

**STATE OF HAWAII  
OFFICE OF PLANNING  
& SUSTAINABLE DEVELOPMENT**

**JOSH GREEN, M.D.**  
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**SYLVIA LUKE**  
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Statement of  
**MARY ALICE EVANS, Director**

before the  
**SENATE COMMITTEE ON WAYS AND MEANS**

Monday, March 2, 2024, 10:00AM  
State Capitol, Conference Room 211

in consideration of  
**SB 2921**  
**RELATING TO STATE FUNDS.**

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Senate Committee on Ways and Means.

The Office of Planning and Sustainable Development (OPSD) **provides comments** on SB 2921, which requires the Director of Finance to transfer excess moneys from various funds and programs to the general fund in order to mitigate fiscal disruptions due to the shifts in federal policy and broader economic trends.

OPSD believes it is prudent to identify excess funds that might augment the general fund given recent fiscal disruptions due to shifts in federal policy and broader economic trends. However, the Brownfields Cleanup Revolving Loan Fund (BCRLF), Item No. 63 in SB 2921, is the result of a grant from the U.S. Environmental Protection Agency (EPA). The BCRLF program is authorized to provide low- and no-interest loans to eligible public and private entities and sub-grants to eligible public and non-profit entities to clean up and redevelop brownfields sites where contamination hinders reuse and redevelopment. The program operates under an EPA closeout agreement that was reauthorized in November 2023 which governs the type of brownfields activities eligible for funding and eligibility requirements.

OPSD is working on proposed amendments to the BCRLF Program administrative rules to allow for sub-grants and other brownfields site assessment activities. Subsequently, a request for proposals for grant funding will be issued. OPSD has already received inquiries regarding potential funding projects. For Fiscal Year 2026 (July-December 2025), the BCRLF had an ending cash balance of \$1,610,794.

For these reasons, OPSD believes it would be inappropriate to transfer BCRLF funds to the general fund and violate the EPA closeout agreement.

Thank you for the opportunity to testify 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

March 2, 2026

To: The Honorable Donovan M. Dela Cruz, Chair,  
The Honorable Sharon Y. Moriwaki, Vice Chair, and  
Members of the Senate Committee on Ways and Means

Date: Monday, March 2, 2026  
Time: 10:00 a.m.  
Place: Conference Room 211, State Capitol

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

**Re: S.B. 2921 RELATING TO STATE FUNDS**

The **DLIR respectfully opposes** this measure, which would transfer funds from various non-general funds to the general fund. Specifically, the measure proposes to transfer unspecified amounts from the Boiler and Elevator Safety Revolving Fund, the Boiler and Elevator Revolving Fund, and the Employment and Training Fund (ETF).

The DLIR is cognizant of the State's current fiscal challenges and appreciates the difficult decisions before policymakers, particularly in light of fluctuating federal policies and the need to preserve essential human services for Hawai'i's most vulnerable residents. Nonetheless, the Department has concerns regarding the proposed use of the funds identified in this measure.

**Boiler and Elevator Revolving Fund**

Act 103 (SLH, 2012) established the Boiler and Elevator Special Fund, transitioning the program to a special fund model and creating a mechanism to support the self-sustainability of the Boiler and Elevator Branch (Branch) within the Hawai'i Occupational Safety and Health Division (HIOSH). Act 186 (SLH, 2018) subsequently amended the law by converting the special fund into a revolving fund.

In enacting Act 103, the Legislature acknowledged that repeated general fund budget cuts during downturns and systemic neglect had significantly weakened the effectiveness of the boiler and elevator inspection program. This deterioration not only compromised public safety but impeded economic revitalization efforts. Under Act 103, the Branch funds its operations through assessed fees. This funding model enables the program to recruit and retain qualified personnel and to perform essential inspection and permitting functions that protect public safety and support economic development.

At the start of FY 2025–2026, the revolving fund balance was \$1,367,890. As of January 31, the balance was \$1,375,466. During this period, monthly expenditures averaged approximately \$167,255. Absent additional revenue, the current balance would support roughly eight months of operations.

Given these figures, the Department respectfully notes that transferring these funds to the general fund would require a corresponding general fund appropriation, plus approximately \$670,000, to sustain existing operations in FY 2026–2027. Accordingly, the Department respectfully submits that sweeping the balance at this time may inadvertently affect program continuity rather than improve fiscal efficiency.

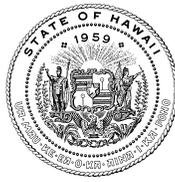
### Employment and Training Fund (ETF)

Act 68 (SLH, 1991) established the Employment and Training Fund (ETF) to assist employers and workers through innovative programs designed to strengthen the long-term employability of Hawai'i's workforce and respond to rapid economic change. Among its purposes, the ETF provides funding for the operation of the state employment service when federal funds are unavailable or insufficient.

Under the current federal administration, workforce funding has experienced delays, reductions, temporary eliminations, and subsequent restorations. Planning amid shifting federal policies and limited fiscal clarity has presented ongoing challenges and has required the Department to reprioritize staffing and program allocations. In this environment, the ETF serves as an essential backstop, enabling the State to maintain continuity of workforce programs during periods of federal uncertainty, delayed grant approvals, or interruptions in funding distribution.

ETF resources allow small businesses and incumbent workers to access training that sustains competitiveness in rapidly evolving labor markets. The fund also frequently supports required matching contributions and helps leverage federal grants and public-private partnerships. In addition, workforce training cycles often span multiple fiscal years. Maintaining a prudent fund balance is therefore necessary to honor commitments to grantees, training providers, and employers and to ensure that programs already underway can reach completion.

The Department 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 workforce program stability, federal fund leverage, and existing contractual commitments. The Department stands ready to work collaboratively with the Legislature to identify solutions that preserve essential workforce services while supporting the State's overall fiscal health.



**STATE OF HAWAII | KA MOKU'ĀINA O HAWAII'**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWĒ LAULĀ**

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

**TESTIMONY SENATE BILL NO. 2921**  
**RELATING TO STATE FUNDS**  
**PRESENTATION TO THE COMMITTEE ON WAYS AND MEANS**

**BY**

**ROYCE M. MURAKAMI**

**EXECUTIVE DIRECTOR OF STATE OF HAWAII 911 BOARD**

**MARCH 2, 2026**

Chair Dela Cruz, Vice Chair Moriwaki and members of the Ways and Means Committee:

Thank you for the opportunity to submit testimony on S.B. 2921, a bill that would require the transfers of excess balances of various non-general funds and programs to the general fund. The 911 Board (the Board) offers the following comments on S.B. 2921.

The primary purpose of the 911 fund is to ensure that emergency services have adequate resources to respond effectively to emergencies. Redirecting these funds can compromise the timeliness of emergency responses and delay the upgrading of essential 911 infrastructure and technology, potentially endangering lives.

The following prohibit the transfer of 911 funds for non-911 purposes:

- New and Emerging Technologies 911 Improvement Act of 2008, Pub. L. No. 110-283 permits states to impose 911/E911 fees only if those funds are used only for such services or related enhancements.
- 47 CFR Part 9, Subpart I classifies using 911 fees for anything outside "acceptable" purposes as diversion. That includes transferring 911 fees "into a State or other jurisdiction's general fund or other fund for non-911 purposes" (§ 9.23(c)(1)). States that divert 911 funds may be identified in the FCC's annual report to Congress on 911 fee diversion, shall be ineligible to participate or send a representative to serve on any advisory committee established by the Commission, and may face ineligibility for federal 911 grant funding, including grants under the 911 Grant Program.
- HRS 138-3 establishes the enhanced 911 special fund. It requires that the fund be exclusively used for "the purposes of ensuring adequate funding to deploy and sustain

enhanced 911 service, developing and funding future enhanced 911 technologies, and funding expenses of administering the fund."

- Under the Hawaii Constitution, the 911 surcharge is a dedicated fee collected for a specific purpose, not a general tax. In *Hawaii Insurers Council v. Lingle*, 120 Hawaii 51, 70 (2008), the Hawaii Supreme Court recognized the distinction between regulatory fees and general tax revenues. Because the 911 surcharge is collected and dedicated for a specific statutory purpose under HRS 138-3, these funds may not be freely redirected to the General Fund as though they were general tax revenues.

In advance of this hearing, the Ways and Means Committee members were sent a copy of the Attorney General's Opinion that was sent to previous Board Chair, Chief Paul K. Ferreira, regarding the fund's misappropriation in 2008.

In conclusion, the integrity of the 911 Fund must be preserved to ensure the safety and well-being of the public. Diverting these dedicated funds for other purposes not only violates legal statutes but also endangers the efficient operation of emergency services, highlighting the necessity of protecting the 911 fund from misuse.

Thank you for this opportunity to provide testimony on S.B. 2921.



**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**  
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**DANE K. WICKER**  
DEPUTY DIRECTOR

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Statement of  
**David J. Sikkink**  
**Administrator**

Department of Business, Economic Development, and Tourism  
Foreign-Trade Zone Division

before the  
**SENATE COMMITTEE ON WAYS AND MEANS**

Monday, March 2, 2026  
10:00 a.m.

State Capitol, Conference Room 211 & Videoconference

In consideration of  
**SB2921**  
**RELATING TO STATE FUNDS**

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee:

DBEDT's Foreign-Trade Zone No. 9 (FTZ) Division respectfully submits comments on Senate Bill 2921, which proposes the transfer of excess balances from certain non-general funds and programs to the general fund.

For more than 60 years, the Foreign-Trade Zone Division has served as a vital international trade resource supporting Hawai'i's economy. For nearly all that time, the FTZ has operated solely as a Special Funded program. This requires careful and disciplined financial management to ensure sufficient resources are available to support ongoing operations, payroll, debt obligations, and necessary repair and maintenance projects.

Like the State of Hawaii as a whole, the FTZ has navigated significant economic disruptions over the years, including the Great Recession, the COVID-19 pandemic, and recent severe disruptions in federal trade policy. In face of these challenges, the FTZ has worked diligently to maintain a stable and adequate special fund to continue to carry out its mission of promoting international trade, value-added activity, investment, and job creation in Hawai'i. Despite these pressures and the state's relatively small size, FTZ No. 9 consistently ranks among the top 25 Foreign-Trade Zones nationwide, as recognized in the U.S. Department of Commerce Foreign-Trade Zones Board's Annual Report to Congress.

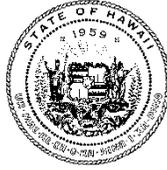


The FTZ Special Fund is appropriately sized to meet program needs and contains little, if any, excess. Fund balances have not experienced significant growth due to statewide economic conditions, sharply rising inflationary costs, and the substantial repair and maintenance demands of the aging Pier 2 and Hilo facilities.

Any transfer of funds beyond the projected unrequired cash balance would be detrimental and directly impact FTZ's ability to fulfill its federal regulatory and compliance, contractual, and other financial obligations. Such a transfer would ultimately force the program to seek General Fund appropriations from the Legislature to continue operations—undermining the very purpose of its special-funded structure.

Mahalo Nui Loa for the opportunity to provide comments on this measure.

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



BONNIE KAHAKUI  
ADMINISTRATOR  
  
DAYNA OMIYA  
ASSISTANT ADMINISTRATOR

**STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I**  
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TESTIMONY  
OF  
BONNIE KAHAKUI, ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE  
ON  
WAYS AND MEANS  
MARCH 2, 2026, 10:00 A.M.

SENATE BILL 2921  
RELATING TO STATE FUNDS

Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 2921. The State Procurement Office (SPO) opposes the inclusion of the Surplus Federal Property Revolving Fund in this bill because it is a direct conflict with federal law that would jeopardize Hawaii's participation in the General Services Administration's (GSA) Federal Surplus Property Donation Program, thereby denying the State access to Federal Surplus Property.

**The Purpose of the Surplus Federal Property Revolving Fund:** The Fund, established under Hawaii Revised Statutes (HRS) §103D-1107, exists to support Hawaii's participation in the GSA Federal Surplus Property Donation Program. Under HRS §103D-1107, the fund is maintained in an amount adequate to defray the costs of procuring, storing, handling, and disposing of surplus federal and state property made available to Hawaii, and is supported by service and handling fees assessed on acquired property. As participant in the Federal surplus program, Hawaii is also bound by the requirements of the Code of Federal Regulations (CFR), Title 41, Subtitle C, Chapter 102. Pursuant to 41 CFR §102-37.185, a State Agency for Surplus Property (SASP) must use all funds collected from service charges, or from other sources such as proceeds from the sale of undistributed property or funds collected from compliance cases, exclusively for the operation of the SASP and for the benefit of eligible donees. Any diversion of SASP-related funds into a general fund or any other purpose unrelated to the SASP program is a violation of federal regulations.

Should Senate Bill 2921 result in the commingling or redirection of these restricted funds, Hawaii risks:

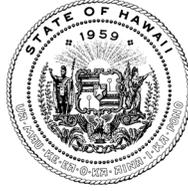
1. **Suspension or Termination:** The Federal government may suspend Hawaii's eligibility to receive federal surplus property (including vehicles, heavy equipment, and disaster relief supplies).
2. **Financial Restitution:** The Federal government may require the State to reimburse the SASP account for any funds diverted.
3. **Loss of Benefit to Donees:** Our local agencies, non-profit organizations, and small businesses under the Small Business Administration's (SBA) 8a Business Development Program would lose access to the low-cost resources provided by the SASP program.

Hawaii's Surplus Property Donation Program is entirely self-supporting and does not receive state general fund appropriations. The revolving fund is the essential mechanism that allows Hawaii to acquire, transport, and distribute millions of dollars in federal equipment—ranging from emergency vehicles to medical supplies—to local schools, first responders, and non-profits. In Calendar Years 2024 and 2025, the following entities participated in the Federal Surplus Property Donation Program:

- State & County Departments: Various University of Hawaii departments, various Department of Education campuses, Department of Land and Natural Resources, Department of Transportation, Department of Accounting and General Services, the Royal Hawaiian Band, and the County of Maui Department of Water Supply.
- Non-Profit Organizations: USS Missouri Memorial Association.
- Local Economy: Various Hawaii small, disadvantaged businesses under the SBA Business Development Program.

**Requested Action:** The SPO respectfully request that the Surplus Federal Property Revolving Fund is removed from Senate Bill 2921 because these funds are restricted by federal regulation. Furthermore, we request that your Committee notes that the Surplus Federal Property Revolving Fund remains outside transfer authority, consistent with HRS §103D-1107 and 41 CFR §102-37.185.

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



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

SYLVIA LUKE  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

NADINE Y. ANDO  
DIRECTOR | KA LUNA HO'OKELE

DEAN I. HAZAMA  
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Ways and Means  
Monday, March 2, 2026  
10:00 a.m.  
Conference Room 211 & Via Videoconference**

**On the following measure:  
S.B. 2921, RELATING TO STATE FUNDS**

Chair Dela Cruz and Members of the Committee:

My name is Nadine Ando, and I am the Director of the Department of Commerce and Consumer Affairs (DCCA or Department). The Department opposes this bill.

The purpose of this bill is to transfer to the general fund the excess balances of various non-general funds and programs.

The Department opposes this bill because: (1) controlling caselaw establishes that DCCA special funds must be used for the benefit of the licensees, applicants, and consumers for which revenues in the funds are collected; and (2) even assuming the Department's funds could be transferred to the general fund, this bill fails to take into account the Department's unique funding situation and the steps that must be taken to ensure the DCCA has adequate reserve funds to continuously operate for the benefit of businesses and consumers.

**It has been established under applicable Hawaii law that special funds must be used only for the purpose of providing services to the persons or entities paying the fees**

In Hawaii Insurers Council v. Lingle, 120 Hawaii 51, 201 P.3d 564 (2008), the Hawaii Supreme Court reviewed the DCCA compliance resolution fund and determined that special fund moneys derived from certain types of regulatory fees cannot be transferred to the general fund. This ruling was also discussed as part of the Legislative Auditor's Supplement to Report No. 20-06, Report on Special and Revolving Fund Accounts with Inactive or Excess Balances, COVID-19 Report 20-08 (May 2020)<sup>1</sup>, wherein the Department of the Attorney General reiterated the holding of the Hawaii Supreme Court and provided guidance on several special funds, including several DCCA funds. As such, transferring DCCA fund balances to the general fund would violate clear Hawaii law precedent.

**The Department must maintain sufficient cash reserves in addition to its budgeted ceiling amounts**

As the Committee is aware, the DCCA is unique among executive branch departments in that it is entirely specially funded and it receives no general fund appropriations. The Department's financial strategy requires that revenue-generating divisions secure revenues to cover division expenses and contribute equitably to overhead costs, while ensuring that anticipated future major projects and expenditures are covered, and that each division maintains a suitable reserve to provide financial continuity of operations in the event of an unforeseen drop in revenues. In that regard, the Department is self-sufficient and operates in a manner similar to a private business that must align its revenues and expenses to meet both its anticipated and unexpected needs.

As currently drafted, S.B. 2921 severely erodes the DCCA's ability to maintain a fiscally responsible financial strategy by failing to consider the Department's need for reserves. Funds that fall under the Department's compliance resolution fund such as the Cable Television Division Special Fund, Professional and Vocational Licensing Fund, Post-Secondary Education Fund, Financial Services Regulation Fund, and Regulated Industries Complaints Office Fund have biennial or delayed revenue cycles, making depiction of their reserves at any one point in time inaccurate. The Department

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This report is available at: <sup>1</sup> <https://files.hawaii.gov/auditor/Reports/2020/20-06.pdf>

relies upon its reserves to ensure that future significant expenses, such as the Department's IT budget requests, have the necessary funding for both one-time and recurring costs. Administrative overhead costs related to the DCCA's central support functions, such as the Information Systems and Communications Office, Office of Administrative Hearings, Administrative Services Office, and Director's Office are funded through the divisions' cash reserves. Eliminating reserves will negatively impact the services the DCCA provides to Hawaii consumers and businesses; it will also make the Department rely upon future general funds to ensure services are maintained for consumers and businesses. For the foregoing reasons, the Department opposes this measure.

Thank you for the opportunity to testify on this bill.



# DISABILITY AND COMMUNICATION ACCESS BOARD

Ka 'Oihana Ho'oka'a'ike no ka Po'e Kīnānā

1010 Richards Street, Rm. 118 • Honolulu, Hawai'i 96813  
Ph. (808) 586-8121 (V) • Fax (808) 586-8129 • (808) 204-2466 (VP)

March 3, 2026

## TESTIMONY TO THE SENATE COMMITTEE ON WAYS AND MEANS

### Senate Bill 2921 – Relating to State Funds

The Disability and Communication Access Board (DCAB) opposes Senate Bill 2921 – Relating to State Funds. This bill transfers to the general fund the excess balances of various non-general funds and programs.

DCAB requests that in Section 2 Fund Name and Number 99 “Accessible Parking Special Account” be deleted as this is a duplicate of Fund Number 117.

Fund numbers 99 and 117 refers to the Accessible Parking Special Account. The Accessible Parking Special Account was established on July 1, 2023. Currently the Statewide Parking Program for People with Disabilities has 103,741 permittees. The account is funded via a \$1 fee assessed to motor vehicle annual registrations. The funding stream may appear to be steady however the collections are delayed. Due to the delay and timing of the four year duration of collective bargaining agreements from July 1, 2025 to June 30, 2029, the Accessible Parking Special Account will not have the excess balance to cover the increasing operating costs for the Statewide Parking Program for People with Disabilities.

Fund number 116 refers to the Disability and Communication Access Board Special Fund. Act 87, SLH 2021, the Disability and Communication Access Board transferred an excess of \$1,000,000 to the general fund. Due to the timing of the four year duration of collective bargaining agreements from July 1, 2025 to June 30, 2029, the Disability and Communication Access Board Special Fund respectfully request to retain the excess balance for the increasing operating costs and because the fees collection varies from submittal of construction plans for review to ensure State buildings, facilities, and sites are accessible and in federal compliance with the Americans with Disabilities Act Accessibility Guidelines, Title 36 Code of Federal Regulations Part 1191, and the requirements of the Federal Fair Housing Amendments Act of 1988, as established in Title 24 Code of Federal Regulations Part 100, Subpart D.

Thank you for the opportunity to provide testimony.

Respectfully submitted,

KRISTINE PAGANO  
Acting Executive Director



# UNIVERSITY OF HAWAII SYSTEM

## ‘ŌNAEHANA KULANUI O HAWAII

### Legislative Testimony

### Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the  
Senate Committee on Ways and Means  
March 2, 2026 at 10 a.m.

By

Luis P. Salaveria

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

### SB 2921 – RELATING TO STATE FUNDS

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

Thank you for the opportunity to present testimony today. The University of Hawai'i **opposes** SB 2921, 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.

### **Center for Nursing Special Fund**

A special nursing license fee is collected from new and renewed (every two years) Licensed Professional Nurses (LPNs) and Registered Nurses (RNs). The funds are used to support the activities of the Center for Nursing which seeks to strengthen the nursing workforce in Hawai'i.

### **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 Waikiki 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 HIDESIGN 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 Student Activities Revolving Fund**

All funds assessed as compulsory student activity fees and revenues received by chartered student organizations and student activity programs are deposited into this fund that provides activities and programs to students. Funds may be withdrawn and expended by each respective student organization or student activity program for purposes to achieve its educational responsibilities, programs, and related activities.

