restricted to implementing and regulating the hemp
10 processing program. Because these moneys are regulatory in nature and dedicated to permitting,
11 registration, oversight, and enforcement of hemp processors and manufactured hemp product
12 retailers and distributors, transferring them outside the program would undermine the statutory
13 purpose of the fund and raise legal concerns regarding the improper conversion of regulatory
14 fees into a tax.

15 The hemp processing program has significant operational and near-term financial
16 obligations, including implementation and oversight of the statewide retailer and distributor
17 registration system, compliance inspections, laboratory coordination, enforcement against
18 unlawful cannabinoid products, and rule updates to align with evolving federal standards. The
19 fund supports authorized personnel, operating costs, and regulatory infrastructure necessary to
20 oversee processors and the sale and distribution of manufactured hemp products. Diverting these

1 moneys would directly constrain enforcement capacity, delay system improvements, weaken
2 oversight of emerging cannabinoid markets, and impair the State's ability to respond to public
3 health and safety risks associated with noncompliant hemp products.

4 **Row 82: Medical Cannabis Registry and Regulation Special Fund**

5 Under *Hawaii Insurers Council v. Lingle*, 120 Hawaii 51, 201 P.3d 564 (2008),
6 regulatory fees assessed by an agency, deposited into a special fund, and used for the regulation
7 or benefit of the parties paying those fees may not be diverted for general public purposes
8 without raising constitutional concerns. The Medical Cannabis Registry and Regulation Special
9 Fund is currently funded exclusively by regulatory fees collected from patients, caregivers, and
10 dispensaries, and expenditures are limited to administering and regulating the medical cannabis
11 registry and dispensary programs. Because these moneys are regulatory in nature and dedicated
12 to program implementation, transferring them outside the program would risk undermining the
13 statutory purpose of the fund and raise legal concerns regarding the improper conversion of
14 regulatory fees into a tax.

15 The program has substantial ongoing expenses and several high-cost obligations in the
16 near future, including full modernization of IT systems, the seed-to-sale tracking system and
17 patient registry system, expansion of licensing capacity for cultivators and other regulated
18 entities next year, and sustained public education efforts such as youth prevention and DUI-
19 impaired driving campaigns. These are all statutorily mandated activities. The program is also
20 partnering with UH Hilo to set up a cannabis reference laboratory to enhance regulatory

1 capacity. The fund also supports enforcement against illegal cannabis and hemp activity,
2 research on cannabis efficacy and patient outcomes, and the personnel necessary to process
3 registrations, conduct inspections, and implement legislative mandates. Removing funds would
4 reduce staffing, delay patient services, weaken enforcement, jeopardize critical IT
5 modernization, and potentially require future fee increases or general fund appropriations to
6 restore program solvency and meet statutory obligations.

7 **Row 83: Office of Health Care Assurance Special Fund**

8 The Office of Health Care Assurance is responsible for managing state licensure and
9 federal certification of health care facilities, agencies, and services throughout Hawai‘i.
10 Retaining this fund is essential to sustaining these functions and protecting the State's most
11 vulnerable residents. There is no alternative funding source available to support functions
12 required by Chapter 321, HRS such as the licensing, certification, and monitoring of health care
13 facilities by Department staff, and contracts to assure health and safety standards are met for
14 Community Care Foster Family Homes, as well as contracts for the background check system
15 used statewide to ensure all licensed health care facilities comply with statutory background
16 screening requirements. These funds are mandatory to ensure the program will remain
17 sustainable. 5.0 FTE are financed by this fund and loss of resources will trigger a reduction in
18 force.

19 **Row 84: Emergency Medical Services Special Fund**

1 The Emergency Medical Services Special Fund established under § 321-234, HRS, plays
2 a critical role in ensuring the reliability and quality of 911 EMS lifesaving care across the state.
3 This special fund is essential to maintaining and expanding the State’s 24/7 emergency medical
4 services response functions, including payroll, ambulance and other response vehicle
5 maintenance, and billing. Importantly, the approximately \$14.7 million in the EMS special fund
6 is already fully committed to 911 EMS contract services, leaving no true excess available for
7 transfer without directly impacting frontline emergency response. The fund also provides a
8 stable, protected source of financing that cannot replace pre-existing funding, safeguarding
9 against reductions in core services. Diverting excess balances from this fund to the general fund
10 would risk undermining response capacity, delaying critical care, and limiting the State’s ability
11 to expand and modernize EMS services in response to growing community needs. Maintaining
12 the integrity of this fund is essential to protecting public health, safety, and timely access to
13 emergency medical care for all residents and visitors.

14 **Row 85: Trauma System Special Fund**

15 The Trauma System Special Fund established under § 321-22.5, HRS, is vital to
16 sustaining a comprehensive, statewide trauma care system that saves lives and reduces long-term
17 disability from serious injuries. The Trauma System Special Fund supports a coordinated,
18 statewide trauma care system that ensures timely and effective treatment for injured patients
19 across Hawai‘i. Key uses include subsidizing costs of trauma care, including under-compensated
20 or uncompensated care, for hospitals treating injured patients, supporting trauma care readiness,
21 such as maintaining on-call physicians and essential equipment, and funding the State’s injury

1 prevention programs. Importantly, approximately \$7.5 million of the fund is already committed
2 to Critical Access Hospitals, Acute Care Hospitals, and Trauma Hospitals across the state to
3 ensure continued access to trauma care. These resources are not discretionary; they are essential
4 to maintaining hospital readiness, surge capacity for disasters or mass casualty incidents, and
5 equitable access to care regardless of a patient's ability to pay. Preserving this fund is essential to
6 protecting public health and ensuring a resilient, high-functioning trauma system statewide.

7 **Row 86: Vital Statistics Improvement Special Fund**

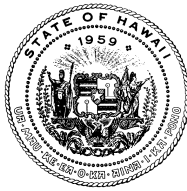
8 The Vital Statistics Improvement Special Fund, consisting of vital records copy fees,
9 supports the essential systems that record and issue Hawai'i's birth, death, marriage and other
10 vital records. Deferred maintenance and upgrades have resulted in multiple legacy systems
11 requiring replacement and creation of a single electronic system for online ordering and the
12 database of records, at an estimated cost of \$5 million. This is in addition to future maintenance,
13 security upgrades, and critical expenses such as the digitization and filing of 4.2 million records,
14 to ensure accuracy, reliability, and protection of sensitive personal data.