**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.

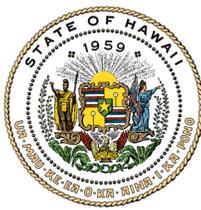
**Community Colleges Revolving Fund**

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 | KA MOKU'ĀINA 'O HAWAII  
**DEPARTMENT OF CORRECTIONS  
AND REHABILITATION**  
*Ka 'Oihana Ho'omalua Kalaima  
a Ho'oponopono Ola*  
1177 Alakea Street  
Honolulu, Hawaii 96813

No. \_\_\_\_\_

TESTIMONY ON SENATE BILL 2921  
RELATING TO STATE FUNDS.

by  
Tommy Johnson, Director  
Department of Corrections and Rehabilitation

Senate Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair

Monday, March 2, 2026; 10:00 a.m.  
State Capitol, Conference Room 211 & Via Video Conference

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

The Department of Corrections and Rehabilitation (DCR) **strongly opposes** Senate Bill (SB) 2921, which seeks to authorize the Director of Finance to transfer the following funds or so much there of as may be necessary for fiscal year 2026-2027 from the following DCR Special Funds to the General Fund for the following reasons:

	FUND NAME	Minimum amount in excess of the requirements of the funds as determined by the legislature (\$)	Amount authorized to be transferred to the general fund by the director of finance (\$)
151	Correctional Industries Revolving Fund		
152	Crime Victim Compensation Special Fund		
153	Federal Reimbursement Maximization Special Fund		
154	Automated Victim Information and Notification System Special Fund		

### Correctional Industries Revolving Fund

Transferring funds from this self-sustaining program will cripple the Hawai'i Correctional Industries (HCI), be devastating to DCR's rehabilitation and reentry efforts, and negatively affect the very population correctional industries was created to assist, as well as the community.

Correctional Industries (CI) is 100% self-funded, does not receive any state funds, and operates solely utilizing this revolving fund. HCI generate funds by entering into venture capital agreements with other state agencies and organizations to provide meaningful employment opportunities to those incarcerated while simultaneously providing them with marketable skills, training, and certification for employment as inmates transition back into the community. Just one example of the employment opportunities HCI provide inmates is through the commissary which services all eight (8) facilities in the state of Hawai'i. Incarcerated individuals depend on this essential service to purchase goods that also provides inmate workers with meaningful job skills, while earning minimal income. Additionally, as legislatively mandated, 4% of the commissary surcharges are deposited into the Automated Victim Information and Notification Special Fund to maintain critical statutorily mandated victim notification services for the state of Hawai'i.

The Legislature established HCI after recognizing the need for a comprehensive work program for inmates. Research demonstrates that employment reduces recidivism and increases successful reintegration into the community. The transition from the Department of Public Safety to DCR in January 2024, underscored the need to dedicate resources towards increasing rehabilitation, reentry and reintegration efforts. HCI requires the monies in the revolving fund for its survival. The immediate devastating effects of taking those funds is the loss of HCI, directly affecting DCR's mission, however releasing inmates into the community without HCI's services, may have additional far-reaching impacts to the state of Hawai'i's public safety and result in longer term economic costs.

### Crime Victim Compensation Special Fund

This special fund account was established pursuant to Act 206, Session Laws of Hawai'i (SLH) 1998, as the primary source of funding for the Crime Victim Compensation Commission. SB 2921 would transfer the cash balance from this Special Fund for fiscal year 2026-2027 to the General Fund.

The Crime Victim Compensation Special Fund provides important services to victims of violent crime and their survivors, including assisting crime victims with medical and counseling costs, lost wages, and funeral and burial expenses. The Special Fund is used for the salaries of legislatively authorized staff positions, compensation payments, operating expenses, and collection of fees. It also receives funds granted by the federal Victim of Crimes Act (VOCA), which provides the State with a 60% reimbursement of compensation payments to victims.

Transferring the cash balance identified in this bill will mean fewer resources in fiscal year 2025-2026 and potentially resulting in the abolishment of the CVCC.

### Federal Reimbursement Maximization Special Fund (FRMSF)

The State Criminal Alien Assistance Program (SCAAP), which is the source of revenue for the FRMSF can only be used for Corrections program purposes. HRS §353C-7(b) details the allowable uses of this Special Fund. DCR uses this special fund primarily to continue funding the State Match for federal grants and pursue federal grants in the future. Because there is no guarantee that Congress will continue funding the SCAAP, the Department must retain the existing cash balance to continue our commitment for State Matches for our federal grants and to augment resources for corrections.

### Automated Victim Information and Notification System Special Fund

Transferring the funding from the Automated Victim Information and Notification Special Fund will jeopardize both DCR's and the Hawai'i Paroling Authority's statutory obligation to notify crime victims of the custody status of offenders and compromise the safety of victims of crime and the community throughout the state of Hawai'i.

The establishment of Statewide Automated Victim Information and Notification (SAVIN) system by the Legislature over a decade ago was a monumental accomplishment for crime victims in Hawai'i. The Victim Notification Services Office (VNSO) utilizes the Automated Victim Information and Notification Special Fund to ensure consistent and reliable operation of the SAVIN system which strengthens public safety through real time notifications of an offender's custody changes, parole hearings, and other key events, available 24/7, 365 days per year to victims, survivors, and the community. HRS §353-136(d) requires that the Automated Victim Information and Notification Special Fund be used exclusively for the development and operating expenses of the SAVIN system, including salaries, and fringe benefits for staff.

The current cash balance reflects funds slowly accumulated since the creation of the SAVIN Special Fund received from just two (2) sources: \$200,000 yearly from site commissions from inmate telephone calls and a 4% inmate commissary surcharge. In August 2024, the Federal Communications Commission (FCC) ruled to cap per minute rates of the inmate telephone system and eliminated site commissions received by jail and prison facilities. In June 2025, there was a temporary reprieve when the FCC delayed implementation of their 2024 ruling. In November 2025, the FCC modified the rate caps in their 2024 order, continued the ban prohibiting facilities from collecting site commissions, however included a two cent per minute facilities fee, to go into effect in April 2026. In Fiscal Year 2024, \$117,054.70 was received from the inmate commissary surcharge, with a slight increase received in Fiscal Year 2025 (\$132,077.22).

These funds need to be sustainable in the succeeding years as demand for these services continues to grow. Since Fiscal Year 2023, victim registrations increased by 38.9 percent (from 42,182 to 58,606). Additionally, the maintenance of the SAVIN system contract recently increased by 9% and will increase an additional 3% per year under the current contract and will cost over \$100,000 per year to operate. In addition, there are rising costs of the office lease, internet, telephone and other essential operating costs.

The Automated Victim Information and Notification Special Fund is slow to rebuild. Although the commissary surcharge appears stable, it is minimal, and the recent unpredictability of FCC rulings that prohibit the receipt of site commissions, already challenges VNSO's operations. This special fund is imperative to ensure continued, uninterrupted services for the growing number of community members who depend on this critical service for their safety.

Thank you for the opportunity to provide testimony in **strong opposition** of SB 2921.



**HAWAII**

STATE FOUNDATION on  
CULTURE and the ARTS

No. 1 Capitol District Building  
250 South Hotel Street  
Second Floor  
Honolulu, HI 96813

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Josh Green, M.D.

Comptroller  
Keith A. Regan

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**TESTIMONY OF THE STATE FOUNDATION ON CULTURE AND THE ARTS  
TO THE SENATE COMMITTEE ON WAYS AND MEANS**

**Monday, March 2, 2026, 10:00 a.m. CR 211**

**S.B. 2921**

**RELATING TO STATE FUNDS**

Chair Dela Cruz and members of the Committee, the State Foundation on Culture and the Arts (SFCA), is grateful for the opportunity to testify respectfully opposing S.B. 2921.

The Works of Art Special Fund, outlined in section 103-8.5 HRS, comprises one percent of all State fund appropriations for capital improvements (CIP) for construction cost element.

Transferring funds from Works of Art Special Fund (S-319) would have a negative impact on the State's finances. Generally, the State's CIP projects are funded using tax-exempt GO bonds. The Internal Revenue Service does not allow such bonds to be used for operating expenses, therefore transferring the unencumbered balances to the General Fund would not qualify. Based on our discussions with the Office of the Attorney General and Department of Budget and Finance, violations of this provision may subject the State to adverse tax consequences, such as the loss of the Federal tax exemption on the bonds. Additionally, if the State lost the tax-exempt status on bonds that were already issued, it could subject the State to lawsuits from investors whose interest income from the bonds has become taxable. An additional negative impact would be the likelihood of the State's bond rating being adversely affected and higher interest rates (resulting in higher interest expense) on taxable bonds.

**Purpose of Account:** The Works of Art Special Fund supports the Art in Public Places (APP) Program state-wide, that includes acquisition of Relocatable Works of Art and Commissioned Works of Art.

While we recognize the financial challenges faced by the State are aware that transferring the balance of the Works of Art Special Fund to the State's General Fund would ultimately jeopardize the State's finances. Additionally, diversion of funds contributed by the Department of Transportation would compromise the funding by the Federal Aviation Administration.

**Purpose of Account:** The unencumbered cash balance of S-319 Works of Art Special Fund is a necessary reserve to continue to fund the creative economy through the support of Hawaii's artists. This account is active.

Thank you for the opportunity to submit written testimony on this matter.



TESTIMONY OF  
**CAROLINE ANDERSON**  
Interim President & CEO  
**Hawai'i Tourism Authority**  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**  
March 2, 2026  
10 a.m.  
State Capitol, Room 211

In consideration of  
**SB 2921**  
**RELATING TO STATE FUNDS**

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

The Hawai'i Tourism Authority (HTA) offers comments on SB 2921, 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.

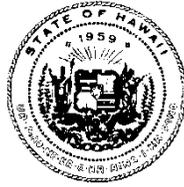
The majority of funds within the Convention Center Enterprise Special Fund (CCESF) are currently allocated for the rooftop terrace deck repair project (contingency reserve) and other essential capital improvement initiatives. These projects address critical infrastructure needs necessary to maintain 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.

**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  
**Senate Committee on Ways and Means**

**Monday, March 2, 2026**  
**10:00 AM – Room 211, Hawaii State Capitol**

In consideration of  
**SB 2921**  
**RELATING TO STATE FUNDS**

Honorable Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Senate Committee on Ways and Means:

The Hawaii Public Housing Authority (HPHA) **respectfully opposes** Senate Bill (SB) 2921 to the extent that it would transfer funds from the Rental Housing Revolving Fund (S-332), the Housing for Elders Revolving Fund (S-337), and the State Low-Income Housing Revolving Fund (S-308) to the general fund.

While balances may appear available on paper, these funds are not excess. They are obligated working capital necessary to operate public housing programs serving approximately 45,000 tenants statewide.

Rental Housing Revolving Fund (S-332)

As of January 31, 2026, the balance in S-332 is \$10,015,753. However, that figure does not represent surplus funds.

- \$2.5 million of that balance is already in process and committed to redevelopment activities consistent with HRS §356D-28, as amended last session. These funds represent reimbursement of prior State CIP investments and are being used for subsequent phases of redevelopment. Please note that HPHA is already operating under fully executed and legally binding Master Development Agreements for multiple redevelopment projects.



- HRS 356D-28 reads: *“the proceeds in the fund shall be used for long term and other special financings of the authority, the development and redevelopment of authority projects, and for necessary expenses in administering this chapter.”*
- \$5,229,720 of the balance represents amounts already encumbered and current liabilities. That amount is expected to grow and will be deducted from the balance as obligations are paid.
- In general, approximately \$6,150,000 represents pooled cash from 85 projects and program funds administered by HPHA. These funds are pooled centrally to ensure payroll and shared expenses can be paid across the portfolio. This is a cash management structure — not surplus funding.

It is important to emphasize that 305 out of 307 HPHA positions are funded from these revolving and special funds. Only two positions are A-funded. This means nearly the entire HPHA workforce — including property managers, maintenance personnel, compliance staff, asset managers, and support staff — are paid from these accounts.

These funds also support the operating expenses necessary to serve approximately 45,000 tenants statewide, including utilities, insurance, maintenance, repairs, safety compliance, and essential services. Removing any portion of this balance would directly impact payroll and property operations.

#### Housing for Elders Revolving Fund (S-337)

As of January 31, 2026, the balance in S-337 is \$1,235,898. However, HPHA already has \$717,178 in encumbered and current liabilities, and that amount is growing.

This program must be managed at or near breakeven. It does not generate excess revenue. The Housing for Elders Revolving Fund supports housing for low-income seniors on fixed incomes, and the fund is not financially self-sustaining beyond operational requirements.

- HRS 356D-72 reads: *“Revenues from the fund may be used to pay the expenses of management, operation, and maintenance of housing projects for elders, including but not limited to the cost of insurance, a proportionate share of the administrative expenses of the authority, and the costs of repairs, equipment, and improvements.”*

Transferring funds from S-337 would immediately jeopardize our ability to meet payroll, maintenance, and operational obligations for elderly housing properties.

#### 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 in pending current liabilities to be paid from this account, and those obligations are growing. Like S-337, 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, 2026:

	Rental Housing Revolving Fund S-332	Housing for Elders Revolving Fund S-337	State Low-Income Housing Revolving Fund S-308
Current balance as of 01/31/2026	10,015,753	1,235,898	680,884
articulate any law prohibiting use for any other purpose (MQD),	HRS 356D-28: "the proceeds in the fund shall be used for long—term and other special financings of the authority, the development and redevelopment of authority projects, and for necessary expenses in administering this chapter."	HRS 356D-72: "Revenues from the fund may be used to pay the expenses of management, operation, and maintenance of housing projects for elders, including but not limited to the cost of insurance, a proportionate share of the administrative expenses of the authority, and the costs of repairs, equipment, and improvements."	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	5,229,720	717,178	492,205
any other reason funds should not be swept, and	Of the current fund balance, \$6,150,000 represents pooled cash from project and program funds administered by the agency and is used to pay payroll and other shared operating expenses. The remaining balance is designated for housing redevelopment activities.	The fund is not financially self-sustaining based on its operating needs.	The fund is not financially self-sustaining based on its operating needs.
how much is available to be swept (if you have any pending encumbrances).	None	None	None

From a fiscal management standpoint, these balances represent 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 these revolving funds S-332, S-337, and S-308 to remain intact.

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 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 WAYS AND MEANS**

MARCH 2, 2026, 10:00 A.M.  
CONFERENCE ROOM 211 AND VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 2921

RELATING TO RELATED TO STATE FUNDS

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee, thank you for the opportunity to submit testimony on S.B. 2921.

The Department of Accounting and General Services (DAGS) offers **comments** on S.B. 2921. DAGS shares the Legislature's concern regarding the impacts of shifting federal policies and the resulting reductions in federal funding on State programs. I respectfully offer this testimony to explain why several special and revolving funds under the Department of Accounting and General Services (DAGS) should not be subject to reduction, transfer, or lapsing. Each of these funds fulfills a statutory purpose essential to the State's operational stability, financial resilience, and ability to deliver services to the public.

These funds are not discretionary or surplus resources—they are legally established mechanisms designed to protect State assets, maintain public services, and ensure continuity of government functions. Reducing them would have direct and harmful operational impacts.

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 casualty.
- Repairing or replacing damaged buildings, structures, and contents.
- Providing temporary structures so essential services can continue during repairs.
- Paying claims brought against the State under HRS §§ 662-11, 41D-3, and 41D-8.
- 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, 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 large

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, and community access
- Preservation of Hawaii's historical and cultural documentary heritage

The fund currently holds about one year of operating reserves, the minimum required for stable operations. Industry best practice is closer to two years to accommodate technology refresh cycles. 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 the loss of 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:

- The Chief Information Officer
- State cybersecurity leadership

- Enterprise IT oversight and modernization work
- The Governor's constituent-relations platform
- Twelve additional Enterprise Technology Services positions that support mandated statewide IT, cybersecurity, and service-delivery responsibilities

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 Motor Pool Revolving Fund** (HRS § 105 11) and the **State Parking Revolving Fund** (HRS § 107 11) support the entire operation of the Automotive Management Division (AMD), which is fully self-sustaining and receives no general funds. They pay for:

- Salaries and fringe benefits of roughly 40 employees
- Retirement payouts required under federal law
- Acquisition, operation, maintenance, and repair of State motor pool vehicles
- Operation, repair, and maintenance of 36 State-managed parking garages, including pay stations and EV chargers
- Compliance with safety, operational, and maintenance standards across State fleet and parking facilities

AMD is also carrying a substantial backlog of deferred maintenance, particularly for parking structures. The division has already requested a ceiling increase to address essential work. Additionally, State law requires 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.

Any reduction to these funds would compromise State fleet reliability, delay critical repairs, and negatively affect thousands of State employees and members of the public who rely on safe parking and fleet services.

Every fund addressed in this testimony was created by the Legislature 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
- Support fleet operations and parking infrastructure for State workers and the public

Reducing or diverting these funds would undermine essential State functions, expose Hawaii to preventable financial risk, and disrupt the services that departments and communities depend on.

For these reasons, I respectfully urge the Committee to maintain all of these special and revolving funds intact and allow them to continue serving their legally mandated purposes.

DAGS remains open to working collaboratively with the Legislature and other State agencies to explore alternative strategies that promote fiscal stability while continuing to meet its statutory obligations.

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



**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

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Statement of  
**Dennis T. Ling**  
Administrator

Business Development and Support Division  
Department of Business, Economic Development, and Tourism  
before the

**SENATE COMMITTEE ON WAYS AND MEANS**

Monday, March 2, 2026  
10:00 AM  
State Capitol, Conference Room 211  
In consideration of  
**SB2921**  
**RELATING TO STATE FUNDS.**

Chair Dela Cruz, Vice Chair Moriwaki 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** 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.

**SB-2921**

Submitted on: 3/1/2026 3:30:57 AM

Testimony for WAM on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Michael Arakaki	Testifying for Department of Accounting and General Services	Comments	Remotely Via Zoom

Comments:

My role today is to support the Comptroller and, if called upon, to provide any additional information or clarification the Committee may request.



*The Judiciary, State of Hawai‘i*

**Testimony to the Thirty-Third Legislature, 2026 Regular Session**

**Senate Committee on Ways and Means**

Senator Donovan M. Dela Cruz, Chair

Senator Sharon Y. Moriwaki, Vice Chair

Monday, March 2, 2026, 10:00 a.m.

State Capitol, Conference Room 211 & Videoconference

by

Brandon M. Kimura

Administrative Director of the Courts

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**Bill No. and Title:** Senate Bill No. 2921, Relating to State Funds.

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

**Judiciary's Position:**

The Judiciary respectfully, but strongly opposes Section 2, numbers 206-212, of this measure pertaining to five special funds and two revolving funds managed by the Judiciary. This measure's impact on these funds will have a devastating impact in virtually every aspect of the justice system, for lawyers and non-lawyers alike, other governmental agencies, the media and public, and the Judiciary. This measure will also negatively impact children in homes of divorcing parents, safety in homes where domestic violence is occurring or may occur, and the tens of thousands unable to afford a lawyer to assist in tragic legal issues facing their families. It will also have a detrimental effect on court and administrative operations and could lead to the loss of the Judiciary's data and phone service and an inability to maintain key Judiciary hardware, software, and other technological services. These five special funds and two revolving funds are:

- (206) Judiciary Computer System Special Fund;
- (207) Driver Education and Training Fund;
- (208) Indigent Legal Assistance Fund;



- (209) Parent Education Special Fund;
- (210) Spouse and Child Abuse Special Account;
- (211) Supreme Court Law Library Revolving Fund; and
- (212) Court Interpreting Services Revolving Fund.

Declining revenues and increasing operating costs have diminished the balances for most of these funds over the past several years. Therefore, maintaining and having access to the balances in these funds have become critical for their continued operation. The uncertain and often inconsistent revenue streams for the Judiciary's special funds require that a balance be maintained to carry the funds through downturns in collections – especially for those funds with payroll expenses. If the balances of these funds are transferred to the general fund, not only will there be debilitating consequences to the fund themselves, but the Judiciary may also not be able to fulfill the statutory requirements associated with the funds. Two special funds in particular with balances identified by the Legislature (ILAF and the Parent Education Special Fund), would be immediately affected. As a result, contractual obligations related to civil legal services to the indigent population may not be met, and the Kids First therapeutic training sessions for families undergoing divorce proceedings will be impacted.

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

**I. (206) Judiciary Computer System Special Fund (Account Code S-26-315)**

The Judiciary Computer System Special Fund (CSSF) provides critical funding for the Judiciary's technology infrastructure. However, revenues have been volatile, an issue exacerbated following the COVID-19 pandemic, while costs associated with the Judiciary Information Management System (JIMS) have continued to rise. Transferring the fund's balance may not only result in an abrupt halt to certain parts of JIMS operations, and doing so would also leave no options to compensate or retain employees whose salaries and fringe are paid out of this fund. Due to the inconsistent nature of the CSSF's revenues, a substantive balance must be maintained to ensure that JIMS is supported. As described below, the effects of the CSSF are far-reaching, and depletion of the fund balance would have a devastating impact on the Judiciary as well as services provided to the public.

The Judiciary's daily operations depend on its information technology infrastructure. Transferring the CSSF's balance to the general fund would have a direct and immediate impact on the operations of the Judiciary, private litigators and staff, members of the public who have matters before the courts or have some interest in matters before the courts (e.g., media), and law



enforcement and other government agencies. It would result in a system with dramatically reduced public access; significant inefficiencies including timing of delivery and review of time-sensitive matters (such as TRO filings); and reduced resiliency, flexibility, and continuity during crises such as the COVID-19 pandemic.

The CSSF funds several Judiciary initiatives and core services, including JIMS, which is the modernized case management system at the heart of statewide Judiciary operations. JIMS is the central repository of the Judiciary official case records for appellate cases, traffic cases, criminal cases and civil cases. JIMS has provided invaluable services to the general public, attorneys, government agencies and law enforcement. The pandemic has highlighted the importance of online services such as e-filing, emailed notices of filings, and electronic documents and case records.

The CSSF is the primary source of funding to cover JIMS operating costs (48% of CSSF annual expenditure budget) and personnel (10%). Operating costs include the necessary license costs which are crucial to the Judiciary's case management system. Even if the Judiciary were to delay enhancements that are necessary to implement annual legislative updates and other necessary improvements and modernizations, the Judiciary would be forced to turn off key systems without the baseline system funded by the CSSF. New upgrade implementations, focused on cybersecurity hardening, would also cease, possibly exposing the Judiciary to public service disruption as all the courts rely on the electronic system. Without the necessary funding to cover the bare minimum of the operating costs, the Judiciary would be unable to continue to operate JIMS and make any necessary changes arising from legislation.

Although the budget ceiling for this special fund is set at \$6.70M, the program has been managing for several years well under that ceiling due to declining special fund collections. The program shifted job functions to General Funded supported roles and delayed planned security upgrade projects to maintain a sufficient fund balance.

Transferring balances and thereby eliminating the already lean budget would result in dramatic changes to the Judiciary's continued efforts to secure and operate the Judiciary's primary case management system. Without the ability to continue to operate JIMS, critical services to the general public and partner government agencies would be deeply affected.

For example, JIMS allows the general public to review their cases online via eCourt Kokua without physically entering courthouses or calling for assistance, and to purchase public documents online individually or by subscription. JIMS currently has 964 document subscribers. In addition, in CY 2025, JIMS processed 331,051 new non-criminal traffic cases and 596,250 online filings for appellate cases, traffic cases, criminal cases and civil cases through JEFS. JIMS provides the ability to make online payments. In CY 2025, \$14.6M were paid online or via phone on Traffic, Appellate and Civil cases.



This large number of users illustrates the growing public demand for online services. Self-represented litigants (SRLs) can register to e-file documents on their case through the Judiciary Electronic Filing and Service System (JEFS), and also can sign up for eReminder to get electronic reminders of their upcoming case hearings. JIMS currently has 14,333 registered SRLs and over 2,574 eReminder subscriptions.

JIMS allows private and government attorneys, as well as their staff, to electronically file documents in new and existing cases. Through JEFS (external portal to the JIMS case management system), they have access to case dockets, documents, schedules, case milestones, and electronic notice of filings via emails. JEFS also provides the capability to electronically file during non-office hours up until midnight, seven days per week including holidays. Currently, 19,154 attorneys and 3,433 firm staff are registered in JEFS. As of January 2021, JIMS has 596,250 active cases, with 424,579 new cases created in 2025. Electronic filing has been a significant step forward in modernizing the practice of law in the state of Hawai'i. Hawai'i Bar applications can also be completed and submitted online through JEFS. To date, 4,024 bar applicants have registered in JEFS.

JIMS supports the automated delivery of electronic traffic warrants from Judiciary to law enforcement within 24 hours in eBench Warrants, which provides 24/7 access to traffic warrants for law enforcement statewide. JIMS also provides electronic data exchanges with public safety to support custodies' court appearances. These electronic exchanges have improved the timeliness and accuracy of law enforcement duties. For example, JIMS provides electronic data exchanges of: (1) arrests, convictions, and commitments with the Hawai'i Criminal Justice Data Center that has a statutory requirement to provide a complete criminal history; (2) driver's license and vehicle registration stoppers with the City and County of Honolulu driver's licensing system; and (3) traffic violations to meet the Commercial Driver's License requirements with the Department of Transportation.

Moreover, eliminating the current CSSF balance would result in the Judiciary not being able to address system issues without the expert help needed to resolve IT problems that arise.

In addition, without sufficient funding in the CSSF:

- There would be no maintenance of key hardware, software and services for JIMS which would cause JIMS to fail.
- CSSF also funds two JIMS staff, who are responsible for day-to-day operations, management, maintenance, and enhancement of JIMS. Without maintenance and these staff, neither JIMS nor the courts could operate since there are virtually no operations that do not involve the use of JIMS.

The following are examples of these and other initiatives supported by the CSSF and that would be affected by the transfer or loss of funding for CSSF:



NeoGov for Human Resources recruitment	HR
Vulnerability Application Security Scan	JIMS
Oracle General Ledger support	JIMS
JIMS Application Support Services	JIMS
Infrastructure Services	JIMS
Jury System	JIMS
Document Management support Kofax/Filenet	JIMS
IVR System for Jury and Payment	JIMS
Aging Hardware Replacement and Maintenance	JIMS
Requirements Software	JIMS

## **II. (207) Driver Education and Training Fund (Account Code S-26-320)**

The Driver Education and Training Fund is intended to fund the Judiciary’s Driver Education Training Program in its entirety. However, similar to the CSSF, declining revenues, along with increasing program costs, most notably payroll increases associated with collective bargaining, result in significantly reduced Driver Education and Training Fund balance. Transferring the fund balance would severely jeopardize the ability to cover payroll costs for the 21 permanent civil service employees currently staffing the Driver Education Program statewide. Maintaining an adequate balance for this special fund is especially critical as up to half of the fund’s total revenues each year are derived from motor vehicle insurance underwriter fees, which have also been steadily declining.

Transferring the Driver Education and Training Fund balance to the general fund could lead to the elimination of the statewide Division of Driver Education, and have the following significant impacts:

- Individuals convicted of serious traffic offenses—such as Operating a Vehicle Under the Influence of an Intoxicant (OVUII), excessive speeding, and child passenger restraint violations—would be unable to complete required education classes, eliminating a critical sentencing component used to promote behavioral change, reduce repeat offenses, and resolve cases efficiently. This would increase administrative burdens on the courts and delay case compliance.
- The loss of a centralized, statewide driver education program delivered by nationally certified instructors would weaken Hawai‘i’s traffic safety framework, create disparities in access to required services—particularly for neighbor island and rural communities—and undermine consistent, evidence-based prevention efforts.



- The possible loss of \$4 million in Federal funding for the Hawai‘i Highway Safety Program (HHSP); without it, the HHSP itself may be dissolved.

Transfer of cash balances and the possible elimination of this fund would also have potential serious consequences for the State by jeopardizing \$4 million in federal funding for HHSP. The Division of Driver Education’s classes and employee salaries (35 authorized positions) paid out of this fund provide the in-kind match required for \$4 million of federal funding for the HHSP. The transfer of fund balances could lead to the elimination of the Driver Education and Training Fund and result in the dissolution of the HHSP as the program is dependent on this federal funding. The HHSP funds the following programs:

- Highway Safety Council that the Legislature setup to create Vision Zero which focuses on developing an action plan to reduce traffic fatalities to zero
- Judicial Education, Judges training
- Community Coalition groups that receive funding from the HHSP

Those convicted of violating the following laws are required to complete courses as part of their sentencing obligations:

- HRS § 291E-61 Operating A Vehicle Under the Influence of an Intoxicant (OVUII) - First time offenders must complete a 14-hour rehabilitation, education, and counseling program taught by certified Driver Education staff. Between January 2022 and December 2025, 5,974 offenders completed this course to satisfy legal requirements.
- HRS § 291-11.5 Child Passenger Restraint Law - A four-hour class taught by specifically certified Driver Education staff personnel is required for persons found guilty of transporting a child without first properly restraining the child in a safety or booster seat. Between January 2022 and December 2025, 934 individuals completed this course to satisfy their legal requirements.
- HRS 291-11.6 Mandatory Use of Seat Belts, HRS § 291C-102 Speeding, and HRS § 291C-105 Excessive Speeding – Certified Driver Education staff teach a six-hour Defensive Driving Program and a Car Fit program to educate senior drivers. Between January 2022 and December 2025, 2,932 individuals have completed this course to satisfy their legal requirements.

The Division has made sustained efforts to reduce expenditures. Fourteen of the thirty-five authorized positions have been held vacant to control costs, and the relocation of the Honolulu and Maui offices to state-owned facilities eliminated recurring rental expenses.



The Driver Education and Training Fund operates within narrow financial margins. While the fund may carry a balance, that balance serves as a necessary operating reserve to ensure payroll continuity, equipment replacement, instructional materials, and ongoing program stability. Additionally, the program requires continuous reinvestment in classroom technology, instructional materials, updated child safety equipment, training tools, and ongoing instructor certification. These operational needs, combined with inflationary cost increases, have further strained available funds.

Because a substantial portion of annual revenue is not received until the last quarter of the fiscal year, the existing balance is necessary to carry the program through most of the year. Transferring these funds to the general fund would create immediate operational shortfalls and would place the Driver Education and Training Fund at risk of termination, jeopardizing the statewide Driver Education Program and the safety of the people of Hawai'i.

### **III. (208) Indigent Legal Assistance Fund (Account Code S-26-322)**

The Indigent Legal Assistance Fund (ILAF) was created by the Legislature pursuant to Act 305 (SLH 1996) for the purpose of providing essential funding for civil legal service organizations who serve limited-income/indigent persons in Hawai'i. ILAF addresses a real need for a reliable source of funding for civil legal service organizations which provide these services to low-income persons. Current national and local economic conditions remain very unstable and uncertain. Legal needs of people are higher than ever, due to these economic conditions. Low-income legal service providers are experiencing cuts in federal governmental funding sources and reduced contributions from private donations, which makes it critical that ILAF be continued. For most providers, the amount of ILAF funds received is insufficient to fully fund these organizations and other funds must be secured.

As with the other Judiciary special funds, an ongoing balance must be maintained for ILAF to fulfill its objectives and meet its contractual obligations. The previously mentioned inconsistent revenue streams for special funds due to COVID require that a sufficient fund balance be available to ensure that quarterly payments to civil legal service providers be made on a timely basis. While the current unencumbered ILAF balance is greater than the excess fund requirement determined by the Legislature, the fourth quarter payments due to providers in March will drastically reduce that amount. Demand for civil legal services from the indigent population has always exceeded available resources, and even more so than during the COVID-19 pandemic. Therefore, transferring the special fund balance to the general fund will threaten the continued operation of the fund and would severely impact the Hawai'i's long-standing efforts to increase access to justice for those who do not have the means to seek it themselves.



The legal needs of indigent persons are varied and include addressing critical legal issues such as landlord/tenant, disability rights, housing, financial situations, family law, and elder law. Act 305, codified as HRS § 607-5.7, assesses a filing fee surcharge on select civil cases (no governmental filings are collected). These surcharges are deposited into ILAF and are administered by the Administrative Director of the Courts (AD) through a contract with the Hawai'i Justice Foundation. The Hawai'i Justice Foundation assists the Judiciary with an annual application process which solicits, receives, and screens applications; determines eligible civil legal service organizations; calculates pro rata amounts to be distributed; and ensures accountability by civil legal service providers awarded ILAF monies.

Funds are expended promptly under the statutory guidelines. Currently, for FY 2026, the Judiciary has determined the distribution amount as \$1,000,000 (not including central service and fund administrator fees) to be distributed to the nine civil legal service providers deemed qualified to receive ILAF monies. This distribution is based on the amount of surcharges collected for civil filings and the need to maintain a fund balance, which ensures sufficient funds to cover contractual amounts due to the civil legal service providers. If funds are transferred to the general fund, ILAF will have no funds to meet its obligations.

#### **IV. (209) 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**

Kids First provides education and resources to help support parents experiencing divorce, separation, paternity disputes, and related family challenges. The program contracts with experienced therapists who explain the emotional and developmental impacts of these issues to the parents, about their children, and the broader family unit. Parents receive guidance, resources, strategies to help them navigate conflict, communicate effectively, and support their children during periods of transition.

The program also works with children affected by these significant family changes. Its purpose is to help children understand that they are not responsible for their parents' conflict and to equip them with healthy coping strategies. Facilitators and volunteers undergo training to deliver child-centered activities, including:

- Ice-breaker exercises that help children feel safe expressing their emotions;
- Identification of risk and safety concerns; and
- Group activities that allow children to connect with peers experiencing similar situations.

The program provides a supportive and non-judgmental environment where children can process their feelings and learn constructive ways to cope.

Over the past three years, Kids First has served 13,831 parents and children statewide. This underscores the program's importance and the significant demand for its services. 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 continuation of this vital program will be at risk. Potential adverse impacts include:

- **Severe reduction in resources for staff and judicial training**, resulting in fewer knowledgeable professionals equipped to work with families experiencing divorce and separation.
- **Loss of resources to educate and support parents and children**, diminishing the program's ability to fulfill its mandate.



- **Loss of experienced licensed psychologists** who have developed and refined the program’s curriculum.
- **Elimination of a program that provides emotional support and early intervention for children**, helping them navigate fear, guilt, and self-blame—factors that can significantly affect their development.

Currently, program costs slightly exceed collected revenue. If this trend continues, the fund balance will steadily decline, placing the long-term stability of the program at risk. When annual revenue fails to meet expenses, each island’s operations will get directly affected. The existing reserves allow each circuit to function without disruption and requiring legislators to raise fees for families filing these types of court matters.

The existing reserves are what prevent this outcome. These funds allow each circuit to absorb routine cost fluctuations, such as staffing, cost for security and facility rentals, and curriculum updates, without interrupting services or requiring legislators to raise fees for families filing these court related matters. Historically, these reserves have ensured consistent class availability statewide, even when individual circuits experience temporary drops in participation or revenue.

Removing or significantly reducing these excess funds would have immediate and measurable consequences. Because the Parent Education Fund supports Kids First programs across all circuits, maintaining a healthy reserve is essential.

Without this financial buffer, the program would be forced to reduce both the number and size of classes. Even a 10–20% reduction in available seats would leave many families unable to attend, delaying access to required education during a critical period of family transition. This would also create inequities between circuits, as some islands would experience service reductions sooner than others.

Ultimately, if reserves are depleted, the program would have no choice but to return to the Legislature to request fee increases or supplement program costs with general fund monies. This would shift the financial burden onto families who are already navigating separation—an outcome that undermines the program’s purpose of supporting children and reducing stress on families.

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

#### **V. (210) Spouse and Child Abuse Special Account (Account Code S-26-340)**

Spouse and Child Abuse Special Account (SCASA) funds are used to address spouse and child abuse statewide, with special attention directed towards domestic violence (DV) issues.



The Spouse and Child Abuse Special Fund has been an integral funding source for services related to spouse and child abuse throughout the state. Due to the importance of this special fund, expenditures are closely monitored to ensure the maximum use of available monies without jeopardizing the sustainability of the fund. As explained below, transferring the special fund balance to the general fund will not only prevent the fund from fulfilling its current contractual obligations for vital DV related services, but it may also greatly diminish training/education on DV issues as well as add to community safety concerns associated with spouse and child abuse issues. Specifically, defunding SCASA could lead to:

- Increased threat to community safety with significantly reduced domestic violence intervention (DVI) training to keep DV offenders accountable and compliant with legal obligations.
- Lack of DV training for judges, probation officers, court officers, and community partners, which will result in less skilled supervision of DV offenders and cases.
- Jeopardizing over \$150K in federal funds that directly service survivors, victims, families, adolescents, and offenders.

The number of referrals for DVI remains consistent, which itself shows the need for the fund that supports these services. Additionally, Act 19 (2020) broadened the offenses in HRS § 709-906 to increase offender accountability, which increases the need for DVI. Without the SCASA, the contracted agencies will not be able to provide services to the number of defendants that are court ordered to complete DVI—putting children, families, and the community at risk for further harm.

**Number of Clients Served by the SCASA:** The last two years have seen 507 and 505 DV offenders referred for DVI assessments and services. There are over 1,000 safe child visits and exchanges per year that are provided thanks to the funding from the SCASA. DV survivors benefit with funding support from SCASA that provides survivor services. The 2025 fiscal year saw 2,708 survivors provided services or support, and 1,029 survivors assisted in the development of safety plans. These important services provide the necessary tools and support for survivors of DV, and the children exposed to DV.

**DV Offender Services:** The average length to complete a DVI program for an offender is about 8 to 9 months. Behavior change is a process, and it takes time to address the underlying distorted beliefs about power and control, relationships, and gender that lead to coercive and abusive behavior. Two agencies are contracted by the Judiciary to provide DVI services to offenders.



**DV Survivor Services:** The average length of services for a DV survivor depends on the specific type of service. A call to a hotline (average of 43% of DV survivors counted above) may take minutes while group counseling and/or advocacy can be ongoing.

**Supervised Visitation and Safe Exchange:** The numbers include parents and children who are in need of supervised visitation and/or safe exchange because DV is/has been a concern. An agency is contracted by the Judiciary to provide this specific service.

About 80% of the SCASA supports funding to agencies for direct services to survivors of DV as well as children exposed to DV. These contracts are funded by general funds and SCASA. Purchase of service contracts for DV services statewide and services to address DV will be greatly impacted if SCASA is eliminated or if the balance is transferred to the general fund.

Transferring the SCASA balance to the general fund jeopardizes over \$150K in federal funds as SCASA provides 25% and 10% matches for the annual STOP VAWA and the Access and Visitation federal grants, respectively. These grants provide opportunities to stay up-to-date on best practices in addressing DV through the civil and criminal courts as well as probation by supporting ongoing training in various DV related issues such as custody and visitation, the misuse of technology, and evidence-based practices. It also supports private/public collaborations to improve Hawai'i's response to DV such as the annual DV 101 trainings and improving the coordinated community response to DV and for continued training and technical assistance to DVI programs. Furthermore, these grants support specialized supervised visitation and safe exchange for families where DV is a concern, and child welfare is not involved.

#### **VI. (211) 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—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. Unlike general operating budgets, revolving funds are self-replenishing and targeted—they exist precisely because these needs are ongoing, recurring, and difficult to anticipate in advance. 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.

#### **VII. (212) Court Interpreting Services Revolving Fund (Account Code S-26-352)**

The Court Interpreting Services Revolving Fund was established by Act 184, SLH 2005 (codified at HRS § 607-1.5) to provide the Judiciary an immediate, regular and self-sustaining source of revenue to purchase training and testing materials, and to hire professional and expert consultants to conduct specialized training for court interpreters.

Due to the nature and importance of the services it supports, the Court Interpreting Services Revolving Fund is specifically exempted from the central service assessment (HRS § 36-27) and from its pro rata share of administrative expenses for special funds (HRS § 36-30).

The Judiciary, like other state and county agencies, is mandated by federal and state law to provide language access services for court customers who do not read, write, speak or understand English well. Provision of timely, competent, and free court interpreters allows limited English proficient court customers to meaningfully participate in their case or matter and helps ensure access to justice for all.

The Judiciary's Court Interpreter Certification Program offers the only formal training program for court interpreters in the State of Hawai'i and posts its list of qualified interpreters on its website as a community service. Other state and county agencies and community organizations regularly use interpreters from the Judiciary's list to provide language services in hospitals, schools, public defender, prosecutor's office, supervised family visitation centers, domestic violence agencies, and many other venues. Thus, the Judiciary's court interpreter certification program also supports executive branch agencies' and community organizations' efforts to comply with federal and state language access law mandates.

The Court Interpreting Services Revolving Fund is funded by user fees, fees collected from interpreters, other funds received from public or private sources for the purposes of the Fund, and interest on such monies, to support the Court Interpreter Certification Program's educational services and program activities related to the training, screening, testing and certification of court interpreters.



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There are no “excess” funds in the Court Interpreting Services Revolving Fund, as all monies in the Fund are earmarked to provide specialized training for interpreters and to recruit, screen, train, and test and certify court interpreters to provide language services in the Hawai‘i State Courts, as well as the broader community. The Fund must remain self-sustaining as funding from the Judiciary operating budget may not be consistently available for such purposes.

If funds are transferred from the Court Interpreting Services Revolving Fund, the Judiciary may be unable to maintain its robust Court Interpreter Certification Program, which recruits, screens, trains, tests, and certifies interpreters to ensure that the Judiciary is meeting federal and state law mandates to provide language access services, including timely, competent, and free interpreter services for limited English proficient court customers. Further, there are human and social costs of court users with limited English proficiency not being able to meaningfully participate in court proceedings or understand court orders, potentially resulting in additional court cases arising from violations of court orders, lengthening the time defendants spend in the justice system, with concomitant increases in costs to adjudicate and supervise defendants.

For these reasons, the Judiciary respectfully, but strongly, opposes Section 2, numbers 206-212, of this measure pertaining to five special funds and two revolving funds managed by the Judiciary.

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

**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

### **SENATE COMMITTEE ON WAYS AND MEANS**

March 02, 2026 at 10:00 a.m.

State Capitol, Room 211

In consideration of

### **SENATE BILL 2921**

### **RELATING TO STATE FUNDS.**

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee.

HHFDC has **comments** on Senate Bill 2921, 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, including 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 be holding a separate funding round for the mixed-income RHRF funds this spring and anticipate that all of the 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 a number of 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.

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 revolving 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 affordable housing projects, many of which depend on the RHRF to fill funding gaps.
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 Committee to continue protecting the RHRF, DURF, AHRF, and other housing-related funds from present or future 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.



**HAWAI'I COMMUNITY  
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CRAIG K. NAKAMOTO  
EXECUTIVE DIRECTOR

Statement of  
**CRAIG K. NAKAMOTO**  
**Executive Director**  
Hawai'i Community Development Authority  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**

Monday, March 2, 2026  
10:00 AM  
State Capitol, Conference Room 211 & Videoconference

In consideration of  
**SB 2921**  
**RELATING TO STATE FUNDS.**

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

SB2921 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 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.