15 To move forward with modernization, the Department has requested a ceiling increase of
16 \$469,682 (to \$1 million) in the current budget cycle (HTH760 Seq. # 100-001). This increase
17 plus \$1.2 million in federal grant monies, will largely fund the replacement system. An RFP for
18 the replacement system closed on April 2, 2026. An award will be made in April and a phased
19 contract will be executed in FY26, encumbering the full ceiling at the end of FY26, the
20 beginning of FY27 and in subsequent years until completion of the new system in July 2028
21 (estimated).

1 Budgeting of the new system and critical digitization projects are contingent upon the
2 cash-flow of the special fund in the next three to four years as separate general funds to enable
3 the project have not been added to the administration's budget. Loss of special funds will delay
4 needed technology improvements, create vulnerabilities in data security, and disrupt critical
5 services relied upon by residents, agencies, and federal partners.

6 Thank you for the opportunity to testify on this measure.

JOSH B. GREEN, M.D.
GOVERNOR OF HAWAII
KE KIA'ĀINA O KA
MOKU'ĀINA 'O HAWAI'I



KATHERINE AUMER, PhD
COUNCIL CHAIRPERSON
LUNA HO'OMALU O KA PAPA

**STATE OF HAWAI'I
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
STATE COUNCIL ON MENTAL HEALTH
P.O. Box 3378, Room 256
HONOLULU, HAWAII 96801-3378**

**STATE COUNCIL ON MENTAL HEALTH
Testimony to the
House Committee on Finance
COMMENTING on S.B. 2921 SD1
RELATING TO STATE FUNDS
April 7, 2026, 2:00 p.m., Room 308 and Video**

CHAIRPERSON

Katherine Aumer, PhD

1st VICE CHAIRPERSON

Kathleen Merriam, LCSW CSAC

2nd VICE CHAIRPERSON

Forrest Wells, MSCP, LMHC, MBA

SECRETARY

Mary Pat Waterhouse, MHA MBA

MEMBERS

Danielle Bergan

John Betlach

Tianna Celis-Webster

Lea Dias, MEd

Jon Fujii, MBA

Heidi Ilyavi

Jackie Jackson, CFPS

Christine Montague-Hicks, MEd

Ray Rice, MEd

Asianna Saragosa-Torres

Kristin Will, MACL, CSAC

EX-OFFICIO:

Marian Tsuji, Deputy Director

Behavioral Health Administration

WEBSITE:

scmh.hawaii.gov

EMAIL ADDRESS:

doh.scmhchairperson@

Chair Todd, Vice Chair Takenouchi, and Committee members:

HRS §334-10 established the State Council on Mental Health (“Council”) as a 21-member body. It advises on resource allocation, statewide needs, and programs affecting more than one county. It advocates for adults with serious mental illness, children with emotional disturbances, and individuals with co-occurring substance abuse disorders. Members represent mental health providers and recipients, students, youth, parents, and family members. State agency representatives from mental health, judiciary, housing, Medicaid, social services, vocational rehabilitation, and education serve the Council. Members also include representatives from the Hawaii Advisory Commission on Drug Abuse and Controlled Substances and county service area boards.

The Council appreciates the intent of SB 2921, SD1, which seeks to provide the State with greater financial flexibility during periods of economic uncertainty and shifts in federal funding. We wish to offer perspectives on how this bill may impact mental health and substance use services.

Hawai'i is experiencing increasingly complex behavioral health needs; however, programs serving our island communities continue to lack adequate resources. Inconsistent care and gaps in the continuum of services hinder long-term recovery, which has negative impacts not only on individuals but also on entire communities.

To maintain essential services and ensure continuity of care, the Council respectfully requests that the Legislature explicitly exempt the

State Council on Mental Health Testimony

SB 2921 SD1

Relating to State Funds

April 7, 2026

Page 2 of 2

Mental Health and Substance Abuse Services Special Fund from any transfer authority included in this bill. Safeguarding these funds is critical to providing individuals and communities with reliable and effective support. We strongly urge you to take this action to promote the well-being and recovery of those who depend on these services.

Thank you for the opportunity to provide testimony.



TESTIMONY OF
CAROLINE ANDERSON
Interim President & CEO
Hawai'i Tourism Authority
before the
HOUSE COMMITTEE ON FINANCE

April 7, 2026
2:00 p.m.
State Capitol, Room 308 and Videoconference

In consideration of
SB 2921 SD1
RELATING TO STATE FUNDS

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

The Hawai'i Tourism Authority (HTA) offers comments on SB 2921 SD1, which would transfer certain non-general fund balances deemed "in excess" to the general fund, including several tourism-related funds.

HTA's primary concern is that sweeping balances without a clear definition of "excess" may unintentionally reduce the ability of tourism-related funds to meet existing obligations, planned commitments, or emergency readiness needs.

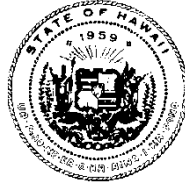
The majority of funds within the Convention Center Enterprise Special Fund (CCESF) are currently allocated for the rooftop terrace deck repair project (contingency reserve) and other essential capital improvement initiatives. These projects address critical infrastructure needs necessary to maintain the safety, functionality, and competitiveness of the facility. The proposed reallocation of funds from the CCESF would place these high-priority projects at risk and could adversely affect the continued operation of a key revenue-generating public asset. Facility-related operations can require multi-year planning. A sweep could create operational uncertainty or delays.

The Tourism Emergency Special Fund (TESF) is a critical component for the State's emergency operations. Tourism emergency response requires the ability to act immediately when a crisis occurs. It is essential because it enables HTA to mobilize resources quickly — whether for emergency communications, visitor management, or recovery efforts spanning several years. Furthermore, it will slow our ability to respond when Hawai'i's communities, economy, and visitor industry need rapid action the most.

HTA respectfully requests clear criteria for determining "excess," protection for obligated or planned funds, and consideration of exemptions or safeguards for tourism-related funds that support statewide readiness, continuity, and resilience.

Mahalo for the opportunity to share our comments on SB 2921 SD1.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
HONOLULU, HAWAII 96817

IN REPLY PLEASE REFER TO:

26:OED

Statement of the
Hawaii Public Housing Authority

Before the
House Committee on Finance

Tuesday, April 7, 2026
2:00 PM – Room 308, Hawaii State Capitol

In consideration of
SB 2921, SD1
RELATING TO STATE FUNDS

Honorable Chair Todd, Vice Chair Takenouchi, and Members of the House Committee on Finance:

The Hawaii Public Housing Authority (HPHA) **respectfully opposes** SB 2921, SD1 to the extent that it would transfer funds from the State Low-Income Housing Revolving Fund (S-308) to the general fund.

While the balance may appear available on paper, these funds are not excess. They are obligated working capital necessary to operate the State Low-Income Public Housing Program that serves low-income families and individuals statewide.

State Low-Income Housing Revolving Fund (S-308)

As of January 31, 2026, the balance in S-308 is \$680,884. HPHA already has \$492,205 pending in current liabilities to be paid from this account, and those obligations are growing. This fund is not financially self-sustaining beyond operational needs. It operates on a tight margin and is managed to cover essential expenses only. Any transfer from S-308 would significantly impair operations and disrupt services to low-income tenants.

HRS 356D-45 reads: *“the state low-income housing revolving fund may be expended by the authority for any and all of the purposes of this subpart, including without prejudice to the generality of the foregoing, the expenses of management, operation, and maintenance of state low-income housing projects”*



The table below summarizes the current balances and existing liabilities as of January 31, 20206:

	State Low-Income Housing Revolving Fund S-308
Current Balance as of 1/31/2026	\$680,884
HRS 356D-45	The state low-income housing revolving fund may be expended by the authority for any and all of the purposes of this subpart, including without prejudice to the generality of the foregoing, the expenses of management, operation, and maintenance of state low-income housing projects.
Pending to Encumbered and Current Liabilities	\$492,205
Reason Funds should not be Transferred	The fund is not financially self-sustaining based on its operating needs

From a fiscal management standpoint, this balance represents operating liquidity — not surplus reserves. HPHA incurs expenses daily, including payroll, utilities, maintenance, insurance, and contract services, and these obligations are paid from pooled funds as they come due. While not every dollar is formally encumbered at this moment, a significant portion reflects current liabilities and near-term obligations inherent in ongoing operations. Any reduction in these balances would materially weaken the Authority’s working capital and its ability to meet financial commitments.

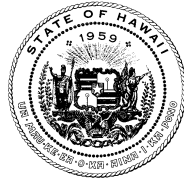
HPHA respectfully requests that the Committee allow revolving fund S-308, to remain intact. This revolving fund supports essential operating expenses necessary to maintain housing stability for vulnerable residents statewide.

We thank the Committee for the opportunity to submit this testimony. We appreciate your consideration and stand ready to provide any additional information or clarification the Committee may require.



JOSH B. GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



STACEY A. ALDRICH
STATE LIBRARIAN
Ke Po'o Hale Waihona Puke Moku'āina

STATE OF HAWAII
HAWAII STATE PUBLIC LIBRARY SYSTEM
'OIHANA HALE WAIHONA PUKE AUPUNI O KA MOKU'ĀINA O HAWAII
OFFICE OF THE STATE LIBRARIAN
44 MERCHANT STREET
HONOLULU, HAWAII 96813
(808) 586-3704

House Committee on Finance
April 7, 2026, 2:00 p.m.
State Capitol, Room 308

SB 2921 SD1 – Relating to State Funds

To: Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair
Members of the House Committee on Ways and Means

The Hawai'i State Public Library System (HSPLS) **opposes** SB2921 HD1 which transfers to the general fund the excess balances of various non-general funds and programs.

Libraries Special Fund

Section 312-3.6 of the Hawaii Revised Statutes (HRS) established the Libraries Special Fund to support the purchase of library books and materials only. These funds also support the purchase of our digital resources, such as ebooks and audio books, and other library resources. Currently, our legislatively approved budget for the purchase of library books and materials is **less than 50%** of the annual expenses for our statewide library system which is averaging over \$3 million per year. **The Libraries Special Fund directly supplements the lack of funding in HSPLS' base budget for the purchase of library books and materials.**

The balance shown in the Libraries Special Fund varies throughout the year as fines, fees, and other funds are collected and funds are used for the purchase of books and materials. Therefore, the funds in the Libraries Special Fund are **not excess balances** to transfer to the general fund. Loss of the Libraries Special Fund will severely impact our ability to maintain updated books and materials at a time when communities are relying on us even more.

We also note that Section 312-3.6, HRS, sets forth that the State Librarian determines the allocation of the Library Special Fund and subsection (c) specifically states that **“moneys allocated from the libraries special fund to the public libraries shall be used to purchase**

books or other library materials.” Transfers of these funds cannot be used for any other purpose.

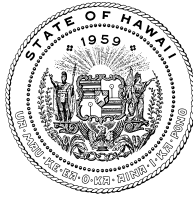
Library Fee for Enhanced Services Program

Section 312-21, HRS, was established to support, among other things, “...the planning, programming and budgeting of operating, research and development and capital investment programs” at the public libraries statewide. **Fees collected under this program are used to directly support the continued availability of these services and programs at the library where the fees had been collected.** Therefore, the funds in the Library Fee for Enhanced Services Program as **not excess balances** to transfer to the general fund. If these funds were transferred out, there would be a substantial drop in the number of books, information resources and programs available for the public statewide.

Thank you for the opportunity to provide comments on SB 2921 SD1 and your continued support of our communities and the Hawai'i State Public Library System.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

677 QUEEN STREET, SUITE 300

HONOLULU, HAWAII 96813

FAX: (808) 587-0600

Statement of

DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation

Before the

HOUSE COMMITTEE ON FINANCE

April 07, 2026 at 2:00 p.m.

State Capitol, Room 308

In consideration of

SENATE BILL 2921, SENATE DRAFT 1 RELATING TO STATE FUNDS.

Chair Todd, Vice Chair Takenouchi, and members of the Committee.