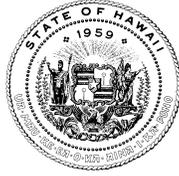
Because these special funds are statutorily restricted and tied directly to district-generated revenues and long-term commitments, HCDA has significant concerns that transferring any portion of these balances to the general fund would impair the HCDA's ability to carry out its legislatively mandated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

JOSH GREEN, M.D.  
GOVERNOR  
STATE OF HAWAII  
*Ke Kia'āina o ka Moku'āina 'o  
Hawai'i*

SYLVIA J. LUKE  
LT. GOVERNOR  
STATE OF HAWAII  
*Ka Hope Kia'āina o ka Moku'āina  
'o Hawai'i*



KALI WATSON  
CHAIRPERSON, HHC  
*Ka Luna Ho'okele*

KATIE L. LAMBERT  
DEPUTY TO THE CHAIR  
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**STATE OF HAWAII**  
**DEPARTMENT OF HAWAIIAN HOME LANDS**  
*Ka 'Oihana 'Āina Ho'opulapula Hawai'i*

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TESTIMONY OF KALI WATSON, CHAIR  
HAWAIIAN HOMES COMMISSION  
BEFORE THE SENATE COMMITTEE ON  
WAYS AND MEANS  
ON MARCH 2, 2026 AT 10:00AM IN CR 211

**SB2921, RELATING TO STATE FUNDS**

March 2, 2026

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

The Department of Hawaiian Home Lands (DHHL) submits **comments** for this bill which transfers to the general fund the excess balances of various non-general funds and programs.

DHHL appreciates the intent of this bill and recognizes the need for the State to be prepared to assume financial responsibility for critical programs that currently rely on federal support. However, the Hawaiian Home Loan Fund and the Hawaiian Home General Loan Fund noted on page 4 of SB2921, provide critical services and essential resources for the beneficiaries of the Hawaiian Homes Commission Act, 1920, as amended (HHCA). As a condition of statehood through the Hawaii Admission Act of 1959 (Public Law 86-3), the State of Hawai'i has a trust responsibility to serve the betterment of conditions for native Hawaiians. DHHL beneficiaries are often the most vulnerable communities during challenging economic times for the State and the collection of the excess balances of non-general funds and programs if any, from or for DHHL, would likely not be sufficient to supplement the State's trust responsibilities to DHHL beneficiaries.

Thank you for your consideration of our testimony.

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

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FIRST DEPUTY

CIARA W.K. KAHAHANE  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
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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 Senate Committee on  
WAYS AND MEANS

Monday, March 2, 2026  
10:00 AM  
State Capitol, Conference Room 211

In consideration of  
SENATE BILL 2921  
RELATING TO STATE FUNDS

Senate Bill 2921 (SB2921) proposes to transfer the unencumbered 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-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-343-C Wildlife Revolving Fund**

**Purpose:** The Wildlife Revolving Fund was established by Act 67, SLH 1988, and codified in HRS §183D-10.5 to provide a dedicated, self-sustaining funding source for wildlife and hunting program operations. The fund is supported by revenues generated directly from users of the program, including hunting license and tag fees, special hunting application fees, hunter education and training fees, and fines for violations of wildlife laws.

These revenues are not supplemental, they are foundational. The fund supports the implementation and enforcement of HRS Chapter 183D and HAR Chapters 13-122 and 13-123, ensuring the State can responsibly manage public hunting, protect wildlife resources, and maintain regulatory oversight.

Critically, the fund also provides the required state match to access federal grants under the Pittman-Robertson Federal Aid in Wildlife Restoration Act (16 U.S.C. §669, as amended). Without sufficient state matching funds, Hawai'i risks losing significant federal dollars dedicated to wildlife conservation, habitat restoration, and research. Every reduction in this fund has a multiplier effect, potentially forfeiting federal support that far exceeds the state contribution.

The Wildlife Revolving Fund finances essential on-the-ground operations, including habitat management in public hunting areas, game animal population monitoring, fencing and infrastructure maintenance, licensing system administration, enforcement and public safety activities, field operations, equipment, native species protection, and research and monitoring. Importantly, this is the only operational funding source that sustains the State's Hunting Program.

Diverting or reducing this fund would directly impair wildlife management, public hunting access, conservation enforcement, and the State's ability to leverage federal aid. Maintaining the integrity of this fund is essential to protecting Hawai'i's natural resources, supporting lawful hunting activities, and ensuring long-term sustainability of wildlife management programs statewide.

**Impact:** The [Pittman-Robertson Wildlife Restoration Act](#) contains specific "assent" language requiring states to pass laws prohibiting the diversion of hunting license fees for any purpose other than the administration of the state's fish and game department. Diverting these funds makes a state ineligible for federal grant funding. According to the Anti-Diversion Rule, states must ensure all revenue from hunting license fees is used solely by the state fish and wildlife agency. If a state diverts license fees, it becomes ineligible for Pittman-Robertson funds until all diverted funds, along with interest, are repaid. Current funding from the Pittman-Robertson grant is approximately \$3 million annually. The [U.S. Fish and Wildlife Service Regulations \(50 CFR § 80.11 & 80.21\)](#) define and enforce these requirements.

In HRS §183D-9, Federal aid in wildlife restoration, *the State assents to the provisions of the Pittman-Robertson Federal Aid in Wildlife Restoration Act...and no funds accruing to the State from license fees paid by hunters shall be diverted for any purpose other than as provided for in the Act and rules and regulations promulgated pursuant thereto.*

Besides the many benefits the Wildlife Revolving Fund provides to wildlife, it serves as the foundation for our baseline federal wildlife funding. The fund enables the state wildlife management program to support activities not covered by other funding sources, such as game mammal hunting on Lanai. Unused balances are allocated to multi-year habitat restoration projects, seasonal staff, and delays in federal reimbursements. They also serve as a match for federal grants. Losing these balances would weaken the program's ability to handle revenue fluctuations, slow emergency repairs, and limit long-term planning. Most importantly, if state hunter license fees are diverted from running the state's "fish and game department," the state will lose eligibility for the Pittman-Robertson Federal Aid grant, which supports the wildlife program. This would cause Hawaii to forego federal funding, leading to greater financial losses beyond the amount diverted and possibly to the loss of all federal support. It also undermines the user-pay/user-benefit model, potentially decreasing public support, discouraging participation, and weakening the effectiveness of hunting programs.

### **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-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**  
LT GOVERNOR



## **Hawaii Green Infrastructure Authority**

An Agency of the State of Hawaii

**JAMES KUNANE TOKIOKA**  
CHAIR

**GWEN S YAMAMOTO LAU**  
EXECUTIVE DIRECTOR

Testimony of  
**Gwen Yamamoto Lau**  
Executive Director  
**Hawai'i Green Infrastructure Authority**  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**  
Monday, March 2, 2026, 10:00 AM  
State Capitol, Conference Room 211  
in consideration of  
**Senate Bill No. 2921**  
**RELATING TO STATE FUNDS**

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

Thank you for the opportunity to testify on SB2921 relating to state funds. The Hawai'i Green Infrastructure Authority (HGIA) respectfully offers comments and concerns on this bill, which proposes to transfer any excess moneys from various funds and programs to the general fund, for the Committee's consideration.

While administered by a state Agency and issued by the State, the Green Energy Market Securitization (GEMS) Bond, which capitalized the Hawaii green infrastructure special fund, including the State Revolving Loan fund, are not state funds. The bond is an obligation of ratepayers of the Hawaiian Electric Company collected through the Green Infrastructure Fee. The GEMS Bond funds are under the governance of Bond Indenture documents, where the State of Hawaii covenants that the proceeds will be limited to financing environmental projects. Repurposing said bond proceeds to the general fund will result in a covenant default by the State.

The HI-CAP Program funds are federal funds under the State Small Business Credit Initiative. These funds can only be used for eligible purposes as determined by the U.S. Department of Treasury and are subject to audit by the Inspector General.

The Clean Energy and Energy Efficiency Revolving Loan fund consists of CIP funds designated for long-term capital projects, not for general or everyday operating expenses.

All of the aforementioned funds are restricted for specific eligible uses, as determined by its funding source, to help bridge the access to capital gap for underserved ratepayers, small businesses and nonprofits.

Thank you for this opportunity to provide comments to SB2921.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
KA 'OIHANA O KA LOIO KUHINA  
THIRTY-THIRD LEGISLATURE, 2026**

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**ON THE FOLLOWING MEASURE:**

S.B. NO. 2921, RELATING TO STATE FUNDS.

**BEFORE THE:**

SENATE COMMITTEE ON WAYS AND MEANS

**DATE:** Monday, March 2, 2026 **TIME:** 10:00 a.m.

**LOCATION:** State Capitol, Room 211

**TESTIFIER(S):** Anne E. Lopez, Attorney General, or  
Ian Robertson, Deputy Attorney General

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Chair Dela Cruz and Members of the Committee:

The Department of the Attorney General (Department) provides the following comments regarding this bill.

The stated purpose of this bill is to transfer excess moneys from various funds and programs to the general fund.

Some of the statutes establishing the funds identified in the table starting on page 2 include prohibitions against transfer to the general fund. Without addressing those prohibitions, this bill would create confusion and possibly impliedly repeal those funds. To prevent that result, we recommend including explicit wording addressing the restrictive statutory wording in various of the listed funds.

Additionally, if the bill passes with the table starting at page 2, inadvertently identifying funds or amounts that are ultimately identified as ineligible for transfer, to avoid legal issues, we respectfully suggest providing the Director of Finance with permissive discretion to execute the transfers identified in the table.

To address these two issues, we respectfully suggest that the wording on page 2, line 5, of the bill be amended to read: "listed in this Act. **Notwithstanding any law to the contrary**, the director of finance **may** transfer the" (new wording boldfaced).

Additionally, we respectfully suggest that the following funds identified in the table starting at page 2, be removed from the table:

**Item 18, Surplus Federal Property Revolving Fund.** This fund was established to defray the costs of procuring, storing, handling, and disposing surplus

property donated to the State under federal law. Pursuant to Public Law No. 94-519, revenue generated by the disposal of surplus property can be used only to support the federal program. We understand that this fund includes such revenue. Accordingly, those moneys may not be used for general expenses of the State. Therefore, those moneys may not be transferred to the general fund.

**Item 19, Works of Art Special Fund.** This fund is funded by general obligation bonds. Transfers of tax-exempt bond proceeds to the general fund may result in adverse tax consequences to the State.

**Item 23, State Motor Pool Revolving Fund.** Under 2 CFR Part 200 Appendix V State/Local Governmentwide Central Service Cost Allocation Plans, the Federal Government allocates funds for the Department of Health and Human Services for motor pool transportation cost. Such moneys, which we understand have been deposited in this fund, are to be used exclusively for motor pool transportation costs and may not be used for general expenses of the State. Therefore, such moneys may not be transferred to the general fund.

**Item 25, 911 Fund.** Pursuant to section 138-3, Hawaii Revised Statutes (HRS), this fund consists of amounts collected under section 138-4, HRS, which provides for a monthly 911 surcharge fee on telephone connections. The New and Emerging Technologies 911 Improvement Act of 2008, Public Law No. 110-283 (federal 911 Act), provides that fees and charges imposed and collected by a state for commercial mobile services (such as the enhanced 911 surcharge fee), can only be used in support of 911 or enhanced 911 services or enhancements of such services as specified in the provision of state or local law adopting the fee or charge. Accordingly, such moneys may not be used for general expenses of the State. Therefore, those moneys may not be transferred to the general fund.

**Item 27, Medicaid Investigations Recovery Fund.** Transferring moneys from the Medicaid Investigations Recovery Fund (MIRF), established in section 28-91.5, HRS, to the general fund will have an adverse impact on the Department. Such transfer would cast doubt upon the Medicaid Fraud Control Unit's (MFCU) ability to carry out its federal mandate under 42 U.S.C. section 1396(b) and 42 C.F.R. section 1007.

Furthermore, federal funding for the State's Medicaid Program could be in jeopardy because the maintenance of a viable MFCU is a precondition to the federal Medicaid grant under 42 U.S.C. section 1396, which funds the State's Medicaid Programs.

The MIRF is distinct from other funds that would be impacted by this bill because the MIRF is comprised predominately of penalties and costs specifically designated to the MFCU as a by-product of federal and state civil fraud settlements. None of the moneys come from assessments or fees. None of the moneys are designated for the *beneficiaries of any program*. All the moneys deposited into the MIRF are utilized solely to enable MFCU to carry out its federal mandates.

The State general fund already receives the lion's share of civil settlements obtained by the MFCU. In addition to the penalties and costs placed in the MIRF, the Department of Human Services (DHS) receives full restitution for fraud committed against the Medicaid Program. DHS also receives its pro-rata share of either double or triple damages in most cases. As such, DHS greatly benefits through its portion of the settlements.

As for the funds placed into the MIRF, they are used to fund the MFCU's investigations and prosecutions dealing with abuse, neglect, and financial exploitation against Hawaii's elderly and disabled populations, in addition to investigating fraud committed against the Medicaid Program. There is also a 75 percent federal match for the moneys in the MIRF, and that match may be in jeopardy if the MIRF is not maintained.

Making MFCU reliant on general funds may jeopardize the MFCU, particularly if it were determined that fraud investigations and prosecutions were no longer an administrative or legislative priority. Further, without adequate funding, the MFCU's effectiveness would be adversely compromised. More importantly, without the MIRF, the State may not be able to fund the 25 percent match to sustain the operations of the MFCU.

**Item 30, Solicitation of Funds for Charitable Purposes Special Fund.** The purpose of the Solicitation of Funds for Charitable Purposes Special Fund is to provide a source of funding for the regulatory oversight over charities and professional fund

raisers operating within the State and for the dissemination of public information. This fund is also used to maintain and operate Hawaii's Internet based registration system for charities that must register pursuant to section 467B-2.1, HRS. It is funded by regulatory fees paid by all charitable organizations soliciting contributions and professional fund raisers operating within the State, with certain exceptions.

Transferring funds from this fund may be subject to challenge under the Hawaii Insurers Council v. Lingle, 120 Hawai'i 51, 201 P.3d 564 (2008). In that case, the Hawaii Supreme Court opined that transferring "legitimate regulatory fees" from an insurance special fund into the State's general fund violated the separation of powers doctrine because administrative fees and assessments imposed by an administrative agency can only be used for the purposes of providing services to the persons or entities paying such fees. Any other use of the fees would constitute a tax, which can only be imposed by a Legislature. The Court adopted a three-pronged test to determine whether any assessment was a regulatory fee and therefore was probably not transferable to the general fund. The test asks (1) whether a regulatory agency assesses the fee, (2) whether the agency places the money in a special fund, and (3) whether the assessment "is expended for general public purposes or [instead] used for the regulation or benefit of the parties on whom the assessment is imposed." Id. at 66, 201 P.3d at 579.

The fees charged by the Department for the Solicitation of Funds for Charitable Purposes Special Fund are regulatory fees that are placed in special funds and expended "for the regulation or benefit of the parties on whom the assessment is imposed" under the three-pronged test. Consequently, moneys in the Solicitation of Funds for Charitable Purposes Special Fund serve a regulatory purpose and cannot be transferred to the general fund.

**Item 40, Hawaii Green Infrastructure Special Fund.** Moneys in this fund, established under section 196-65, HRS, include proceeds of green infrastructure bonds issued under the Green Energy Market Securitization (GEMS) program, which must be used to finance environmentally beneficial projects. Transferring those proceeds to the

general fund where they may be used for other purposes would likely violate the terms of those bonds. As such, those moneys may not be transferred to the general fund.

**Item 42, Hawaii Green Infrastructure Special Fund – State Revolving Loan Fund.** Moneys in this fund, established under section 196-67, HRS, are generated from green infrastructure surcharges on the electric utility bills of the Hawaiian Electric Company, Inc.'s ratepayers pursuant to section 269-166, HRS, for the administration and repayment of green infrastructure bonds issued under the Green Energy Market Securitization (GEMS) program. As such, those moneys, which are already pledged for bond repayments, cannot be transferred to the general fund.

**Item 43, HI-CAP Programs.** We are unable to identify a fund established under the HRS by this name. If the intent was to refer to the HI-CAP Program Account, we note that this account includes federal funds received under the HI-CAP Program. The HI-CAP Program is a federally funded State Small Business Credit Initiative program under the U.S. Treasury. Moneys received under this program must be expended on uses described by the U.S. Treasury and may not be used for general expenditure by the State. Therefore, those moneys may not be transferred to the general fund.

**Item 45, Clean Energy and Energy Efficiency Revolving Loan Fund.** We understand that moneys deposited in this fund include proceeds of general obligation bonds. The transfer of general obligation bond proceeds to the general fund may result in adverse tax consequences for the State.

**Item 55, Housing Loan Program Revenue Bond Revolving Fund – Single Family.** This fund is funded by moneys from the Rental Housing Revolving Fund, which we understand includes proceeds of general obligation bonds. The transfer of general obligation bond proceeds to the general fund may result in adverse tax consequences for the State.

**Item 56, Rental Housing Revolving Fund.** Moneys in this fund include proceeds of general obligation bonds. The transfer of general obligation bond proceeds to the general fund may result in adverse tax consequences for the State.

**Item 64, Housing Finance Revolving Fund.** Moneys in this fund include proceeds of bonds issued by the Hawaii Housing Finance and Development

Corporation. The transfer of those proceeds to the general fund may result in adverse tax consequences for the State.

**Item 67, Captive Insurance Administrative Fund.** Moneys in this fund appear to be legitimate regulatory fees under Hawaii Insurers Council v. Lingle, 120 Hawai'i 51, 201 P.3d 564 (2008), which cannot be transferred to the general fund.

**Item 69, Compliance Resolution Fund.** Moneys in this fund appear to be legitimate regulatory fees under Hawaii Insurers Council v. Lingle, 120 Hawai'i 51, 201 P.3d 564 (2008), which cannot be transferred to the general fund.

**Item 78, A+ Program Revolving Fund.** Under section 302A-1149.5, HRS, fees collected for the A+ program by the Department of Education are deposited into this fund.

The Temporary Assistance for Needy Families (TANF) program provides assistance to needy families so children can be cared for, to prevent and reduce the incidence of out-of-wedlock pregnancies, and to encourage the formation and maintenance of two-parent families.

TANF funds can be used solely to support this purpose. We understand that families who have received TANF program payments have used those payments to make payments into this fund. Accordingly, those moneys may not be used for general expenses of the State. Therefore, those moneys may not be transferred to the general fund.

**Item 81, School-Level Minor Repairs and Maintenance Special Fund.** This fund, pursuant to section 302A-1504.5, HRS, receives all moneys collected under section 235-102.5(b), HRS, which provides for donations from income tax refunds into this fund for transfer to the Hawaii 3R's school improvement fund, a restricted fund of Hawaii 3R's, a nonprofit organization.

Accordingly, moneys in this fund are donations entrusted to the State for transfer to Hawaii 3R's. As such these moneys may not be used for general expenses of the State. Therefore, these moneys may not be transferred to the general fund.

**Item 85, Hawaiian Home Loan Fund.** The Hawaiian Home Loan Fund was established in 1921 as a revolving fund. Section 4 of the Hawaii Admissions Act (Act of

March 18, 1959, Pub. L. 86-3, 73 Stat 4) made the Hawaiian Homes Commission Act (HHCA) a State law by compact with the United States. Under this compact, the Hawaiian Home Loan Fund may not be the subject of amendments that impair or reduce its powers and benefits without the consent of Congress. Section 4 of the Hawaii Admissions Act, states in part: "the Hawaiian home-loan fund, the Hawaiian home-operating fund, and the Hawaiian home-development fund shall not be reduced or impaired by any such amendment, whether made in the constitution or in the manner required for State legislation, and the encumbrances authorized to be placed on Hawaiian home lands by officers other than those charged with the administration of said Act, shall not be changed except with the consent of the United States". As such moneys in this fund may not be used for general expenses of the State. Therefore, these moneys may not be transferred to the general fund.

**Item 86, Hawaiian Home General Loan Fund.** The Hawaiian Home Loan Fund was established in 1921 as a revolving fund. Section 4 of the Hawaii Admissions Act (Act of March 18, 1959, Pub. L. 86-3, 73 Stat 4) made the Hawaiian Homes Commission Act (HHCA) a State law by compact with the United States. Under this compact, the Hawaiian Home Loan Fund may not be the subject of amendments that impair or reduce its powers and benefits without the consent of Congress. Section 4 of the Hawaii Admissions Act, states in part: "the Hawaiian home-loan fund, the Hawaiian home-operating fund, and the Hawaiian home-development fund shall not be reduced or impaired by any such amendment, whether made in the constitution or in the manner required for State legislation, and the encumbrances authorized to be placed on Hawaiian home lands by officers other than those charged with the administration of said Act, shall not be changed except with the consent of the United States". Accordingly, moneys in this fund may not be used for general expenses of the State.

**Item 87, Rental Housing Revolving Fund.** This fund is funded by general obligation bonds. Transfers of tax-exempt bond proceeds to the general fund may result in adverse tax consequences to the State. Therefore, those moneys may not be transferred to the general fund.

**Item 105, Clean Air Special Fund.** Clean Air Special Fund (CASF) revenues are acquired through the collection of fees from the regulated industry. There are no other funds deposited into the CASF. Section 502 of the Clean Air Act (42 U.S.C. 7661a(b)(3)(C)(iii)) mandates that any fee required to be collected by a State, local, or interstate agency under this subsection shall be utilized solely to cover all reasonable (direct and indirect) costs required to support the permit program as set forth in subparagraph (A). Accordingly, to comply with federal law, moneys in this fund may not be used for general expenses of the State. Therefore, these moneys may not be transferred to the general fund.

**Item 122, Hawaii Organ and Tissue Education Special Fund.** Moneys in this fund are from \$1 motor vehicle registration donations received under section 286-109.7, HRS, to be used exclusively for organ, tissue, and eye public education programs and activities. Donations entrusted to the State for that purpose may not be used for general expenses of the State. Therefore, these moneys may not be transferred to the general fund.