HHFDC has **comments** on SB2921, SD1, which proposes transferring excess balances from various special and revolving funds to the general fund.

Hawaii is facing one of the most severe housing shortages in the nation. Every year, the State loses progress when production slows, financing gaps widen, and project timelines extend. HHFDC's revolving funds were established precisely to mitigate these risks, and without them, Hawaii would not be able to bring units to market at the scale or speed required to meet statewide housing needs.

While the current bill lists \$0 in excess balances for all housing-related funds, we appreciate the chance to share our concerns about how any future sweep of housing funds could significantly affect statewide housing production.

HHFDC relies on three revolving funds: the Rental Housing Revolving Fund (RHRF), Dwelling Unit Revolving Fund (DURF), and Affordable Homeownership Revolving Fund (AHRF). Each revolving fund plays a distinct and irreplaceable role:

1. RHRF is a highly effective program that provides low-interest, subordinate financing to support the development, preservation, and rehabilitation of affordable rental housing statewide. RHRF is most commonly used in conjunction with the Low-Income Housing Tax Credit (LIHTC) Program, the federal government's primary program for producing affordable housing. When used with LIHTC, RHRF leverages tax credits and equity from bond investors to produce deeply affordable units for the lowest-income

households whose rents often do not generate sufficient revenue to support project operating costs and permanent financing. These deeply affordable units are typically the most difficult to produce, and without RHRF's flexible, deeply subordinate financing, they would be financially infeasible for most developments.

We anticipate that all of the available RHRF Tier 1 fund balance will be awarded to projects that applied for the consolidated funding round. The deadline for applications was February 20, 2026, and we received 35 applications that are requesting over \$1 billion of RHRF. We will hold a separate funding round for the mixed-income RHRF funds this spring and anticipate that all appropriated funds will be awarded this year.

2. DURF was established to support the goals of the State's housing development programs. DURF is very valuable as a flexible source of capital that may be used for several purposes, including interim and permanent project financing; construction of infrastructure; equity investments; acquisition of real property; construction of residential, commercial, and industrial properties; and related administrative and operational expenses.

The available fund balance is currently targeted for regional infrastructure loans, interim project financing loans, equity investments, and land acquisition of underutilized properties for development of housing by HHFDC.

3. AHRF was established to provide low-cost financing for the development and preservation of affordable for-sale housing in Hawaii. AHRF is a critical financing source for non-profit developers that provide deeply affordable for-sale housing. An example is the Nanaikeola Self-Help housing project, which was recently awarded financing and will deliver fee-simple single-family homes for households at 80% AMI and below.

We are appreciative of WAM removing RHRF from the initial housing funds list in SB2921; however, both DURF and AHRF are still on the list in SB2921, SD1.

Hawaii's housing system relies on a dedicated, reliable funding source to drive production, as affordable housing projects often take many years to complete. Developers begin planning years in advance, anticipating that State housing funds will remain available according to their statutory purpose. Even modest reductions in funding can lead to detrimental consequences.

1. Slow or halt affordable housing development by reducing the capital available for worthy affordable housing projects.
2. Increase project costs and extend timelines, as developers would need to seek alternative funding sources, often with higher costs or longer approval cycles.

Given the scale of Hawaii's housing shortage, these revolving funds are not simply budgetary reserves, but rather, they are essential production tools that keep projects moving from concept to completion. The Legislature's ongoing commitment to protecting these funds has been central to delivering new units statewide.

HHFDC respectfully asks the House Finance Committee to protect DURF, AHRF, and other housing-related funds from any sweeps. Preserving these programs is essential to sustaining and accelerating the housing production that communities across Hawaii urgently need.

Thank you for the opportunity to testify.



**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

547 Queen Street, Honolulu, Hawaii 96813
Telephone: (808) 594-0300 Fax: (808) 587-0299
Web site: <http://dbedt.hawaii.gov/hcda/>

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

STERLING HIGA
CHAIRPERSON

CRAIG K. NAKAMOTO
EXECUTIVE DIRECTOR

Statement of
CRAIG K. NAKAMOTO
Executive Director
Hawai'i Community Development Authority
before the
HOUSE COMMITTEE ON FINANCE

Tuesday, April 7, 2026
2:00 PM
State Capitol, Conference Room 308 & Videoconference

In consideration of
SB 2921, SD1
RELATING TO STATE FUNDS.

Chairperson Todd, Vice Chairperson Takenouchi, and members of the Committee. The Hawai'i Community Development Authority (HCDA) respectfully offers **comments** and concerns regarding the application of SB 2921, SD1, for the committee's consideration.

SB2921, SD1, proposes to transfer excess moneys from various funds and programs to the general fund. HCDA does not have moneys in excess of the operational, programmatic, and statutory requirements of the special funds identified in the bill. The balances within these funds are dedicated revenues derived from activities within specific community development districts and are programmed for ongoing planning, infrastructure, public improvements, maintenance, and long-term obligations.

Moneys in the Hawai'i Community Development Special Fund are restricted to uses that fulfill the purposes of Chapter 206E, *Hawai'i Revised Statutes*. These funds are comprised solely of revenues generated from activities within the Kaka'ako Community Development District and are reinvested into that district to support infrastructure, public improvements, planning efforts, and district operations. Diverting these funds to the general fund would undermine the statutory framework that ensures revenues generated within the district that are used for its continued development and stewardship.

Similarly, moneys in the Kalaeloa Community Development Special Fund are restricted to fulfilling the purposes of the Kalaeloa Community Development District as provided under HRS Chapter 206E, Part VII. These funds support planning, infrastructure, and other district-specific obligations necessary to implement the Legislature's vision for Kalaeloa.

Moneys in the He'eia Community Development Special Fund are likewise restricted to fulfilling the purposes of the He'eia Community Development District pursuant to HRS Chapter 206E, Part VIII. These funds are intended to support long-term planning and implementation activities within the district and are not excess funds.

Because these special funds are statutorily restricted and tied directly to district-generated revenues and long-term commitments, HCDA has significant concerns that transferring any portion of these balances to the general fund would impair the HCDA's ability to carry out its legislatively mandated responsibilities under Chapter 206E.

HCDA respectfully requests SB2921 clarify that statutorily restricted special funds, including those administered by HCDA, are excluded from any transfer requirement, or otherwise ensure that district-generated revenues remain available for their intended purposes.

Thank you for the opportunity to provide testimony.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Raid Various Special and Revolving Funds

BILL NUMBER: SB 2921 SD 1

INTRODUCED BY: WAM

EXECUTIVE SUMMARY: Transfers to the general fund the excess balances of various non-general funds and programs. (SD1)SYNOPSIS: Transfers moneys from various special and revolving funds to the General Fund. 161 funds are listed, but no dollar amounts to be raided are in the bill currently.

EFFECTIVE DATE: Retroactively to June 30, 2026.

STAFF COMMENTS: We cannot argue with the proposition that excess balances in special funds should be repurposed first before reducing core services or increasing taxes.

Appropriation is not supposed to be difficult. Lawmakers, with the help of our Council on Revenues, figure out how much money we're expected to collect. They listen as the various executive agencies and departments show them what their respective programs have achieved for the people of Hawaii. Lawmakers then decide which programs and services are worthy of how much of our hard-earned taxpayer dollars, and off we go for another fiscal year.

This, however, isn't enough for some people (or departments), who are absolutely fixated on securing a "dedicated funding source" for their favorite program or department. A dedicated funding source usually means setting up a special fund, which is tougher to police using the appropriation process, and a grab on tax revenues before they can be counted with the rest of state realizations during the budgeting processes. Dedicated funding sources can and do protect inefficient or questionable programs and expenditures.

Legislators argue that the Legislature exercises more than adequate oversight over these special funds even though they aren't covered in the normal appropriation process. But how does that explain findings like the State Auditor's Report No. 20-06, which found more than \$75 million in accounts associated with inactive special or revolving funds? Or Report No. 20-07, which found tens of millions of dollars in special funds that swelled in size over the years, indicating an imbalance between the so-called dedicated funding source and the programs and services it was supposed to fund? Or Report No. 20-08, which built on Report No. 20-06 and made the bold statement, "More than \$483 million in excess moneys may be available to be transferred from 57 special and revolving fund accounts to the General Fund without adversely affecting programs"?

The continued existence of a program or service is supposed to be earned. If a program or service efficiently delivers value to the people of Hawaii, then it is worthy of our continued support. It's not supposed to be forced by tax grabs, special funds, and other gimmicks. We need to start recognizing that this "dedicated funding source" rhetoric is taking us down the wrong path.

Re: SB 2921 SD1
Page 2

That being said, we are concerned about this bill because we have yet to see any dollar amounts proposed to be transferred. The departments affected will howl and scream no matter what amounts are put in. The only reason why no dollar amounts are there appears to be to frustrate public review of these amounts.

Digested: 4/3/2026



**Written Testimony of
David Thorp, American Beverage Association
Before the House Committee on Finance
In Opposition to S.B. 2921, SD1: Relating to State Funds
April 7, 2026**

Chair Todd, Vice Chair Takenouchi, and members of the Committee, thank you for the opportunity to comment to oppose S.B. 2921, SD1 – relating to state funds, to the extent that it proposes to transfer funds from the deposit beverage container special fund to the general fund.

I am David Thorp, Vice President, State Government Affairs West for the American Beverage Association (ABA). The American Beverage Association is the trade association representing the non-alcoholic beverage industry across the country and here in Hawaii.

Specific Uses for Deposit Beverage Container (DBC) Deposit Special Funds

Hawaii’s §342G-104 details the ways for funds in the DBC fund to be used, which include:

(b) Moneys in the deposit beverage container deposit special fund shall be used to reimburse refund values and pay handling fees to redemption centers. The department may also use the money to:

- (1) Fund administrative, audit, and compliance activities associated with collection and payment of the deposits and handling fees of the deposit beverage container program;*
- (2) Conduct recycling education and demonstration projects;*
- (3) Promote recyclable market development activities;*
- (4) Support the handling and transportation of the deposit beverage containers to end-markets;*
- (5) Hire personnel to oversee the implementation of the deposit beverage container program, including permitting and enforcement activities; and*
- (6) Fund associated office expenses.*

Aluminum and PET Plastic Beverage Containers are Valuable

Aluminum and PET plastic beverage containers are 100% recyclable and are collected and recycled under the state’s HI-5 program. The state recognizes that these aluminum and PET containers are valuable and recyclable by placing a deposit on them because it wants to encourage consumers to bring them back and be remade into new bottles and cans as intended.

Continue to Utilize Deposit Beverage Container Funds to Improve Recycling

The Department of Health’s continued utilization of deposit container funds is critical to meeting the goals of the state’s HI-5 program to improve redemption and recycling of 100% recyclable aluminum and PET plastic beverage containers. We support the use of the DBC fund to accomplish the above-stated goals of this program.

Sincerely,

David Thorp

David Thorp, American Beverage Association



Hilo Benioff
Medical Center
Foundation

April 6, 2026

RE: TESTIMONY IN OPPOSITION TO SB2921

Chair, Vice Chair, and Members of the Committee,

I write in **strong opposition to SB2921**.

As Executive Director of the Hilo Benioff Medical Center Foundation and the Hawaii Island Area Health Education Center (AHEC), I work at the intersection of healthcare workforce development, access to care, and rural health systems across our state. I also serve in national rural health leadership, where Hawai'i is often cited as a cautionary example of workforce fragility.

The **Physicians Workforce Funding** is not a passive account, it is a **strategic, physician-supported investment mechanism**. A portion of physician licensing fees are intentionally directed into this fund to support **data-driven workforce assessment, recruitment, retention, and coordinated statewide planning efforts**.

At a time when Hawaii faces a **severe and worsening physician shortage, particularly on neighbor islands and in rural communities, this fund represents one of the few structured, sustainable tools we have to respond**.