**Item 196, University of Hawaii Student Activities Revolving Fund.** Student activities fees are collected for the purpose of supporting chartered student organizations and student activity programs. Such fees are already pledged for those purposes. As such, they are not available for transfer to the general fund.

Additionally, we note that regarding **item 39, Hawaii Green Infrastructure Authority**, we are unable to identify a fund established under that name. We respectfully suggest that this item be revised to reflect the Legislature's intent. If this item was intended to refer to the fund already identified in **item 40, Hawaii Green Infrastructure Special Fund**, we would respectfully suggest deleting item 39.

Additionally, **item 50, Natural Energy Laboratory of Hawaii Authority**, appears as if it were intended to refer to the "natural energy laboratory of Hawaii authority *special fund*" established by section 227D-5, HRS. If that is the case, we respectfully suggest that the phrase "special fund" be inserted after that item.

Finally, we respectfully suggest that, to provide a mechanism to avoid potential unforeseen legal challenges to this bill, the following wording be inserted after the phrase "by the State or by any of its agencies," on page 7, line 4:

**not to cause the State or any of its agencies to transfer moneys encumbered on the effective date of this Act, not to cause the State or any of its agencies to be unable to meet a contractual obligation, not to compel the State or any of its agencies to transfer moneys into the general fund that are not eligible to for transfer into the general fund,**

We respectfully ask the Committee to consider our comments.

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  
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Honolulu, Hawaii 96809-0339

TRISTA SPEER  
DEPUTY DIRECTOR  
KA HOPE LUNA HO'OKELE

March 1, 2026

TO: The Honorable Senator Donovan Dela Cruz, Chair  
Senate Committee on Ways and Means

FROM: Ryan I. Yamane, Director

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

Hearing: March 2, 2026, 10:00 a.m.  
Conference Room 211 & Videoconference, State Capitol

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

In the chart below, we indicate which funds are to be **retained** and those that may be lapsed into the general fund. Also, not all fund balances were available at the time of this writing and will be updated as the bill progresses. However, DHS respectfully requests that the majority of the funds identified below be retained, as these funds support basic and essential programs and services.

Department of Human Services			
87	RENTAL HOUSING REVOLVING FUND*	*	*
88	SPOUSE AND CHILD ABUSE SPECIAL FUND	\$130,519, as of 7/1/2025	RETAIN
89	INTERIM ASSISTANCE REIMBURSEMENT SPECIAL FUND	To be determined	To be determined
90	PRESCHOOL OPEN DOORS SPECIAL FUND	0	0

<b>Department of Human Services</b>			
91	NURSING FACILITY SUSTAINABILITY PROGRAM SPECIAL FUND	-	RETAIN
92	HOSPITAL SUSTAINABILITY PROGRAM SPECIAL FUND	-	RETAIN
93	HOUSING FOR ELDERERS REVOLVING FUND*	*	*
94	RANDOLPH-SHEPPARD REVOLVING ACCOUNT	\$5,131.005.31	RETAIN
95	STATE LOW-INCOME HOUSING REVOLVING FUND*	*	*

Benefit, Employment & Support Services

89	INTERIM ASSISTANCE REIMBURSEMENT SPECIAL FUND	To be determined	To be determined
90	PRESCHOOL OPEN DOORS SPECIAL 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. 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.

The Department anticipates it will be able to manage the General Assistance program for the remainder of the current State Fiscal Year (SFY) 2025-2026 without accessing funding from this special fund. However, it is uncertain if caseloads may increase in the SFY 2026-2027. Currently, an estimated \$300,000 is projected to be received from SSI reimbursements this fiscal year. The Department requests that, if this bill moves forward, no more than the estimated SFY 2025-2026 SSI reimbursement amount be transferred from the special fund. For the committee's information, in past years where the general assistance program faced a budget shortfall, monthly cash assistance was reduced until an emergency appropriation was enacted.

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.

Moneys may be in the form of:

- (1) Fees;
- (2) Grants;
- (3) Donations;

- (4) Appropriations made by the legislature to the fund;
- (5) Revenues regardless of their source; and
- (6) Earnings on moneys in the fund.

Moneys in the fund shall be used for the procurement of health and human services under the preschool open doors program. Expenditures from the fund may be made by the department without allotment, but shall not be made for capital improvement projects.

The Department is not aware of a balance remaining in this special fund.

Child Welfare Services

88	SPOUSE AND CHILD ABUSE SPECIAL FUND	\$130,519, as of 7/1/2025	RETAIN
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Section 346-7.5(b) describes the purpose of the Spouse and Child Abuse Special Fund be used by DHS "for staff programs, and grants or purchases of service, consistent with chapters 42F and 103F, that support or provide spouse or child abuse intervention or prevention as authorized by law. These proceeds shall be used for new or existing programs and shall not supplant any other funds previously allocated to these programs."

Per section 346-7.5(b), HRS, is funded by certain fees from vital records per sections 338-14.5 and 572-5, HRS, income tax remittances allocated per section 235-102.5, HRS, federal reimbursements received through Title IV-E of the Social Security Act received in the following fiscal year from which the Title IV-E funds were expended, interest and investment earnings, grants, donations, and contributions from private or public sources.

For State Fiscal Year 2026, the planned expenditures for SCASF are:

PLANNED EXPENDITURES FOR SYF 2026	
Family Wrap Hawaii – EPIC `Ohana, Inc.	\$233,049
Sex Trafficking Services to Minors – Susannah Wesley Community Center	\$275,599
Institute on Violence, Abuse, and Trauma Training (IVAT) Statewide	\$30,000
Hawaii State Citizen’s Review Panel	\$20,000
CWS Management Leadership Team	\$30,000
DAGS Special Fund Assessment	\$45,000
Domestic Violence Training and Fatality Review	\$5,000
Hawaii Interagency State Youth Network of Care (HISYNC)	\$30,000
Intra-Familial Sex Abuse Treatment Services - Oahu	\$110,270
Total Planned Expenditures	\$778,918
Projected Balance for 7/1/26	\$0

Without these funds, the above activities will not be funded. We do not anticipate a fund balance and request that the fund be retained.

Division of Vocational Rehabilitation

94	RANDOLPH-SHEPPARD REVOLVING ACCOUNT	\$5,131.005.31	RETAIN
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Section 347-12.5, Hawaii Revised Statutes (HRS) establishes the Randolph-Sheppard Revolving Account (RSRA) to be used by the Department of Human Services (DHS) for the provision of the following:

- benefits for licensed blind vendors’ retirement or pension plans, health insurance, and sick/vacation leave;
- maintenance and replacement of equipment used in the blind vending program;
- the purchase of new equipment to be used in the blind vending program; and
- provision of management services, which shall include but not be limited to hiring of consultants, sponsoring of training seminars, transportation, per diem for vendors to attend meetings of the state committee of blind vendors, services for the state committee of blind vendors, and other costs related to the blind vending program.

The RSRA consists of funds derived from vending machine income generated by federal, state, and county operations, from ongoing proceeds of the 1993 Honolulu International Airport Settlement Agreement, and from donations. No state or federal income accrues to the RSRA. The current balance is \$5,131.005.31.

The annual budget approved by the Legislature is \$2,000,000 for the biennium. For FY 2026, the current balance remaining is \$1,166,106.06. Below are pending expenditures:

- \$217,000- Construction/Renovation/Modernization/Expansion
- \$720,000- Benefits (Retirement, Vacation/Sick Leave, Stimulus)
- \$13,410- Recurring Monthly Expenses

After deducting the pending large projects, pending benefits for licensed blind vendors, and recurring monthly expenses, the remaining balance for FY 2026, which needs to carry the program through the end of June 2026, is \$215,696.06.

Over the next 2-3 years, many vending facilities will need to be upgraded. This could range from painting the walls and replacing the flooring to complete renovations of the entire facility.

These vending facilities are aging and require funding from the RSRA to cover upgrades. One example of an upgrade is the vending facility in the State Capitol basement. The change is not only in the aesthetics of the facility but also in the overall operation to service the building occupants 24 hours a day, 7 days a week. This will require using the entire \$2,000,000 annual budget to complete these upgrades in the coming years.

Without these funds in the RSRA, the day-to-day operations will be reduced or eliminated for the licensed blind vendor entrepreneurs that provide essential services to building occupants and the traveling public in county, state, and federal vending facilities and military troop dining locations statewide. Federal contracts for dining facility attendants and full food service may be jeopardized. The income of the blind vendors will also be impacted, possibly causing them to rely on other sources of public assistance.

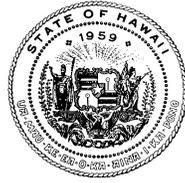
Med-QUEST

91	NURSING FACILITY SUSTAINABILITY PROGRAM SPECIAL FUND	-	RETAIN
92	HOSPITAL SUSTAINABILITY PROGRAM SPECIAL FUND	-	RETAIN

For the Nursing Facility Sustainability Special Fund, funds cannot be transferred out as section 346F-12, HRS, prohibits the funds from being used for any other purpose, and section 346F-13, HRS, would terminate the fund if the funds are used for any other purpose. Also, there would be no excess balance, as all funds are used for the state portion of enhanced payments to nursing facilities.

Similarly, for the Hospital Sustainability Special Fund, funds cannot be transferred out, as section 346G-11, HRS, prohibits the funds from being used for any other purpose, and section 346G-12, HRS, would terminate the fund if the funds are used for any other purpose. There would be no excess balance, as all funds would be used for the state portion of enhanced payments to hospitals.

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



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

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

Hearing Date: March 2, 2026

Room Number: 211

1 **Department Testimony:** The Department of Health (DOH) acknowledges the challenges  
2 already experienced in Hawaii due to disruptions in federal funds previously committed to the  
3 state. However, transferring special fund balances to the general fund does create risks for  
4 important government programs and may have legal barriers. Under *Hawaii Insurers Council v.*  
5 *Lingle*, 120 Hawaii 51, 201 P.3d 564 (2008), regulatory fees assessed by an agency, deposited  
6 into a special fund, and used for the regulation or benefit of the parties paying those fees may not  
7 be diverted for general public purposes without raising constitutional concerns. Additionally,  
8 funds received through a settlement may have certain terms restricting use of those funds. DOH  
9 will closely review special fund balances and looks forward to a productive conversation with  
10 the Legislature that balances overall state fiscal health with protecting vulnerable populations  
11 and fragile environmental resources.

12 Row 97: Mental Health and Substance Abuse Special Fund

13 The Adult Mental Health Division utilizes the Mental Health and Substance Abuse Special Fund  
14 to support behavioral health infrastructure, treatment capacity, and programmatic activities,  
15 including services that help stabilize individuals in crisis and support community-based mental

1 health and substance use disorder treatment. Similarly, the Child and Adolescent Mental Health  
2 Division puts these funds towards operating costs for the Division and purchase of services  
3 contracts for mental health services and are necessary to sustainably serve eligible children and  
4 their families.

5 Row 98: Neurotrauma Special Fund

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

9 Row 100: Newborn Metabolic Screening Special Fund

10 The Newborn Metabolic Screening Special Fund (NMSSF) is used by the Family Health  
11 Services Division maintain the Newborn Metabolic Screening Program (NMSP), mandated by  
12 section 321-291, HRS, to ensure that all infants born in the State of Hawaii are tested for  
13 phenylketonuria, congenital hypothyroidism, and other diseases which if left untreated could  
14 cause intellectual disabilities, developmental disorders, severe health problems, and even death.

15 The NMSSF is the sole funding source for the NMSP and the NMS services mandated by section  
16 321-291, HRS.

17 Row 101: Hawaii Tobacco Settlement Special Fund

18 The Hawaii Tobacco Settlement Special Fund is a crucial component of Hawaii's efforts to  
19 address the financial impact of tobacco-related illness, pursuant to section 328L-2, HRS.

1 Row 102: Drinking Water Treatment Revolving Loan Fund

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

6 Row 103: Water Pollution Control Revolving Fund

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

10 Row 104: Environmental Response Revolving Fund

11 DOH relies on the Environmental Response Revolving Fund (ERRF) to fund environmental  
12 emergency response actions, in addition to emergency planning, remediation, and other critical  
13 activities. The Department requires the unencumbered cash balance of the ERRF as an  
14 immediate source of reserve funds in the case of large unanticipated environmental emergency  
15 response efforts such as the Red Hill fuel spill, the Maui wildfires, and the remediation of the  
16 Ukumehame Lithium-ion battery site.

17 Row 105: Clean Air Special Fund

1 The Clean Air Special Fund (CASF) is Hawaii’s air pollution fees special fund and the Clean Air  
2 Branch’s main source of funding supporting 45 staff positions and associated program costs.  
3 These positions protect public health and the environment through regulation of air pollution  
4 sources and ensuring compliance with air pollution regulations and ambient air quality standards  
5 by carrying out permitting, monitoring, inspections, and enforcement activities. These positions  
6 also operate and maintain the state’s ambient air monitoring network, critical during air pollution  
7 episodes such as volcanic eruptions and wildfires, and relied upon by emergency responders,  
8 government personnel, and the public to make informed decisions about health and safety.

9 Row 106: Deposit Beverage Container Deposit Special Fund

10 The Deposit Beverage Container Deposit Special Fund (DBC Special Fund) is used to reimburse  
11 consumers for DBC deposits, pay certified redemption centers handling fees for recycling DBCs,  
12 and funds critical DBC program activities. The Department relies on the fund to sustain the  
13 program—which is especially important as the Department undertakes additional activities to  
14 address statutory mandates, State Auditor recommendations, and works to make recycling more  
15 convenient.

16 Row 107: Electronic Device Recycling Fund

17 The Electronic Device Recycling Fund, pursuant to section 339D-10, HRS, derives its revenue  
18 from registration fees paid by electronic devices and television manufacturers that are required to  
19 participate in the State's electronics and television recycling program. The fund is to be expended

1 by the Department to implement and enforce chapter 339D, HRS, including enforcement and  
2 consumer education.

3 Row 108: Noise, Radiation, and Indoor Air Quality Special Fund

4 The Noise, Radiation, and Indoor Air Quality Special Fund collects fees from related permits,  
5 licenses, inspections, certifications, notifications, variances, and investigations to finance  
6 Department activities to manage noise, radiation, and indoor air quality risks.

7 Row 109: Asbestos and Lead Abatement Special Fund

8 The Asbestos and Lead Abatement Special Fund supports the Department's asbestos and lead  
9 abatement operations, statewide education and outreach, training and accreditation programs,  
10 and long-term planning to meet emerging public health needs. The majority of the fund is  
11 committed to payroll for one full-time position and program costs.

12 Row 110: Leaking Underground Storage Tank Fund

13 The Leaking Underground Storage Tank (LUST) Revolving Fund is utilized to respond to  
14 petroleum releases from underground storage tanks or tanks systems, including paying for costs  
15 incurred in undertaking or compelling a response action. This fund provides critical support to  
16 the Department's ongoing oversight of the safe closure of the Red Hill Bulk Fuel Storage  
17 Facility.

18 Row 111: Wastewater Treatment Certification Board Special Fund

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

6 Row 112: Sanitation and Environmental Health Special Fund

7 The Sanitation and Environmental Health Special Fund receives funds from permit, license, and  
8 other related fees associated with food safety regulations. The primary use of this fund is to  
9 support statewide food safety efforts and provide food handlers education classes statewide, free  
10 of charge. This ensures that local food establishments are inspected and are staffed with  
11 employees that possess a valid food handlers certificate, which is required to meet DOH  
12 regulations.

13 Row 113: Environmental Management Special Fund

14 The Environmental Management Special Fund supports solid waste management, pollution  
15 control, and environmental protection activities. The Department has several obligations that it  
16 must fulfill from the fund, including statutorily mandated recycling contracts with counties,  
17 obligations related to federal grants that require state supplemental funds, payment of existing  
18 memoranda of agreement, salaries for four FTE positions that support work required by statute,  
19 and other operating expenses for the solid waste program. The Department must also maintain a

1 balance in this fund to finance non-recurring work such as preparing the State's Integrated Solid  
2 Waste Management Plan.

3 Row 114: Drug Demand Education Assessment Special Fund

4 Moneys in the Drug Demand Education Assessments Special Fund is used to Supplement  
5 substance abuse treatment programs; support other substance abuse demand reduction efforts  
6 (such as prevention, education, and related services), and expand access to evidence-based  
7 treatment, education, and prevention services across the state, including community-based  
8 programs and advocacy that address drug abuse and related harms.

9 Row 115: Intellectual and Developmental Disabilities Medicaid Waiver Administrative Claiming  
10 Special Fund

11 This special fund supports important positions and contracts to ensure the Developmental  
12 Disabilities Division continues to serve people with intellectual and developmental disability  
13 (I/DD) effectively, including rate study, the direct support professional workforce (DSP)  
14 training, the Consumer-Directed Services (CDS) program, the Supports Intensity Scale-Adult  
15 Version® (SIS-A®) maintenance and training, the INSPIRE (RSM) and IV&V (PCG) technician  
16 support, adult foster home caregivers support, and three essential positions in the Outcomes and  
17 Compliance Branch.

18 Row 118: Birth Defects Special Fund

19 This special fund was repealed by Act 148, SLH 2025.

1 Row 119: Community Health Centers Special Fund

2 The Community Health Centers Special Fund (CHSSF) funds contracts with community-based  
3 providers to provide medical (perinatal, pediatric, adult primary care) and support services to  
4 uninsured and underinsured individuals that are at or below two hundred fifty percent (250%) of  
5 the Federal poverty level. Optional services includes behavioral health care, dental treatment,  
6 and pharmaceutical services. Furthermore, the CHSSF is a lifeline for underserved or isolated  
7 communities, such as contracting for urgent and primary health care services to the Hana  
8 community on the island of Maui, subsidies for the Waianae Coast Comprehensive Health  
9 Center for the provision of emergency room services between the hours of midnight to 8:00 a.m.,  
10 365 days a year.

11 Row 120: Domestic Violence and Sexual Assault Special Fund

12 The Domestic Violence and Sexual Assault Special Fund (DVSASF) is used by the Department  
13 of Health (DOH) to contract with community partner organizations to provide statewide  
14 activities focused on the primary prevention of sexual violence – to stop violence before it  
15 begins. Other activities supported by this fund include county-based multidisciplinary and  
16 multiagency domestic violence fatality review that survey intimate partner violence-related  
17 homicides, near-deaths, and suicides to help to identify contributing factors and develop tailored  
18 recommendations to prevent future incidents within their respective communities. The DVSASF  
19 funds are used to implement the teams' recommendations and to provide training and technical  
20 assistance related to domestic violence prevention and response. 1.0 FTE is supported by this

1 fund, which is essential to maintain program operations, building community partnerships,  
2 providing training and education, and advancing primary prevention strategies statewide.

3 Row 121: Early Intervention Special Fund

4 The Early Intervention Special Fund (EISF) provide early intervention services for children at-  
5 risk, among the zero-to-three population; and to expand and enhance early intervention services  
6 for infants and toddlers with special needs. The EISF is critical in sustaining the management  
7 and delivery of critical State and Federally mandated EI services to Hawaii children (birth to 3  
8 years old) and their families.

9 Row 122: Hawaii Organ and Tissue Education Special Fund

10 The Hawaii Organ and Tissue Education Special Fund receives private donations by individuals  
11 and entities for the specific public benefit of funding organ and tissue education to increase  
12 organ donors for people waiting for transplants. Chapter 327, HRS Part 1. Revised Uniform  
13 Anatomical Gift Act describes the purpose of the revenue and section 286-109.7, HRS ,describes  
14 how the \$1 donation can be contributed by individuals and organizations on vehicle registrations.

15 Row 123: Hawaii Hemp Processing Special Fund

16 The Hawai'i Hemp Processing Special Fund, established under section 328G-6, HRS, consists in  
17 practice of fees and fines collected from hemp processors, distributors, and retailers, and is used  
18 for regulating the hemp processing program including permitting, registration, oversight, and  
19 enforcement.

1 Row 124: Medical Cannabis Registry and Regulation Special Fund

2 The Medical Cannabis Registry and Regulation Special Fund is funded in practice by fees  
3 collected from patients, caregivers, providers, and dispensaries, and expenditures are used for  
4 operating the medical cannabis registry and dispensary programs.

5 Row 125: Office of Health Care Assurance Special Fund

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

16 Row 126: Emergency Medical Services Special Fund

17 This special fund is essential to maintaining and expanding the State's 24/7 emergency medical  
18 services response functions, including payroll, ambulance and other response vehicle  
19 maintenance, and billing.

1 Row 127: Trauma System Special Fund

2 The Trauma System Special Fund is a dedicated state fund established under section 321-22.5,  
3 HRS, to support a coordinated, statewide trauma care system that ensures timely and effective  
4 treatment for injured patients across Hawaii. Key uses include subsidizing costs of trauma care,  
5 including under-compensated or uncompensated care, for hospitals treating injured patients,  
6 Supporting trauma care readiness, such as maintaining on-call physicians and essential  
7 equipment, and Funding the State's injury prevention programs

8 Row 128: Vital Statistics Improvement Special Fund

9 The Vital Statistics Improvement Special Fund is used by the Department of Health to modernize  
10 and automate the vital statistics system, improving data systems and operations and offset costs  
11 for the daily operations of the State's vital statistics system, including processing and issuing  
12 vital records. This helps ensure that Hawaii's systems for registering and managing vital events  
13 (births, deaths, marriages, etc.) remain efficient and up-to-date.

14 Thank you for the opportunity to testify.

15

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



WENDY GADY  
EXECUTIVE DIRECTOR

STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT CORPORATION**  
HUI HO'OU LU AINA MAHIAI

TESTIMONY OF WENDY L. GADY  
EXECUTIVE DIRECTOR  
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS  
March 2, 2026  
10:00 a.m.  
Conference Room 211& Videoconference

SENATE BILL NO. 2921  
RELATING TO STATE FUNDS

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

Thank you for the opportunity to submit testimony on Senate Bill 2921.

I offer this testimony with **comments**. I appreciate the Legislature's continued efforts to ensure fiscal accountability and transparency in the management of public funds. The intent to responsibly manage excess balances and maintain flexibility in the General Fund is understandable, particularly in times of financial uncertainty.

However, I respectfully express concerns regarding the proposed transfer of excess moneys from various special funds and programs to the General Fund under the circumstances outlined in this measure.

The Hawaii agricultural development revolving fund was created by section 163D-17, Hawaii Revised Statute. The purpose of the fund is to:

- (1) Purchase qualified securities issued by enterprises for the purpose of raising seed capital; provided that the investment shall comply with the requirements of this chapter;
- (2) Make grants, loans, and provide other monetary forms of assistance necessary to carry out the purposes of this chapter; and

- (3) Purchase securities as may be lawful investments for fiduciaries in the State.

All appropriations, grants, contractual reimbursements, and other funds not designated for this purpose may be used to pay for the proper general expenses and to carry out the purposes of the corporation.

Section 163D-17(b), HRS, (emphasis added).

The fund is almost entirely comprised of licensing and water delivery fees, which are used to support the general expenses and carry out the purposes of the corporation.

ADC uses the fund to cover the expenses of the corporation. ADC has adhered to the fiscally responsible practice of maintaining the fund balance in excess of its operating costs in order to develop a reserve fund, to protect against unforeseen situations.

Thank you for the opportunity to provide testimony on Senate Bill 2921. I appreciate your consideration of these comments.



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

JOSH GREEN, M.D.  
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SYLVIA LUKE  
LT. GOVERNOR

JAMES KUNANE TOKIOKA  
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Statement of  
**GEORJA SKINNER**  
**Administrator, Creative Industries Division**  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**

Monday, March 2, 2026  
10:00 AM  
State Capitol, Conference Room 211

In consideration of  
**SB2921**  
**RELATING TO STATE FUNDS**

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee. The Creative Industries Division (CID) of the Department of Business, Economic Development and Tourism (DBEDT) offers comments on SB2921, 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 the 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 studios 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.

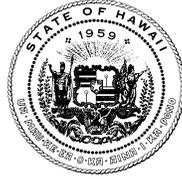
This ensures that CID can:

- 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.

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  
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**Senate Committee on Ways and Means  
March 3, 2026, 10:00 a.m.  
State Capitol, Room 211**

**SB 2921 – Relating to State Funds**

To: Sen. Donovan M. Dela Cruz, Chair  
Sen. Sharon Y. Miyawaki, Vice Chair  
Members of the Senate Committee on Ways and Means

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

Section 312-3.6 of the Hawaii Revised Statutes (HRS) established the Library Special Fund to support the purchase of library books and materials only. Currently, our legislatively approved budget for the purchase of library books and materials is **less than 50%** of the annual expenses for a statewide library system which is averaging over \$3 million per year. **The Library Special Fund directly supplements the lack of State funding.**

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.

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

**KELDEN B.A. WALTJEN**  
PROSECUTING ATTORNEY

**SHANNON M. KAGAWA**  
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## OFFICE OF THE PROSECUTING ATTORNEY

### TESTIMONY IN OPPOSITION OF SENATE BILL 2921

#### A BILL FOR AN ACT RELATING TO STATE FUNDS

COMMITTEE ON WAYS AND MEANS  
Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair

Monday, March 2, 2026 at 10:00 a.m.  
Via Videoconference  
State Capitol Conference Room 211  
415 South Beretania Street

Honorable Chair Dela Cruz, Vice-Chair Moriwaki and Members of the Ways and Means: The County of Hawai'i, Office of the Prosecuting Attorney submits the following testimony **in opposition** of Senate Bill 2912 with comments.

SB 2912 was drafted with the intent to transfer excess balances of various non-general funds into the general fund.

When someone becomes the victim of a crime, the harm does not end when the police report is filed or when the court case concludes. Victims often face medical bills, funeral expenses, lost wages, counseling costs, relocation expenses, and other financial burdens as a result of crime committed against them. These expenses compound trauma, deepen instability, and can push families into long-term financial crisis.

The Crime Victim Compensation Special Fund exists to prevent that secondary victimization. It ensures that victims are not forced to shoulder the financial consequences of crimes committed against them. It provides access to support for survivors of violent and non-violent crimes, support for families who have lost loved ones to homicide, and emergency assistance that helps victims stabilize their lives during the most vulnerable moments.

Importantly, this fund represents a promise: that our justice system does not only prosecute offenders, but also cares for those harmed. It acknowledges that public safety includes supporting recovery. By helping victims heal physically, emotionally, and financially we strengthen families and communities as a whole.

This fund is also fiscally responsible. When victims receive timely support, they are less likely to rely on long-term public assistance, face eviction, or experience untreated trauma that

can lead to broader social and health costs. Early intervention reduces long-term expenses and promotes resilience.

The Crime Victim Compensation Special Fund reflects our shared values of accountability, compassion, and fairness. It ensures that victims are not forgotten once the headlines fade. Maintaining and strengthening this fund sends a clear message: we stand with victims, and we invest in their healing process.

The SAVIN program provides crime victims, witnesses, and concerned members of the public with automated, timely, and accurate updates about an offender's custody status or release, accessible through a user-friendly website, VINELink. The program is also utilized by law enforcement agencies, prosecutors, and judges to quickly verify custody status. It has been essential to the success of the SAVIN program that it has had a stable and reliable funding source.

It is impossible to overstate how important the SAVIN victim notification system has become to public safety and crime victims' rights in Hawai'i. The automated notifications made possible by the SAVIN program are vital in assisting crime victims to participate in the justice system and giving victims a modicum of assurance in knowing that they will be notified immediately and automatically when an offender is released. Our office is deeply concerned that SB 2912 would eliminate the revenue source for SAVIN, leaving SAVIN underfunded.

The County of Hawai'i, Office of the Prosecuting Attorney is dedicated to pursuing justice with integrity and commitment. For these reasons, the County of Hawai'i, Office of the Prosecuting Attorney opposes the passage of Senate Bill 2912. Thank you for the opportunity to testify on this matter.



**March 2, 2026 at 10:00 am**  
**Conference Room 211**

**Senate Committee on Ways and Means**

To: Chair Donovan M. Dela Cruz  
Vice Chair Sharon Y. Moriwaki

From: Paige Heckathorn Choy  
Vice President, Government Affairs  
Healthcare Association of Hawaii

Re: **Submitting Comments**  
**SB 2921, Relating to State Funds**

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the healthcare continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high-quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 30,000 people statewide.

Thank you for the opportunity to submit **comments with concerns** on this measure, which seeks to transfer special fund dollars into the general fund account. We respectfully request that the Hospital Sustainability Program Special Fund and the Nursing Facility Sustainability Program Special Fund be removed from this measure.

These special funds are comprised of fees paid by participating hospitals and nursing facilities for the express purpose of drawing down federal Medicaid matching funds, which are then returned to hospitals and nursing facilities through enhanced Medicaid payments. Every dollar in these special funds leverages additional federal Medicaid funding. If funds are removed or repurposed, the state risks losing the associated federal match and hospital and nursing facilities would have to face reduced reimbursements.

Hospitals and nursing facilities rely on these enhanced Medicaid payments to sustain operations, particularly given the high proportion of Medicaid beneficiaries served and the well-documented gap between Medicaid reimbursement and the actual cost of care. This program helps stabilize essential services, workforce retention, rural access, and long-term care capacity.

We respectfully urge this committee to preserve the Hospital Sustainability Program Special Fund and the Nursing Facility Sustainability Program Special Fund to protect critical federal Medicaid funding and ensure continued access to care for Hawaii's most vulnerable residents. Thank you for the opportunity to provide testimony.

Nickolas Kacprowski  
**Board President**

Rachel Figueroa  
**Executive Director**



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**TESTIMONY ON SENATE BILL 2921  
RELATING TO STATE FUNDS  
Committee on Ways and Means– March 2, 2026**

CHAIR DELA CRUZ, VICE CHAIR MORIWAKI AND MEMBERS OF THE COMMITTEE ON WAY AND MEANS:

Thank you for the opportunity to present testimony on S.B. 2921. Volunteer Legal Services Hawaii (Volunteer Legal) understands the intent and the importance of this bill. Volunteer Legal respectfully opposes the sections related to the Judiciary, specifically Item 208 Indigent Legal Assistance Fund (“ILAF”).

According to statute, ILAF should be used for direct indigent legal services. These funds are necessary to maintain services especially in light of federal cuts and landscape changes.

ILAF remains a critical source of financial support for pro bono based civil legal assistance to those least able to afford and access professional legal help. Hawaii’s institutional capacity to provide legal services to indigent persons in our state is strengthened by the pro bono work of attorneys. Volunteer Legal’s pro bono program significantly extends the reach of legal aid programs to more persons in need with a broader range of legal services through coordination and collaboration with private attorneys.

Volunteer Legal is already concerned about all the federal actions limiting services to those residents who need it the most. We are worried more than ever about the impact that the continued limiting of services has on the safety net of legal services. There are many unmet needs, and Volunteer Legal is often the last line of defense for someone facing critical issues, like landlord/tenant or child custody issues.

In the last forty-five years, Volunteer Legal has partnered with volunteer attorneys in the provision of civil legal assistance to individuals and families of Hawaii. While Volunteer Legal’s only office is on Oahu, we service residents of Hawai’i statewide. In 2025, with only a staff of 9, Volunteer Legal qualified over 1000 individuals. Volunteer Legal provides legal checkups, educational presentations, clinics, brief services and/or full representations. Twenty-four (24%) of those helped are homeless or at the risk of being homeless, 24% of those helped suffer from domestic violence, 5% of those helped were veterans, 22% of those helped are disabled, and 13% of those helped were aged 60 and over. If not for Volunteer Legal Services Hawaii, these individuals would have otherwise gone without legal help.

Volunteer Legal understands the important intent of the bill, however any reduction to services to the low-income community will further burden services for Indigent residents. The effectiveness of Volunteer Legal to act as the conduit between those in need of legal assistance and those with the tools to help is highly dependent on funds like ILAF.

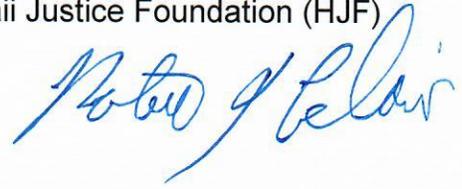
Volunteer Legal thanks the committee for the continued support of civil legal services. We respectfully oppose the inclusion of the Judiciary section, item 208, Indigent Legal Assistance Fund on S.B. 2921. Thank you for this opportunity to provide testimony.

Sincerely, Rachel Figueroa, Executive Director

FROM: Robert J. LeClair, Executive Director, Hawaii Justice Foundation (HJF)

TO: COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair



VIA: E-Mail .pdf Transmission

DATED: February 28, 2026

RE: **SB 2921 Relating to State Funds.**

**Testimony in Support of Retaining the Judiciary's Indigent Legal Assistance Fund (ILAF) Special Fund in Its Current Form and Not Transferring any of its Funds to the General Fund**

**None of the funds in the ILAF Special Fund are "inactive" or "excess."** SB 2921 lists many non-general funds including the Judiciary's ILAF Special Fund (Item 208 on that list) for consideration of transfer to the General Fund. By definition of its statutory process in HRS §607-5.7, the ILAF Special Fund always should contain funds in preparation for distribution. Each fiscal year, funds are collected from surcharges on select types of cases filed (no governmental filings are surcharged). All funds collected for that year are then awarded to qualifying legal service providers for the following year, paid out on a quarterly basis. To capture any funds currently in the ILAF Special Fund would cripple the funds available for distribution on FY26-27.

**The Indigent Legal Assistance Fund (ILAF) was created by the Legislature in 1996 to provide funds for essential legal services for Hawaii's limited-income people and has operated successfully for thirty years.** No general funds are involved in the process, and all the funding is generated from surcharges on selected court case filings (no government case filings are surcharged.) Legal needs of the limited-income involve help with critical legal issues such as landlord & tenant, housing, financial situations, family law, and elder law. For FY 24-25, which are the latest figures available, the total number of cases handled under the Indigent Legal Assistance Fund (ILAF) program exceeds 10,000. These cases range from full representation in complex cases to providing legal information or making appropriate referrals for assistance. All cases meet the statutory requirements of ILAF, including poverty income guidelines and/or type of case (i.e., elderly or disabled.) The current process ensures that all funds collected under program will be used only for the intended purposes. Transferring any of the collected funds in the general fund subjects these funds to possible expenditures of less than the collected amounts or for purposes other than the designated use, thus

jeopardizing the effectiveness of the ILAF Program. It is thus requested that no ILAF funds be swept into the General Fund.

From the inception of ILAF in 1996, the Hawaii Justice Foundation (HJF) has served as Fund Administrator. HJF handles the extensive and careful application process from the various legal service providers (currently ten are participating). ILAF distributions are handled on a statutory pro rata basis that arises from prior year expenditures by the applicants for providing qualified legal services. HJF also handles review of the quarterly invoices and review of the requisite quarterly and annual reports. Every two years, in cooperation of HJF and the Judiciary, an extensive report is filed with the Legislature. ILAF is a Special Fund that receives surcharges collected on selected types of civil cases filed in Hawaii's various state courts (no governmental cases are surcharged.) These surcharges are then distributed to qualifying organizations that provide direct civil legal services to those in Hawaii whose income does not exceed 125% of federal poverty guidelines or who are eligible for free services under the Older Americans Act or Developmentally Disabled Act. HJF knows from lengthy first-hand experience that ILAF is an excellent program that operates smoothly and provides essential services for Hawaii's lower-income people.

**It is requested that the ILAF Special Fund be removed from inclusion in SB 2921.**

Any funds in the ILAF Special Fund should not be transferred to the General Fund. Every two years the Legislature is provided with a complete accounting of the activities, results, and success of ILAF. The required report was provided to the current Legislative Session, and it contains significant detail on the process. ILAF has proven to be both effective and essential. The ILAF Program has procedural safeguards to ensure accuracy, accountability, and fairness of distribution among the qualifying organizations. All legal service providers receiving funds under ILAF are strictly monitored by HJF to ensure compliance with all statutory requirements. ILAF is an active, vibrant fund meeting essential legal needs of Hawaii's many limited-income people.

**Current conditions faced by legal service providers make the ILAF Program even more essential.** Low-income legal service providers are currently facing extreme financial hardships with rising client caseloads and uncertain federal funding. ILAF funds are one of the few stable financial sources available to providers. Anything that jeopardizes ILAF funding should be avoided.

**Summary and Conclusion.** It is certainly understandable and commendable that the Legislature wishes to ensure that all non-general funds are active and are used for their intended purposes, rather than languishing in a dormant condition. These concerns do not apply to the ILAF Special Fund. The ILAF process has operated smoothly and successfully for nearly thirty years, and qualifying organizations know they will receive

their fair pro rata share under the Program. More than 10,000 cases were handled under ILAF in FY25-26, helping more than 10,000 of Hawaii's people. Additional details on the Program are of course available from HJF upon request. It is respectfully requested that ILAF be allowed to continue in its present form for the benefit of all involved.

Written Statement of  
**Trung Lam, Executive Director**

before the  
Senate Committee on Ways and Means

Monday, March 2, 2026  
10:00 am  
Conference Room 221 & Videoconference

In consideration of  
SB 2921  
RELATING TO STATE FUNDS

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

Hawai'i Technology Development Corporation (HTDC) appreciates the intent of SB2921 to strengthen the State's fiscal position during a period of uncertainty created by shifting federal policy and broader economic conditions. HTDC also affirms the underlying public finance principle that state resources—whether general funds or statutorily established special funds—must be managed prudently, expended expeditiously for their intended public purposes, and subject to appropriate legislative oversight.

At the same time, HTDC respectfully requests that the Committee apply that principle in a manner that distinguishes between (1) truly idle balances and (2) funds that are strategically staged for near-term deployment on multi-step, capital-intensive initiatives that are already in planning or execution stages and cannot responsibly be rushed without impairing outcomes or increasing costs.

HTDC is particularly concerned about any future sweep of resources associated with:

- Strategic Development Programs Revolving Fund currently used for HTDC strategic development program activities and holding investment returns
- The Technology Special Fund / High Technology Special Fund funded by appropriations and tenant/user money and fees tied to HTDC facilities and services; intended uses include operation/maintenance/management of HTDC operations/projects/facilities and carrying out project agreements).

These funds are not merely “hold accounts”; they function as the cash platform for (a) facility and shared-infrastructure activation and (b) time-sensitive commercialization and co-investment mechanisms that are integral to HTDC's statutory objectives.



### **HTDC's commitment to near-term deployment and accountability**

HTDC commits that, consistent with the Legislature's expectations for responsible stewardship, HTDC intends to deploy all currently appropriated and available program funds in the near future, subject to prudent procurement, contracting, and due diligence requirements and aligned to measurable milestones.

HTDC further commits to transparent reporting of fund balances, obligations/encumbrances, expenditures, and milestone progress for the strategic initiatives described below, so that the Committee can evaluate whether balances are genuinely "excess" or are tied to near-term execution gates.

### **Strategic projects requiring near-term fund availability**

HTDC is actively planning and executing a set of strategic, capital-intensive initiatives that require funds to remain available now so that HTDC can execute multi-step agreements and deploy resources when readiness gates are met:

#### **Ocean & Maritime Center of Excellence (shared infrastructure + ocean tech hub)**

HTDC's workplan calls for (1) leasing and activating shared ocean advanced manufacturing space as a pilot and (2) working with the Hawaii Department of Transportation to finalize a location within Honolulu Harbor and execute an MOU for an "Ocean Technology Hub." These activities are foundational "platform investments" that enable broader commercialization, including maritime and port/harbor modernization pathways and an expanded pipeline of ocean-sector companies.

#### **Aerospace project in Hilo (flight operations facility)**

HTDC's aerospace initiative also identifies collaboration with Fenix Space on low-environmental-impact launch testing concepts at Hilo Airport. Appropriate state support here is inherently multi-year and must be aligned with approvals, procurement, and partnership sequencing.

#### **Space Domain Awareness (SDA) activities in Maui (innovation pipeline)**

The U.S. Space Force identifies the Maui Space Surveillance Complex as a strategic national asset and describes the 15th Space Surveillance Squadron's mission as delivering and operating cutting-edge SDA capabilities while integrating SDA R&D. HTDC is also planning upgrades and renovations to our MRTC facility to meet this demand for Space Domain Awareness companies.

#### **Venture studio focused on SBIR Phase III companies (commercialization)**

HTDC's plan also calls for designing a venture studio (SBIR II/III) and making Phase II/III support a permanent program, reflecting a deliberate strategy to move high-performing SBIR-funded companies into Phase III commercialization and procurement. A venture studio model is inherently milestone-driven and requires stable funding to develop the pipeline, contract operators, and execute cohort-based commercialization support.

## Requested amendments:

HTDC respectfully requests that the Committee consider amendments to SB2921 that preserve the State's fiscal flexibility while preventing unintended harm to near-term strategic execution. Specifically:

- Exclude encumbered/committed balances and milestone-staged funds from “excess” transfers for the Strategic Development Programs Revolving Fund (§206M-62), Technology Special Fund (§206M-15.5), and any HTDC-administered program accounts referenced in SB2921.
- Define “excess” using a forward-looking test (e.g., amounts beyond documented 12–24 month obligations and approved project pipeline milestones), recognizing that strategic development program revenues and disbursements can vary based on market timing and exits.
- Require structured reporting instead of immediate transfer, such as:
  - An annual report to WAM summarizing (a) beginning balance, (b) obligations/encumbrances, (c) expenditures, (d) pipeline commitments and expected obligation dates, and (e) milestone progress for the strategic initiatives above.

These safeguards would achieve the Legislature's goal—ensuring that balances are not warehoused unnecessarily—while preserving HTDC's ability to execute strategic, capital-intensive projects in a disciplined (but not artificially accelerated) manner.

## Conclusion

HTDC supports SB2921's intent to protect Hawai'i's fiscal stability and agrees that state resources must be used prudently and expeditiously. HTDC also emphasizes that certain strategic projects—especially shared infrastructure activation, facility-based aerospace development, SDA-related innovation pathways, and SBIR Phase III commercialization—require that funds remain available now so they can be deployed responsibly as near-term milestones are met.

For these reasons, HTDC respectfully requests that SB2921 be amended to provide milestone-based oversight and reporting without immediate reversion/transfer from HTDC-related funds, preserving the State's strategic capacity while maintaining accountability to the Legislature.

Mahalo for the opportunity to provide comments.

# TAX FOUNDATION OF HAWAII

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735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

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SUBJECT: MISCELLANEOUS, Raid Various Special and Revolving Funds

BILL NUMBER: SB 2921

INTRODUCED BY: DELA CRUZ

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

SYNOPSIS: Transfers moneys from various special and revolving funds to the General Fund. 212 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"?

Re: SB 2921

Page 2

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.