These funds support:

- Independent workforce data and reporting that inform policy and planning
- Recruitment and retention strategies critical to stabilizing our provider base
- Convenings such as workforce summits that align stakeholders across systems
- Efforts that directly impact access to care for our most vulnerable communities

Eliminating or sweeping this fund would have **immediate and long-term consequences**:

- It would **disrupt the integrity of workforce data**, at a time when accurate information is already limited and often unreliable
- It would **undermine physician trust**, as these are funds they directly contribute with the expectation of dedicated use
- It would **weaken coordinated statewide efforts** to address access to care
- And ultimately, it would **exacerbate existing disparities**, particularly in rural Hawai'i where access is already constrained

In my work across Hawaii Island and in collaboration with state and national partners, I see firsthand that:

HILO BENIOFF MEDICAL CENTER FOUNDATION

1190 Waiuanue Avenue, Hilo, HI 96720 | hbmcfoundation.org | (808) 932-3636



Coverage does not guarantee access. Access depends on workforce.

Without intentional, sustained investment in our physician workforce, we will continue to see:

- Longer wait times
- Increased reliance on emergency services
- Provider burnout and turnover
- And worsening health outcomes across our communities

The Physicians Workforce Funding was established with a clear and critical purpose. Redirecting these funds to the general fund may offer a short-term fiscal solution, but it creates a **long-term structural risk to Hawaii's healthcare system.**

At a time when we should be **strengthening, not dismantling, our workforce infrastructure**, I respectfully urge you to **oppose SB2921.**

Thank you for the opportunity to provide testimony and for your commitment to the health of our communities.

Respectfully submitted,
Lisa Rantz
Executive Director
Hilo Benioff Medical Center Foundation
Hawaii Island AHEC



Date: April 7, 2026

To: Representative Chris Todd
Chair, Committee on Finance

From: Don LeFevé
President & CEO, American Car Rental Association

RE: S.B. 2921, SD 1 – Relating to State Funds
Hearing Date: Tuesday, April 7, 2026 at 2:00 p.m.
Conference Room 308

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee on Finance:

On behalf of the American Car Rental Association, we respectfully submit this testimony in **opposition** to S.B. 2921, SD1, to the extent that it would transfer monies from the Rental Motor Vehicle Customer Facility Charge Special Fund to the general fund.

Pursuant to HRS §261-5.6, the Rental Motor Vehicle Customer Facility Charge Special Fund was established to ensure that Customer Facility Charges paid by rental car customers are used exclusively for airport rental car facilities, infrastructure, and related services. These include consolidated rental car facilities, shuttle systems, and facility maintenance and improvements.

The Rental Motor Vehicle Customer Facility Charge Special Fund is subject to statutory restrictions under HRS 261-5.6 as well as bond covenants. Additionally, airport revenues are protected under the Federal Aviation Administration's diversion of funds policy which limits the use of such revenues only for airport-related purposes.

For these reasons, ACRA respectfully requests the Rental Motor Vehicle Customer Facility Charge Special Fund be removed from S.B. 2921, SD1.

Thank you for the opportunity to provide this testimony.

SB-2921-SD-1

Submitted on: 4/6/2026 9:10:15 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Esther Smith	Mohala Health	Oppose	Written Testimony Only

Comments:

TESTIMONY IN OPPOSITION TO SB2921

Chair, Vice Chair, and Members of the Committee,

I strongly oppose SB2921.

This bill proposes sweeping special funds into the general fund, including funds intended for targeted workforce efforts. In this case, that includes resources that directly support physician workforce analysis, recruitment, and retention—at a time when Hawai‘i’s healthcare system is already under measurable strain.

At Mohala Health, we are actively expanding primary care capacity on the Big Island in the face of a worsening provider shortage. We are doing this while absorbing rising costs, administrative burden, and persistent underpayment relative to the cost of practicing in Hawai‘i. Clinics and small hospitals across the state are operating on increasingly thin margins. Without meaningful adjustment to the Geographic Practice Cost Index (GPCI), many of these practices will not remain viable. The effort to advocate for those federal adjustments, arguably the single most important lever for long-term sustainability, relies in part on the very workforce funding this bill would sweep.

The University of Hawai‘i annual physician workforce report, supported through this funding, remains one of the few credible sources of data on our actual physician supply. Other commonly cited datasets are incomplete, lagging, or methodologically flawed. We cannot address a workforce crisis we cannot accurately measure. Eliminating or destabilizing that reporting function undermines even our ability to define the problem, much less solve it.

At the same time, Hawai‘i continues to be mischaracterized nationally. WalletHub has ranked Hawai‘i among the worst states to practice as a physician or nurse, reflecting the real economic pressures providers face. In contrast, U.S. News & World Report ranks Hawai‘i as #1 in healthcare, relying heavily on survey-based metrics that fail to capture access constraints, workforce shortages, and the export of complex patients to the mainland. These conflicting narratives are not academic, they actively obscure the severity of our situation and reduce urgency for meaningful reform.

Sweeping physician workforce funds may appear administratively convenient, but it is strategically counterproductive. It removes one of the few tools we have to understand, advocate for, and stabilize our healthcare workforce.

I respectfully urge you to oppose SB2921.

Respectfully submitted,
Esther Yu Smith, MD
Mohala Health
Vice President, Hawai'i Healthcare Task Force



NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY



An Authority of the State of Hawaii attached to the Department of Business, Economic Development & Tourism

Statement of
Riley M. Saito, Executive Director
Natural Energy Laboratory of Hawaii Authority
before the
HOUSE COMMITTEE ON FINANCE

Tuesday, April 7, 2026
2:00 pm
State Capitol, Conference Room 308 & Videoconference

in consideration of
SB2921 SD1
RELATING TO STATE FUNDS.

The Natural Energy Laboratory of Hawai'i Authority (NELHA) appreciates the opportunity to provide comments on SB 2921 SD1, which proposes transferring excess balances from non-general funds to the general fund.

NELHA administers the Hawai'i Ocean Science and Technology (HOST) Park, home to approximately 55 companies in the ocean science, renewable energy, and technology sectors. The agency has been fully self-sufficient since 2008, operating through its special fund to generate revenue and cover all operating expenditures.

NELHA's special fund balance is modest and typically supports only one to two months of NELHA's operating costs. As a result, the fund does not maintain excess reserves. Any reduction in the balance would create significant operational challenges, including potential personnel impacts or the need to seek general fund appropriations to sustain essential services.

Thank you for the opportunity to provide these comments.



1919 S. Eads St.
Arlington, VA 22202
703-907-7600
CTA.tech

April 6, 2026

Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
Members of the Senate Committee on Finance

Conference Room 308
State Capitol
415 South Beretania Street
Honolulu, HI 96813

Re: Opposition to SB 2921 SD1; Relating to State Funds

Dear Chair Todd, Vice Chair Takenouchi, and Committee Members:

The Consumer Technology Association (CTA), writes in **OPPOSITION to SB 2921 SD1, specific to use of the funds from the Electronic Device Recycling Fund.** The bill proposes to use excess funds from the Electronic Device Recycling Fund for the general fund.

A. About CTA

CTA is the trade association representing the U.S. consumer technology industry – including manufacturers of televisions and computer equipment who pay for the Electronic Device Recycling program including registration fees and possibly fines that are deposited into the Electronic Device Recycling Fund. CTA also represent retailers of these and other consumer technology products.

B. Misuse of Manufacturer Paid Fees

Under Chapter 339D-10, the electronic device recycling fund is established. The money in that fund is paid to the state directly by CTA's members who manufacture electronic devices. The funds come from manufacturer paid registration fees and possible fines under the Electronic Device Recycling program.

Section 10 specifically states:

(b)... Moneys in the fund shall be expended by the director for the purpose of implementing and enforcing this chapter. Moneys may also be expended by the director to support county electronics collections.

The language clearly dictates how the funding should be utilized either for the Department of Health (DOH) to implement and enforce the program or for DOH to support county electronics collections. Nowhere does language allow for the state to transfer money to the general fund for other purposes than what is specified in Chapter 33D-10(b).

The funds are currently being used to support the work of the DOH in implementing and enforcing the Electronic Device Recycling Program as well as supporting county electronics collections. The state has identified electronics recycling as a policy priority and funding should remain dedicated to those efforts.

Manufacturers of electronic devices should not have the fees they've paid into the state used for any other purpose than supporting the Electronic Device Recycling program. CTA appreciates the opportunity to provide input and **OPPOSES the use of the Electronic Device Recycling Fund for the purposes of SB2921 SD1.**

Thank you again for the opportunity to testify and provide our testimony. If you have any questions, please do not hesitate to contact me at kreilly@cta.tech.

Sincerely,

A handwritten signature in black ink, appearing to read 'Katie Reilly', with a long horizontal line extending to the right.

Katie Reilly

Vice President, Environmental Affairs and Industry Sustainability

kreilly@cta.tech

(571) 684-1895

April 7, 2026, 2 p.m.
Hawaii State Capitol
Conference Room 308 and Videoconference

To: House Committee on Finance
Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

RE: TESTIMONY IN SUPPORT OF SB2921 SD1 — RELATING TO STATE FUNDS

Aloha Chair, Vice Chair and other Committee Members,

The Grassroot Institute of Hawaii **supports** [SB2921 SD1](#), which would transfer the cash balances in various non-general funds into the general fund.

This action would be an effective measure for shoring up the general fund while the state navigates a period of financial uncertainty.

The amounts to be transferred are currently blank, but the committee could look to the various special, revolving and trust funds that the state Office of the Auditor has recommended be abolished or reclassified.

A Grassroot review of auditor reports published in the past five years identified more than 90 funds that fall into this category. These funds are collectively expected to hold more than \$115 million in fiscal year 2027. Grassroot can provide a list of these funds to the committee upon request.

The committee could also look to a 2020 auditor report that identified more than \$480 million that at the time could have been transferred from non-general funds into the general fund without adversely affecting the programs that those funds support.¹

¹ ["Supplement to Report No. 20-06, Report on Special and Revolving Fund Accounts with Inactive or Excess Balances,"](#) Office of the Auditor, May 2020.

Other non-general fund dollars that are ripe for transfer to the general fund include funds that have been idle for a long time. Tom Yamachika at the Tax Foundation has written several columns about these funds:

>> [“Idle Land and Natural Resources Funds.”](#)

>> [“Idle Agriculture Funds.”](#)

>> [“Idle DOE funds.”](#)

>> [“Use That Hoarded Tuition and Fees Now.”](#)

Grassroot thanks the committee for hearing this measure and would welcome further dialogue about this bill.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

SB-2921-SD-1

Submitted on: 4/6/2026 11:05:06 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Scott Grosskreutz, M.D.	Hawaii Healthcare Task Force	Oppose	Written Testimony Only

Comments:

Dear Chair and Committee Members,

I am writing in strong opposition to SB2921. Hawaii's doctors are paying for our medical licence fees, with the funds used for the specific purpose of Physician Workforce funding.

Hawaii has the highest percentage of our state's population in federally designed Health Professional Shortage Areas in America. Our doctor shortages excess 40% on Maui and the Big Island. Many of of practices are in severe fiscal stress. We simply do not have millions of dollars, unlike Hawaii's insurance industry, to spent on advertising and lobbying. To take away one of our only funded sources of research and policy support, likely will result in the worsening of Hawaii's severe access to care crisis. It would further strip doctors of any meaningful input on public health policy and blind the Legislature as to the severity of Hawai'i's shortage of physicians.

Aloha,

Scott Grosskreutz, M.D.

President Hawai'i Healthcare Task Force



To: Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice-Chair
Members of the House Committee on Finance

Fr: Karlyn Laulusa on behalf of Manoa Botanicals, LLC.

Re: Comments on Senate Bill (SB) 2921 - RELATING TO STATE FUNDS

Dear Chair Todd, Vice-Chair Takenouchi, and Members of the Committees:

My name is Karlyn Laulusa and I am the Chief Executive Officer at Manoa Botanicals, and I offer the following **comments related to SB2921**. The Medical Cannabis Registry and Regulation Special Fund (MCRRSF) should be excluded. The millions of dollars in this fund consist of regulatory fees paid by patients and licensed operators to administer Hawai'i's medical cannabis program.

The program itself is in its **5th consecutive year of decline**, and the funds should be used to improve patient access and administer enforcement against illegal operators -

- **Modernize program systems** (e.g., automate registrations)
 - Access is unavailable after office hours, weekends and holidays
 - Multiple states use the same software to automate registrations
- **Strengthening enforcement capacity** (e.g., known illegal operators identified by DOH from 2020 - 2026 are still operating)
 - DOH is in statutory violation/non-compliance of Act 269
 - Most hemp retailers remain unregistered and illegal operators continue to sell cannabis labeled as hemp without consequence
- **Prepare for anticipated federal cannabis policy changes**, including potential rescheduling

Conclusion

Participant-paid regulatory fees should be used for their intended purpose. Please exclude the Medical Cannabis Registry and Regulation Special Fund from this measure.