Digested: 2/28/2026



**Written Testimony of  
David Thorp, American Beverage Association  
Before the Senate Committee on Ways and Means  
In Opposition to S.B. 2921: Relating to State Funds  
March 2, 2026**

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee, thank you for the opportunity to comment in opposition to S.B. 2921 – 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

Nickolas Kacprowski  
**Board President**

Rachel Figueroa  
**Executive Director**



545 Queen Street, Suite 100  
Honolulu, Hawai'i 96813  
Phone: (808) 528-7050  
Fax: (808) 524-2147  
[www.vlsh.org](http://www.vlsh.org)

**TESTIMONY ON SENATE BILL 2921  
RELATING TO STATE FUNDS  
Committee on Ways and Means– March 2, 2026**

CHAIR DELA CRUZ, VICE CHAIR MORIWAKI AND MEMBERS OF THE COMMITTEE ON WAY AND MEANS:

Thank you for the opportunity to present testimony on S.B. 2921. Volunteer Legal Services Hawaii (Volunteer Legal) understands the intent and the importance of this bill. Volunteer Legal respectfully opposes the sections related to the Judiciary, specifically Item 208 Indigent Legal Assistance Fund (“ILAF”).

According to statute, ILAF should be used for direct indigent legal services. These funds are necessary to maintain services especially in light of federal cuts and landscape changes.

ILAF remains a critical source of financial support for pro bono based civil legal assistance to those least able to afford and access professional legal help. Hawaii’s institutional capacity to provide legal services to indigent persons in our state is strengthened by the pro bono work of attorneys. Volunteer Legal’s pro bono program significantly extends the reach of legal aid programs to more persons in need with a broader range of legal services through coordination and collaboration with private attorneys.

Volunteer Legal is already concerned about all the federal actions limiting services to those residents who need it the most. We are worried more than ever about the impact that the continued limiting of services has on the safety net of legal services. There are many unmet needs, and Volunteer Legal is often the last line of defense for someone facing critical issues, like landlord/tenant or child custody issues.

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Volunteer Legal understands the important intent of the bill, however any reduction to services to the low-income community will further burden services for Indigent residents. The effectiveness of Volunteer Legal to act as the conduit between those in need of legal assistance and those with the tools to help is highly dependent on funds like ILAF.

Volunteer Legal thanks the committee for the continued support of civil legal services. We respectfully oppose the inclusion of the Judiciary section, item 208, Indigent Legal Assistance Fund on S.B. 2921. Thank you for this opportunity to provide testimony.

Sincerely, Rachel Figueroa, Executive Director



Date: March 1, 2026

To: Sen Donovan Dela Cruz, Chair  
Sen Sharon Moriwaki, Vice Chair  
Members of the Senate Committee on Ways and Means

From: Lynn Costales Matsuoka, Executive Director  
The Sex Abuse Treatment Center  
A Program of Kapi'olani Medical Center for Women & Children

RE: Testimony on SB 2921  
Relating to State Funds

Hearing: March 2, 2026, Conference Room 211, 10am

Good morning, Sen Chair Dela Cruz, Sen Vice Chair Moriwaki, and Members of the Senate Committee on Ways and Means. Thank you for the opportunity for the Sex Abuse Treatment Center to provide comment on the SB 2921, relating to State Funds.

The Sex Abuse Treatment Center opposes this bill as it relates to a few specific areas:

- Domestic Violence and Sex Assault Funds
- Crime Victim Compensation Funds
- Automated State Victim Notification

As a treatment center providing direct services to survivors impacted by sexual violence, state funding is imperative. As this Committee is well aware and as referenced in SB 2921, the federal landscape is uncertain for victims, particularly victims of sexual violence. Uncertain whether federal funds will remain available for services to survivors especially those that may fall in a specialized vulnerable category, are at risk. Culturally specific individuals, individuals in our LGBTQ community, and immigrants are all at risk of sexual violence. These victims look to community services when in need. Without state funding directly earmarked for sexual assault services, we fear what little is available may be swept up in the general fund and used for other purposes. While we recognize so many other programs are at risk under the changes of the federal landscape, victims of sexual assault are particularly vulnerable. Already reductions are being seen and federal restrictions become tighter, the future of available federal funding for sexual assault victims is uncertain, at best.

As for the Crime Victim Compensation Funds, we also ask that these funds not be redirected to the general funds. Victims of sexual assault rely on these funds to seek treatment at SATC. Many survivors who are engaged in the criminal justice need long term therapy, often as a result of the lengthy delays in their court case. Many awaiting trial are without the means to engage in therapy, but for the support of CVCC. CVCC can and has provided a critical lifeline to many survivors in need of therapeutic services as they work on healing following a traumatic sexual assault. Treatment paid for by CVCC can make or break a survivor's ability to remain engaged

in lengthy court processes, to hold offenders accountable through prosecution. With criminal cases taking upwards of 2-3 years to resolve, many victims would likely disengage with court proceedings resulting in dismissals and no offender accountability. These funds are critical to so many survivors healing and directly impact public safety.

Finally, for many sex assault victims who are engaged in the criminal justice system, their personal safety, and that of their children are tied to the SAVIN program. SAVIN provides timely notification to survivors when their offender is being released from custody. Time that is necessary to take protective action to keep them and their children safe. Without SAVIN notification, victims would be at risk of their own safety, which cannot and should not be compromised. The SAVIN program is critical to victims and its funding consistently at risk of being lost.

For these reasons we ask this committee to not transfer any funds from these programs to the general state fund to avoid losing critical services to victims that are integral to their safety and healing.

Thank you for your consideration.



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

March 1, 2026

Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair  
Members of the Senate Committee on Ways and Means

Conference Room 211  
State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

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

Dear Chairperson Dela Cruz, Vice Chair Moriwaki and Committee Members:

The Consumer Technology Association (CTA), writes in **OPPOSITION to SB 2921, 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.**

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](mailto:kreilly@cta.tech).

Sincerely,



Katie Reilly

Vice President, Environmental Affairs and Industry Sustainability

[kreilly@cta.tech](mailto:kreilly@cta.tech)

(571) 684-1895

March 2, 2026, 10 a.m.  
Hawaii State Capitol  
Conference Room 211 and Videoconference

**To: Senate Committee on Ways and Means**  
**Sen. Donovan M. Dela Cruz, Chair**  
**Sen. Sharon Y. Moriwaki, Vice Chair**

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

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

Aloha chair, vice chair and other committee members,

The Grassroot Institute of Hawaii **supports** [SB2921](#), 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.<sup>1</sup>

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<sup>1</sup> ["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



**Testimony Presented Before the Senate  
Committee on Ways and Means  
Monday, March 2, 2026 at 10:00 AM  
Conference Room 211 and Videoconference  
By  
Laura Reichhardt, APRN, AGPCNP-BC  
Director, Hawai'i State Center for Nursing  
University of Hawai'i at Mānoa**

**Comments on SB 2921**

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee:

The Hawai'i State Center for Nursing (HSCN) is committed to advancing workplace conditions that enable nurses to thrive and remain in the profession. SB 2921, which proposes transferring excess balances from various non-general funds and programs to the general fund, is of significant interest to our organization due to its potential impact on programs supporting nurse recruitment, retention, and education.

The Hawai'i State Center for Nursing is primarily funded by license fee revenue into a special fund, which is managed by the University of Hawai'i. This fund is critical for achieving the operations of the Hawai'i State Center for Nursing, including underwriting staff salaries and fringe benefits, supporting the convening of the Advisory Board, engaging in nursing workforce research, researching best practices and quality outcomes which are then disseminated to nurses across settings and islands, as well as underwriting our significant recruitment and retention programs.

Our non-general funds often serve as dedicated resources for initiatives that address critical workforce needs, such as preceptor development, nurse staffing improvements, and research into best practices. The reallocation of these funds could affect the stability and continuity of such programs, which are vital to maintaining a robust nursing workforce and ensuring high-quality care across the state. Our concern is that the loss of this dedicated funding stream may hinder ongoing efforts to address nurse workforce inadequacies, support continuing nursing education and professional development, and foster innovation in nursing recruitment and retention.

While we recognize the importance of fiscal responsibility and the need to optimize state resources, it is essential that the transfer of excess balances does not inadvertently disrupt essential nursing programs or diminish the capacity to invest in workforce development.

These funds are budgeted on a two-year cycle, as the majority of funds are collected during the nursing relicensure period. As such, budgeting in "renewal years" must ensure the

*The mission of the Hawai'i State Center for Nursing is to collaborate on fostering workplace conditions that support nurses to remain in a fulfilling profession.*



administrative and programmatic funds for two years. Further, HSCN engaged in a 6-year budgeting projection process to safeguard long-term stability and fiscal responsibility. This includes our ongoing ability to serve the state, fulfilling the mandates established by the Legislature, as well as nurses statewide. At the same time, our budgeting philosophy prioritizes that our funds are used to maximally support nursing workforce needs.

We respectfully recommend that the Legislature preserve the Hawai'i State Center for Nursing special fund, as it is funded by nurses to directly impact their workforce wellbeing. We thank the Legislature for the opportunity to provide these comments and for your collaboration to identify critical priorities which help ensure that fiscal measures do not undermine the state's commitment to a healthy and sustainable nursing workforce.

*The mission of the Hawai'i State Center for Nursing is to collaborate on fostering workplace conditions that support nurses to remain in a fulfilling profession.*



**TRUST FOR PUBLIC LAND'S TESTIMONY RE SB 2921**  
**Senate Committee on Ways & Means**  
**Monday, March 2, 2026, 10:00 a.m., Conf. Rm. 211**

**HAWAII**

1164 Bishop St., Ste. 1512  
 Honolulu, HI 96813

[tpl.org](http://tpl.org)

**HAWAII BOARD**

**Marco Abbruzzese, Chair**  
 Bank of Hawaii

**Kirstin Punu, Vice Chair**  
 AES

**Ane Bakutis**  
 Kealopiko & UH Manoa Plant  
 Extinction Prevention Program

**Cathy Camp**  
 Central Pacific Bank

**Kekama Helm**  
 Conservationist

**Chris Hochuli**  
 Merrill Lynch

**Nalani Kaina**  
 Kamehameha Schools

**Steve Kelly**  
 James Campbell Company LLC

**Ala'amoe Keolanui**  
 OK Farms

**Troy Keolanui**  
 OK Farms

**Mino McLean**  
 Island Sotheby's Intl. Realty

**John Meier**  
 Conservationist

**Blake Oshiro**  
 Capitol Consultants of Hawaii

**Jeff Overton**  
 G70

**Mahina Paishon**  
 Waiwai Collective

**Mike B. Pietsch**  
 Title Guaranty Hawaii

**Brad Punu**  
 Green Climate Fund

**Race Randle**  
 Maui Land & Pineapple Co.

**Tom Reeve**  
 Conservationist

**Ka'iulani Sodaro**  
 Ward Village/Howard Hughes

**Jonathan Sprague**  
 POlama Lana'i

**Dr. Rachel Sprague**  
 POlama Lana'i

**Jan Sullivan**  
 Oceanit

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

Trust for Public Land (TPL) recognizes and appreciates the intent of SB 2921 to transfer excess funds to the general fund to address economic and federal funding uncertainties. TPL notes that line 136 under the Department of Land and Natural Resources, the Land Conservation Fund - is the State's Legacy Land Conservation Fund which receives a portion (10% or \$5.1M, whichever is lower) of the State's real estate conveyance tax. The continuation of the Legacy Land Conservation Fund at some level of funding – preferably at the current \$5.1M current statutory cap or higher – is important for two reasons:

First, the separate Legacy Land Conservation Fund qualifies the State for 75% of federal funding in certain federal land acquisition programs such as the U.S. Forest Legacy Program which has conserved important forested and watershed areas throughout the State, including Helemano, upper Waimea Valley, Moanalua Valley, Maunawili Valley (pending), Kamehamehenui in upcountry Maui, and parts of East Maui owned by Alexander & Baldwin (Phase 1 completed, other phases pending), The 75% federal funding benefit has saved the State millions of dollars. If this fund is not continued, the Forest Legacy program will only fund up to 50% of a land conservation project, rather than the current 75%.

Second, the Legacy Land Conservation Program serves an important purpose – protecting important 'āina throughout the State – from watersheds to heiau, from lo'i to conventional farmlands, from important habitat to recreational areas. For example, with this funding, many culturally and ecologically important areas have been protected with strong support from local and Native Hawaiian communities – heiau sites (Maunawila Heiau, Häwea Heiau) and larger cultural landscapes (Lapakahi State Historic Park, Mahukona Navigation and Ecological Complex, Kaunamano, Kawa, Mokae to Maka'alaē). Every year, the program is inundated with worthy projects needing double, triple, or quadruple the amount of funding available. This program addresses a vital need throughout Hawai'i Nei and should continue.

I apologize that I will not be able to attend this hearing in person or by Zoom as I have a pre-existing conflict that cannot be moved.

Respectfully,

Lea Hong  
 Associate Vice President Hawai'i State Director  
 Edmund C. Olson Trust Fellow





March 2, 2026

Members of the Senate Committee on Ways & Means:

Chair Donovan M. Dela Cruz  
Vice Chair Sharon Y. Moriwaki  
Rep. Lynn DeCoite  
Rep. Brandon J.C. Elefante  
Rep. Troy N. Hashimoto  
Rep. Lorraine R. Inouye  
Rep. Dru Mamo Kanuha  
Rep. Michelle N. Kidani  
Rep. Donna Mercado Kim  
Rep. Chris Lee  
Rep. Herbert M. "Tim" Richards, III  
Rep. Glenn Wakai  
Rep. Kurt Fevella

Re: SB2921 Relating to State Funds

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Senate Committee on Ways & Means:

The Hawai'i State Coalition Against Domestic Violence (HSCADV) mission is to unite Hawai'i to end all forms of domestic violence. We are a statewide partnership of domestic violence programs and shelters.

On behalf of HSCADV and our 20 member programs, I respectfully submit testimony in **strong opposition to SB2921**, which allows the director of finance to transfer funds from special funds to the general fund for fiscal year 2026-2027. We are especially concerned about the transfer of funds from the following special funds:

- #88, Spouse and Child Abuse Special Fund (Dept. of Human Services)
- #120, Domestic Violence and Sexual Assault Special Fund (Dept. of Health)
- #208, Indigent Legal Assistance Fund (Judiciary)
- #210, Spouse and Child Abuse Special Fund (Judiciary)
- #152, Crime Victim Compensation Special Fund (Dept. of Corrections and Rehabilitation)
- #154, Automated Victim Information and Notification System Special Fund (Dept. of Corrections and Rehabilitation)

The funds targeted in this measure are not excess balances. They are the infrastructure that holds Hawaii's coordinated response to violence together. At a time of significant uncertainty in federal funding, sweeping these special funds into the general fund will not reduce harm; it will magnify it.

The Department of Health funds impacted by this measure support Domestic Violence Fatality Review, Coordinated Community Response work, statewide Domestic Violence 101 trainings, prevention partnerships with Nā Leo Kāne, youth-focused prevention addressing substance use and suicide, and implementation of fatality review recommendations. These are not optional programs. Fatality review identifies systemic gaps before another homicide occurs. Coordinated response ensures law enforcement, courts, probation, and advocates are not working in silos. Prevention initiatives address root causes before violence escalates. When prevention and coordination weaken, lethality increases.

The Crime Victim Compensation Special Fund provides a critical safety net for survivors. The Commission receives no general funds to compensate victims. Its ability to pay for medical care, counseling, lost wages, and funeral expenses depends on special fund revenue and federal VOCA matching funds. The federal government matches 75% of every dollar spent on direct victim compensation. If state funds are swept, Hawai'i risks losing access to those federal matching dollars. That would dismantle a decades-long safety net for victims of violent crime.

The SAVIN program provides timely notification when an offender's custody status changes. It has delivered tens of thousands of notifications statewide. In domestic violence cases, the period surrounding release is one of the highest lethality risk points. Survivors rely on timely notification to safety plan. Destabilizing SAVIN funding increases danger at the most volatile moment in the cycle of abuse.

The Spouse and Child Abuse Special Fund supports court infrastructure that processes protection orders and strengthens accountability in the system. Delays and weakened coordination increase the risk to survivors and children.

The Indigent Legal Assistance Fund distributes funds are used provide free civil legal services to individuals with incomes at or below 125% of the federal poverty guidelines, including the elderly and persons with disabilities. These services ensure equal access to justice for low-income residents, including many domestic violence survivors seeking protection orders, custody, housing stability, and safety. Short-term general fund flexibility should not come at the expense of public safety infrastructure.

On behalf of the programs and survivors we serve statewide, I respectfully urge you to defer this measure. Thank you for the opportunity to testify on this important matter.

Sincerely,  
Angelina Mercado, Executive Director



# NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY



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

Statement of  
**Laurence Sombardier, Deputy Director**  
**For Riley M. Saito, Executive Director**  
Natural Energy Laboratory of Hawaii Authority  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**

Monday, March 2, 2026  
10:00 am  
State Capitol, Conference Room 211 & Videoconference

in consideration of  
**SB 2921**  
**RELATING TO STATE FUNDS.**

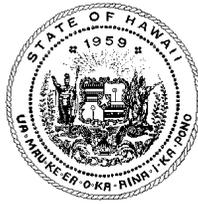
The Natural Energy Laboratory of Hawai'i Authority (NELHA) appreciates the opportunity to provide comments on SB 2921, which proposes transferring excess balances from non-general funds to the general fund.

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.

JOSH B. GREEN, M.D.  
GOVERNOR



MARI McCAIG BELLINGER  
Chair

CLIFTON Y.S. CHOY  
Commissioner

JO KAMAE BYRNE  
Commissioner

PAMELA FERGUSON-BREY  
Executive Director

STATE OF HAWAII – KA MOKU'ĀINA 'O HAWAI'I  
**CRIME VICTIM COMPENSATION  
COMMISSION**

**Ke Komikina Uku Luaahi Kalaima**

1164 Bishop Street, Suite 1530  
Honolulu, Hawai'i 96813  
Telephone: 808 587-1143  
Fax: 808 587-1146

TESTIMONY ON SENATE BILL 2921  
RELATING TO STATE FUNDS

by

Pamela Ferguson-Brey, Executive Director  
Crime Victim Compensation Commission

Senate Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y Moriwaki, Vice Chair

Monday, March 2, 2026; 10:00 AM  
State Capitol, Conference Room 211 & Videoconference

Good morning Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Senate Committee on Ways and Means. Thank you for providing the Crime Victim Compensation Commission (the "Commission") with the opportunity to testify in strong opposition to Senate Bill 2921. The bill proposes to transfer excess funds from: 1) The Crime Victim Compensation Special Fund and 2) the Automated Victim Information and Notification Special Fund. Eliminating funds that provide a safety net for violent crime victims providing compensation and victim notification gut important victim services in Hawai'i.

Crime Victim Compensation Special Fund:

The Hawai'i State Legislature established the Crime Victim Compensation Commission in 1967 (Hawai'i Revised Statutes, section 351) as a safety net for violent crime victims. The Commission assists victims of violent crimes with medical costs, counseling costs, lost wages, and funeral and burial expenses not covered by other sources. Many victims would not be able to receive rehabilitation services, counseling services, or bury a loved one without compensation awarded by the Commission.

Act 206, SLH 1998, established the Commission's Special Fund. The Commission receives no general funds to pay victims of violent crime. The Commission's ability to pay compensation to violent crime victims depends on revenue from the Crime Victim Compensation Fee and matching federal Victims of Crime Act (VOCA) funds. Transferring the excess funds from the Commission's Special Fund will jeopardize the Commission's ability to receive federal funds through the US Department of Justice, Office for Victims of Crime, Victims of Crime Act

(VOCA) annual compensation grant. The Commission receives an annual VOCA compensation grant that matches 75% of every dollar spent for direct victim compensation. If there are no funds available to pay victims from the Commission's Special Fund, there will be no matching federal grant award and, ultimately, no funds available to assist victims of violent crimes. The safety net that the Commission provides to victims of violent crime will vanish and Hawai'i will be the only state that does not have funding available to assist victims of violent crimes.

Additionally, the ability of the Commission to replenish the Special Fund is limited. Compensation Fee collection by the Judiciary has significantly declined over the last 5 years as follows. In FY 2021, the Judiciary collected \$533,612. In FY 2022, Compensation Fee collections declined to \$400,397 and in FY 2023 continued to decline to \$363,640; in FY 2024, collections dropped to \$342,247; and in FY 2025, collections dropped even lower to \$300,363.99, the second lowest it has been since the creation of the Fee.

Automated Victim Information and Notification System Special Fund:

The Commission serves on and formerly chaired the Statewide Automated Victim Information and Notification (SAVIN) Governance Committee, which guides the SAVIN Program in Hawai'i.

Eliminating excess funding from the SAVIN Special Fund will severely jeopardize the SAVIN Program in Hawai'i and impact the safety of crime victims.

The SAVIN Program has provided tens of thousands of notifications to crime victims, witnesses, survivors, victim service providers, law enforcement agencies, and concerned members of the public with timely information about changes in an offender's custody status. The ability for crime victims to have input in decision making about an offender's release, the impact of the offender's release on the victim's safety, as well as on the safety of the public, is dependent on timely notification to the crime victim which the SAVIN Program provides.

Prior to the establishment of SAVIN, the Department of Public Safety, now the Department of Corrections and Rehabilitation, provided manual notification through the county victim assistance programs. This manual notification system was not uniformly applied in each of the counties, was only available during regular business hours, and resulted, in some cases, with untimely notification made to victims and witnesses.

Numerous crime victims were unable to exercise their right to speak at the offender's parole hearing, were traumatized when they were not notified timely in advance about the offender's release or were endangered and unable to plan for their safety when they did not receive timely advance notification of the offender's release or escape.

Removing excess funds from both the Crime Victim Compensation Special Fund and the Automated Victim Information and Notification System Special Fund will severely impact the victims of crime and community safety.

Thank you for providing the Commission with the opportunity to testify in strong opposition to Senate Bill 2921.