Thank you for the opportunity to provide written comments.

Karlyn Laulusa
Chief Executive Officer
Noa Botanicals

SB-2921-SD-1

Submitted on: 4/6/2026 9:19:36 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kaohimanu Dang Akiona MD	Individual	Oppose	Written Testimony Only

Comments:

TESTIMONY IN OPPOSITION TO SB2921

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

I write in strong opposition to SB2921.

This measure would transfer balances from special funds into the general fund, including funds that were established for specific, dedicated purposes.

As a practicing physician in Hawai‘i, I pay licensing fees every two years, a portion of which is directed into the Physicians Workforce Funding. These are physician-contributed funds intended specifically to support physician workforce assessment and activities to improve recruitment, retention, and planning across the state.

Hawai‘i is currently experiencing a severe physician shortage, particularly in rural and neighbor island communities. The workforce fund supports essential efforts such as data analysis, recruitment initiatives, and coordination activities like workforce summits. These are among the only structured tools available to address the growing gap between patient needs and available providers.

Sweeping these funds into the general fund undermines their intended purpose and removes critical resources at a time when access to care is already strained. It also weakens ongoing efforts to stabilize the physician workforce and retain providers in Hawai‘i.

These funds were created with a clear purpose and are supported directly by physicians. Redirecting them risks worsening an already fragile healthcare system.

For these reasons, I respectfully urge you to oppose SB2921.

Thank you for the opportunity to provide testimony.

Respectfully submitted,
Ka’ohimanu Dang Akiona, MD

SB-2921-SD-1

Submitted on: 4/6/2026 9:56:08 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Colleen McAluney	Individual	Oppose	Written Testimony Only

Comments:

Reducing or eliminating the CBED Special Fund would permanently diminish the state's ability to support Hawaii's small businesses and the state's strategic economic diversification and development goals. For these reasons I respectfully request that the Hawaii Community-Based Economic Development Special Fund be preserved and not be reclaimed.

Thank you for the opportunity to testify.

SB-2921-SD-1

Submitted on: 4/6/2026 10:14:05 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Stephen B Kemble	Individual	Oppose	Written Testimony Only

Comments:

Chair, Vice Chair, and Members of the Committee,

I write in strong opposition to SB2921.

This measure would transfer balances from special funds into the general fund, including funds that were established for specific, dedicated purposes.

As a practicing physician in Hawai‘i, I pay licensing fees every two years, a portion of which is directed into the Physicians Workforce Funding. These are physician-contributed funds intended specifically to support physician workforce assessment and activities to improve recruitment, retention, and planning across the state.

Hawai‘i is currently experiencing a severe physician shortage, particularly in rural and neighbor island communities. The workforce fund supports essential efforts such as data analysis, recruitment initiatives, and coordination activities like workforce summits. These are among the only structured tools available to address the growing gap between patient needs and available providers.

Sweeping these funds into the general fund undermines their intended purpose and removes critical resources at a time when access to care is already strained. It also weakens ongoing efforts to stabilize the physician workforce and retain providers in Hawai‘i.

These funds were created with a clear purpose and are supported directly by physicians. Redirecting them risks worsening an already fragile healthcare system.

For these reasons, I respectfully urge you to oppose SB2921.

Thank you for the opportunity to provide testimony.

Respectfully submitted,

Stephen Kemble, MD, Member, Hawaii Healthcare Shortage Task Force

SB-2921-SD-1

Submitted on: 4/6/2026 12:18:39 PM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kelley Withy	Individual	Oppose	In Person

Comments:

Aloha Chair Todd, Vice Chair Takenouchi and Committee Members,

Thank you for your service to the people of Hawaii. I am writing to request that you exclude item "139 JOHN A. BURNS SCHOOL OF MEDICINE SPECIAL FUND" from the funds swept via SB 2921.

I am aware the State is in a shortfall this year, however the funds in this account are collected from the physicians when they relicense every two years and placed in this fund so that we can assess the physician shortage and create solutions, including to support loan repayment for physicians, an annual workforce conference with transportation so everyone can join from across Hawaii, efforts to increase Medicare rates federally and widespread statewide recruitment and retention efforts. We have extra in the account right now because the physicians just finished licensing in January and won't pay anything into the account again for two years, as well as the fact that our physician recruiter left us over a year ago and we are preparing to hire a new one, as well as money saved through moving the annual Hawaii Health Workforce Summit from the Hilton to the John A. Burns School of Medicine (due to the Hilton strike in 2024). The funds in this account will shortly be used for hiring both a recruiter and a researcher to answer questions about primary care spend, network adequacy, as well as support recruitment and retention activities for physicians, and even provide loan repayment to physicians. With these funds, we have made significant progress by creating a statewide physician recruitment website: DocJobsHawaii.org and we go to conferences locally and on the continent to recruit physicians. We have already recruited 6 new doctors this year and more are interviewing. We also recently received a commitment for a private donor to pay for 10 mortgage down payments to new primary care physicians on Maui, and we expect to be able to recruit those 10 doctors this year! We hope to accomplish this on Big Island as well, as Maui and Big Island have the largest shortages of physicians in Hawaii.

We are making substantial progress and request that you not put the physicians' dollars into the state general fund. We need a full physician workforce in Hawaii. The 2025 Physician Workforce Report is DC75 on the Capitol website if you would like to review it.

Mahalo,

Kelley Withy, MD, PhD

808-429-8712

SB-2921-SD-1

Submitted on: 4/6/2026 7:10:32 PM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Laeton J Pang	Individual	Oppose	Written Testimony Only

Comments:

I'm writing in opposition to SB2921 that would divert a portion of the fees paid for medical licensure away from activities to improve our physician workforce shortage in Hawaii which is in dire need of support..

Thank you for your consideration in this matter.

Sincerely,

Laeton J Pang, MD, MPH, FACR, FACRO, FASTRO, FACCC