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

**Date:** 03/02/2026

**Time:** 10:00 AM

**Location:** CR 211 & Videoconference

**Committee:** WAM

**Department:** Education

**Person Testifying:** Keith T. Hayashi, Superintendent of Education

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

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

**Department's Position:**

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

The measure proposes to transfer to the State general fund excess balances of various departmental non-general funds. There are 14 funds listed under the "Department of Education" section; however, only 10 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 transfer of insurance special funds to the general 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 10 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
71	Federal Revenue Maximization Program Revolving Fund	<a href="#">Section 302A-1406, HRS</a>	Federal revenues.	For medicaid-eligible services provided by the Department and administrative costs related to the Federal Revenue Maximization Program.	<b>No</b> ; federal funds may preclude transfers and use for general fund purposes.
73	Education Design and Construction Project Assessment Fund	<a href="#">Section 302A-1508, HRS</a>	Assessments on construction projects managed by the Department.	Defraying the costs of carrying out construction projects managed by the department	<b>No</b> ; funds used for the benefit of parties upon whom the fund assessment is imposed; assessment may also be derived from bond proceeds.
75	Teachers' Housing Revolving Fund	<a href="#">Section 302A-833, HRS</a>	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.	<b>No</b> ; funds used for the benefit of parties upon whom the fund assessment is imposed.
76	School Bus Fare Revolving Fund	<a href="#">Section 302A-407.5, HRS</a>	All moneys received from students and parents or guardians of students by public schools for state-provided school busing services.	Used for school busing services.	<b>No</b> ; funds used for the benefit of parties upon whom the fund assessment is imposed.
78	A+ Program Revolving Fund	<a href="#">Section 302A-1149.5, HRS</a>	Fees collected by the Department for A+ and all interest earned on the deposit or investment of moneys in the revolving fund.	Fees and charges shall be deposited into the revolving fund to be used for the A+ program.	<b>No</b> ; funds used for the benefit of parties upon whom the fund assessment is imposed.
80	Felix Stipend Program Special Fund	<a href="#">Section 302A-707, HRS</a>	All moneys received as repayment from students due to a breach in contractual agreements under the Felix stipend program, which offers tuition waivers for qualified	To provide ongoing funding for the provision of tuition assistance to students for the Felix consent decree	<b>No</b> ; funds used for the benefit of parties upon whom the fund assessment is imposed.

			candidates who enroll at the University of Hawaii in special education teacher programs.	recruitment and retention program.	
81	School-Level Minor Repairs and Maintenance Special Fund	<a href="#">Section 302A-1504.5, HRS</a>	All moneys collected pursuant to Section 235-102.5(b), and any other moneys received by the department in the form of grants and donations for school-level improvements and minor repairs and maintenance.	To fund school-level minor repairs and maintenance.	<b>No</b> ; moneys collected pursuant to Section 235-102.5(b) are assessed by the Department of Taxation for a specified purpose; private donations collected are for a specified purpose.
82	Department of Education Commercial Enterprises Revolving Fund	<a href="#">Section 302A-324, HRS</a>	Revenues derived from commercial enterprise operation programs undertaken by the Department.	Costs and expenses associated with the operation of the commercial enterprises	<b>No</b> ; funds used for the benefit of parties upon whom the fund assessment is imposed.
83	Out-of-School Time Instructional Program Fund	<a href="#">Section 302A-1310, HRS</a>	Moneys received by and for the public out-of-school time instructional programs from tuition and other fees or from any other source.	All expenditures for the operation of public out-of-school time instructional programs	<b>No</b> ; funds used for the benefit of parties upon whom the fund assessment is imposed.
84	School Special Fee Revolving Fund*	<a href="#">Section 302A-1130.6, HRS</a>	All fees and charges collected from students or their parents or guardians for the loss, destruction, breakage, or damage of curricular materials	For the purposes of purchasing, replacing, or repairing curricular materials.	<b>No</b> ; funds used for the benefit of parties upon whom the fund assessment is imposed.

\*Established as an account per statute

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

Four funds listed under the "Department of Education" section in the measure are with other agencies: #72 Hawaii Teacher Standards Board Special Fund was with the Hawaii Teacher Standards Board but repealed pursuant to Act 161, SLH 2019; #74 School Facilities Special Fund is with the School Facilities Authority; #77 Libraries Special Fund is with the Public Libraries; and #79 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 and for your continued support of public education.

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, Relating to State Funds

**BEFORE THE:**

Senate Committee on Ways and Means

**DATE:** Monday, March 2, 2026  
**TIME:** 10:00 a.m.  
**LOCATION:** State Capitol, Room 211

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

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

S.B. 2921 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.

**TESTIMONY ON SB2921**  
Committee on Ways and Means  
March 2, 2026 at 10:00 a.m.

The **Legal Aid Society of Hawai‘i respectfully submits its opposition to Senate Bill 2921** to the extent it seeks to transfer funds from the **Indigent Legal Assistance Fund (ILAF)** to the general fund. We recognize that the purpose of and intent behind SB 2921 is rooted in an important concern and care for the needs of Hawai‘i’s communities during changing times. However, ILAF funds are critical to ensuring Hawai‘i’s most vulnerable have access to legal services and are already utilized for vital community-facing services during this period of funding and regulatory uncertainty.

ILAF is a self-sustained special fund established by HRS § 607-5.7, and is funded exclusively by a specific surcharge on civil case filings in court. **These funds are not excess**; by statute, these funds must be, and are in practice, expended to provide civil legal services to “indigent persons”; those whose income is not greater than 125 percent of the federal poverty line. Funds may also be expended for individuals eligible under the Older Americans Act or Developmentally Disabled Act. Funds collected through the surcharge are distributed by the Hawai‘i Justice Foundation directly to legal services non-profits annually. Those organizations in turn expend the funds to provide free legal services to Hawai‘i’s indigent.

Last year, **Legal Aid, Hawai‘i’s largest non-profit legal services provider and just one of the organizations receiving ILAF funds, closed approximately 7,000 cases through its 10 statewide offices**, and assisted approximately 3,000 individuals at courtroom-based self-help centers. This past year, Legal Aid **positively impacted over 16,000 lives** through direct services and informational programs addressing critical legal issues, including landlord-tenant disputes and fair housing, immigration, domestic violence, kūpuna law, family law, and consumer protection. Countless more were reached and supported through online and printed legal resources. Legal Aid’s ability to serve Hawai‘i is dependent on strong diversified funding, including ILAF, one of the few available State-funding sources for general civil legal services.

SB 2921 identifies a “significant and widespread challenge” due to shifting federal policies. Legal Aid is currently navigating this same landscape with the use of ILAF funds. For example, over the past year, Legal Aid has experienced complete or partial cuts in federal funds across three critical funding programs: AmeriCorps (funding direct legal services and self-help center support), Health Navigators (providing free assistance to help individuals enroll in health coverage), and Legal Services Corporation funding (the largest funder of general civil legal services nationally and in Hawai‘i). However, despite these cuts, Legal Aid was able to maintain staffing and services due to strong homegrown funding and support last year, including ILAF.

Hawai‘i, and the nation, are experiencing a “justice gap” crisis: there are not enough resources to fund legal services organizations at the level required to meet the needs of the communities we

serve. However, Hawai'i has been one of the leaders in this area nationwide due to our strong local support. Legal Aid understands the Legislature's need to prepare for fiscal uncertainty and to protect Hawai'i's most vulnerable populations. However, ILAF is already one of the State's most efficient tools for that preparation as it relates to legal services. Repurposing this fund would negatively impact those who rely on legal services funded through ILAF to not only survive, but thrive.

Mahalo piha for your dedication to the communities we collectively serve and for the opportunity to provide this testimony.

Na'u me ka ha'aha'a

A handwritten signature in black ink, appearing to read 'D. Kopper', written in a cursive style.

David Kauila Kopper, Esq.  
Executive Director  
Legal Aid Society of Hawai'i

To: Senator Donovan M. Dela Cruz, Chair

Senator Sharon Y. Moriwaki, Vice Chair

**SENATE COMMITTEE ON WAYS AND MEANS**

**MEASURE:**

S.B. 2921

**RELATING TO:**

State Funds

**POSITION:**

**OPPOSE**

---

**TESTIMONY OF:**

Dennis M. Dunn

**ORGANIZATION (IF ANY):**

Individual

**CONTACT INFORMATION:**

Kailua, Hawai'i 96734  
dennismdunn47@gmail.com

---

**TO THE HONORABLE CHAIR, VICE CHAIR, AND MEMBERS OF THE COMMITTEE:**

My name is Dennis M. Dunn, and I submit this testimony in **strong opposition to SB 2921**, as currently drafted.

I respectfully raise serious concerns regarding this bill as it would be **extremely detrimental to crime victims and their families**, as well as to the **Statewide Automated Victim Information and Notification (SAVIN) system**, which thousands of victims rely upon for their safety.

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## IMPACT ON THE SAVIN AUTOMATED VICTIM NOTIFICATION SYSTEM

This Bill appears to transfer the **entire balance of the Automated Victim Information and Notification System Special Fund to the General Fund.**

This action would effectively **eliminate a critical and dedicated funding source for SAVIN**, placing the system's long-term viability in serious jeopardy.

The Legislature's establishment of SAVIN in 2012 was a **monumental accomplishment for crime victims in Hawai'i**, ensuring that victims receive automated, 24/7 notifications regarding the custody status of individuals held by the Department of Public Safety. These notifications are essential for victim safety, allowing individuals to take timely and informed actions when an offender is released.

To ensure SAVIN's reliability and sustainability, the Legislature intentionally created a **dedicated funding stream derived from offenders**, not taxpayers, including:

- Surcharges on correctional facility commissary purchases
- Revenues from inmate telephone service commissions
- Carryover authority to ensure year-to-year stability

**Eliminating the Special Fund would ultimately result in fiscal insolvency for SAVIN.** Thousands of crime victims depend daily on SAVIN notifications to prepare for offender release. Victim advocates rely on these alerts to provide immediate safety planning, crisis counseling, and emotional support. The elimination of funding for this essential victim service would be a disaster.

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## VIOLATION OF LEGISLATIVE INTENT

SB 2921 would completely **obliterate the original intent of the SAVIN legislation**, which was to assure victims that the financial support for this critical service would remain stable and protected.

This bill also abandons the principle that **the responsibility for supporting crime victims should be borne by offenders—not taxpayers.** Without these dedicated funding streams, victims and their families would no longer be assured of receiving custody updates, creating increased anxiety, fear, and trauma.

## DOMESTIC VIOLENCE AND SEXUAL ASSAULT SPECIAL FUND

I am also deeply troubled by provisions in S.B. 2921 that would **eliminate the Domestic Violence and Sexual Assault Special Fund** by transferring its balance to the General Fund.

This fund consists of **voluntary contributions specifically designated by individual taxpayers** for services to victims of domestic violence and sexual assault. Redirecting these funds would be a **betrayal of the explicit intent of the donating taxpayers**.

As someone who has personally designated a contribution to this fund **every year since its creation**, I strongly oppose this proposed transfer.

## CRIME VICTIM COMPENSATION SPECIAL FUND

I also strongly oppose any provision in S.B. 2921 that would **transfer monies from the Crime Victim Compensation Special Fund to the State General Fund**. This fund exists for a single, critical purpose: to provide **direct financial assistance to innocent victims of violent crime** who are often facing overwhelming medical expenses, counseling costs, funeral expenses, and lost income through no fault of their own.

The Crime Victim Compensation Special Fund is **not surplus revenue**. It is a lifeline for victims at one of the most traumatic moments of their lives. Diverting these funds to the General Fund would **reduce the availability of timely compensation**, delay assistance, and undermine the State's moral and statutory obligation to help victims recover and regain stability.

Moreover, transferring these funds violates the **longstanding legislative intent** that money collected and designated for crime victim compensation be used **exclusively for that purpose**, not to offset unrelated state expenditures. Victims should not be asked to bear the burden of budgetary shortfalls or fiscal policy decisions.

Weakening or depleting this fund would send a deeply troubling message that the needs of crime victims are **secondary to general fiscal convenience**. Hawai'i has made important commitments to supporting victims of crime, and those commitments must be honored.

For these reasons, I strongly urge the Committee to **reject any transfer of the Crime Victim Compensation Special Fund to the General Fund** and to preserve this essential resource for the individuals it was created to serve.

## CONCLUSION

Crime victims and their families are counting on the Legislature to protect these essential services. Please do not eliminate or weaken the statutory provisions that

ensure SAVIN's existence or divert funds that taxpayers have intentionally dedicated to victim services.

For these reasons, I respectfully urge the Committee to **OPPOSE SB 2921**, unless it is amended to preserve the SAVIN Special Fund, the Domestic Violence and Sexual Assault Special Fund, and the Crime Victim Compensation Special Fund.

**Mahalo for the opportunity to submit testimony.**

**SB-2921**

Submitted on: 3/1/2026 8:29:08 AM

Testimony for WAM on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Tred Eyerly	Individual	Oppose	Written Testimony Only

Comments:

**TESTIMONY ON SENATE BILL 2921**

**RELATING TO STATE FUNDS**

**Committee on Ways and Means– March 2, 2026**

CHAIR DELA CRUZ, VICE CHAIR MORIWAKI AND MEMBERS OF THE COMMITTEE ON WAYS AND MEANS:

Thank you for the opportunity to present testimony on S.B. 2921. Volunteer Legal Services Hawaii (Volunteer Legal) understands the intent and the importance of this bill. Volunteer Legal respectfully opposes the sections related to the Judiciary, specifically Item 208 Indigent Legal Assistance Fund (“ILAF”). According to statute, ILAF should be used for direct indigent legal services. These funds are necessary to maintain services especially in light of federal cuts and landscape changes.

I currently serve as a board of director with Volunteer Legal Services Hawaii. Each year the organization provides over 1000 hours of legal services to individuals and families throughout the state who have limited access to legal assistance due to financial and or social barriers.

ILAF remains a critical source of financial support for pro bono based civil legal assistance to those least able to afford and access professional legal help. Hawaii’s institutional capacity to provide legal services to indigent persons in our state is strengthened by the pro bono work of attorneys. Volunteer Legal’s pro bono program significantly extends the reach of legal aid programs to more persons in need with a broader range of legal services through coordination and collaboration with private attorneys.

Volunteer Legal understands the important intent of the bill, however any reduction to services to the low-income community will further burden services for Indigent residents. The effectiveness of Volunteer Legal to act as the conduit between those in need of legal assistance and those with the tools to help is highly dependent on funds like ILAF.

Volunteer Legal thanks the committee for the continued support of civil legal services. We respectfully oppose the inclusion of the Judiciary section, Item 208, Indigent Legal Services Fund, on S.B. 2921. Thank you for this opportunity to provide testimony

Tred R. Eyerly

March 1, 2026

Testimony Senate Bill No. 2921  
Relating to State Funds  
Committee on Ways and Means

Chair Donovan Dela Cruz, Vice Chair Sharon Moriwaki and members of the Ways and Means Committee:

My name is Davlynn Racadio and I am the Emergency Services Dispatch Coordinator for 9-1-1 Communications for the Maui Police Department and I am the Chair of the Communications Committee for the State of Hawaii 9-1-1 Board. I have had the pleasure to work in 9-1-1 for the past 37 years and have worked through many changes in how technology has evolved in 9-1-1 and the forever preparation to be ready for any disaster that could be on the horizon. Experienced many disasters but this is what I signed up for and I truly love what I do.

I am grateful to be allowed to submit testimony on Senate Bill 2921. This bill requires the transfers of excess balances of various non-general funds and programs to the general fund.

Working in the 9-1-1 field means having the capability to answer 9-1-1 calls, text to 9-1-1 calls, entering the calls for assistance into computer systems then assigning the cases to Police, Fire and Medical Services. For Maui County, we are a central dispatch system, so we take all the calls including non-emergency calls. But in our culture in Hawaii, some people are embarrassed to ask for help, so they call the non-emergency line that ultimately is a true emergency.

What is difficult for most people to understand is that almost all calls for help start with 9-1-1. We help everyone, from our keiki to our Kupuna, the calls come to us first. From tourists enjoying the beach that get drawn into the water, to them wanting to hike our beautiful mountains or swim in our rivers all the while we are experiencing heavy rain throughout the counties within our state, it happens everywhere.

We are the first people being contacted when gun shots are heard, smoke is seen on the side of the road or there is a car crash involving multiple cars with a person pinned and people are bleeding.

Currently the State of Hawaii is preparing to upgrade our 9-1-1 phone system to be prepared for Next Generation 9-1-1 which will allow the responders to receive information almost as simultaneously as the calls are being received in our 9-1-1 centers.

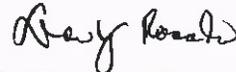
I understood that the fund is protected after funds were taken in approximately 2008. I am asking for your consideration on this bill and how it would impact the services that they 9-1-1 Board supports. It could cost delays in response times in receiving calls and sending help in a timely manner. The 9-1-1 Board supports all the Emergency Communications Centers (ECCs) or Public Safety Answering Points (PSAPs) in the State of Hawaii. Funds collected are distributed between all the ECCs or PSAPs in a controlled manner as they support their communities. Each county benefits from the fund. That includes the Police, Fire and Medical Services. The goal for each of us are to find where the caller is and expedite a response to them to resolve their issues. It could be someone drowning, a house fire with an elderly person within unable to get out or someone found bleeding laying on a sidewalk. We service every call.

Diverting funds that are integral into locating and saving lives makes no sense. Please consider this plea to keep our State of Hawaii 9-1-1 fund intact.

I am sure that each of you have either called 9-1-1 or know pf someone who has called for help. If it was for you, your spouse, your children, parents or grandparents then you know first hand how difficult the situation was and how seconds felt like hours for someone arrive.

I am in deep opposition of this bill as to the impact it can have on our communities statewide.

Respectfully,



Davlynn Racadio  
Maui Police Department  
Maui 9-1-1 Communications  
[Davlynn.Racadio@mpd.net](mailto:Davlynn.Racadio@mpd.net)  
Office 808-244-6375

**SB-2921**

Submitted on: 3/1/2026 9:59:40 AM

Testimony for WAM on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Joseph E Cardoza	Testifying for Hawai`i Access to Justice Commission	Oppose	Written Testimony Only

Comments:

Chair: Hon. Donovan M. Dela Cruz, Chair

Vice Chair: Hon. Sharon Y. Moriwaki, Vice Chair

Committee: Senate Committee on Ways and Means

Testimony of: Joseph E. Cardoza, Chair

Organization: Hawai`i Access To Justice Commission

Hearing Date: Monday, March 2, 2026

Hearing Time: 10:00 a.m.

Place: Conference Room 211 & Videoconference

Hawai`i State Capitol

415 South Beretania Street

Honolulu, Hawai`i

Senate Bill: SB No. 2921

Position: Opposition to SB 2921 Relating to State Funds

Dear Chair Dela Cruz and Members of the Senate Committee on Ways and Means:

The Hawai`i Access to Justice Commission (Commission) respectfully opposes Senate Bill 2921 to the extent that it proposes to transfer the special funds in the Indigent Legal Assistance Fund to the general fund (Judiciary, Special Fund No. 208).

While the Commission understands the need for the Legislature to make effective use of excess special funds, the Indigent Legal Assistance Fund makes it possible for legal service providers to offer critical legal services to those least able to afford legal services. These funds are carefully managed and reported on to all concerned and are never enough to meet the constantly growing legal needs of the people of our state. The areas addressed through the use of these funds concern the lives our children and families. There would be no way to make up for the loss of these funds. This is especially important given the severe impact that current federal policies are having on our community. Indeed, Section 1 of the bill recognizes the challenges faced by the people of our State given current federal policies.

The loss of the funds in the Indigent Legal Assistance Fund would result in a devastating blow to the ability to provide legal services to those who need it most. While transferring these funds to the general fund might provide a small measure of fiscal relief in the short-term, it would result in greater fiscal challenges in the long-term because of the problems that will undoubtedly arise if legal services are no longer available to address the critical legal needs of those in Hawai`i. Undoing the damage done by the inaccessibility to civil legal services is costly, both for the individual and society in general. The impact on the community will be both social and economic.

Thank you for the opportunity to present this written testimony.

I do not plan to testify during the hearing on this Bill.

Senate Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair

Monday, March 2, 2026, 10:00 a.m.  
State Capitol,  
Conference Room 211 & Videoconference

Testimony of

Mark E. Recktenwald  
Chief Justice, Hawai'i Supreme Court (Ret.)

**Senate Bill 2921, Relating to State Funds**

I write to respectfully oppose Section 2, numbers 206-212, pertaining to five special funds and two revolving funds managed by the Judiciary. Having recently retired as Chief Justice of the Hawai'i Supreme Court, I have seen first-hand how each of these funds provides valuable services to our communities and across the justice system.

I write with a particular focus on the Indigent Legal Assistance Fund (ILAF). Maintaining and enhancing access to justice was a core emphasis throughout my tenure as Chief Justice, because I know how critically important access to legal advice and meaningful access to the justice system are to people across the state whose voices might otherwise not be heard.

The Legislature created the ILAF to provide essential funding for civil legal services organizations who serve those of limited means. In other words, the ILAF serves those who are facing legal challenges and have insufficient personal resources to face these challenges themselves. These are indeed the most vulnerable and needy in our civil justice system. And during these times, needs have increased.

The ILAF works efficiently and effectively to get resources to those who need them the most. Critically, the fund ensures that support in this area can continue during difficult economic times because that is when the needs are greatest for individuals and the organizations who serve them.

I respectfully oppose Section 2, numbers 206-212, pertaining to five special funds and two revolving funds managed by the Judiciary.

I thank you for consideration and the opportunity to testify on this measure.

Respectfully,

Mark E. Recktenwald

Chief Justice, Hawai'i Supreme Court (Ret.)