
HOUSE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT AN AUDIT TO DETERMINE WHETHER FUNDS ALLOCATED FROM THE HAWAII TOBACCO SETTLEMENT SPECIAL FUND TO THE UNIVERSITY REVENUE-UNDERTAKINGS FUND HAVE BEEN APPROPRIATELY EXPENDED.

1 WHEREAS, on November 23, 1998, leading United States
2 tobacco manufacturers entered into a settlement agreement,
3 entitled the Tobacco Master Settlement Agreement, with forty-six
4 states, including Hawaii. In consideration for a release of
5 past, present, and certain future claims against them, the
6 agreement obligates these manufacturers to pay substantial sums
7 to the settling states (tied in part to the volume of tobacco
8 product sales). The Attorney General of each state is
9 responsible for enforcing the provisions of the agreement; and

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11 WHEREAS, according to the State Attorney General, a total
12 of \$250,983,673.98 in payments has been made to Hawaii through
13 fiscal year 2004-2005 and deposited into the Hawaii tobacco
14 settlement special fund under section 328L-2, Hawaii Revised
15 Statutes; and

16
17 WHEREAS, pursuant to section 328L-2(b)(4), Hawaii Revised
18 Statutes, twenty-eight per cent of all tobacco settlement moneys
19 in the Hawaii tobacco settlement special fund are to be
20 allocated and appropriated into the University revenue-
21 undertakings fund, as established in section 306-10, Hawaii
22 Revised Statutes; and

23
24 WHEREAS, each year, these allocated moneys are to be
25 applied by the University of Hawaii solely to the payment of the
26 principal of and interest on, and to generate required coverage,
27 if any, for revenue bonds issued by the Board of Regents of the
28 University of Hawaii to finance the cost of construction of a
29 University Health and Wellness Center, including a new medical
30 school facility, to be situated on the island of Oahu, for the
31 succeeding fiscal year; and



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2 WHEREAS, any funds in excess of the amount required to pay
3 principal of and interest on, and to generate required coverage,
4 if any, for those revenue bonds in any fiscal year are to be
5 transferred to the emergency and budget reserve fund and to the
6 Hawaii tobacco prevention and control trust fund in the
7 succeeding fiscal year, at a proportion of eighty per cent and
8 twenty per cent, respectively; and
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10 WHEREAS, it is in the public interest to ensure that funds
11 allocated from the Hawaii tobacco settlement special fund to the
12 university revenue-undertakings fund have been appropriately
13 expended; now, therefore,
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15 BE IT RESOLVED by the House of Representatives of the
16 Twenty-third Legislature of the State of Hawaii, Regular Session
17 of 2006, the Senate concurring, that the Auditor is requested to
18 conduct an audit to determine whether funds allocated from the
19 Hawaii tobacco settlement special fund under section 328L-2,
20 Hawaii Revised Statutes, to the university revenue-undertakings
21 fund under section 306-10, Hawaii Revised Statutes, have been
22 appropriately expended according to section 328L-2(b)(4), Hawaii
23 Revised Statutes; and
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25 BE IT FURTHER RESOLVED that the Auditor is requested to
26 include in the audit a detailed accounting of all amounts
27 allocated into the university revenue-undertakings fund from the
28 Hawaii tobacco settlement special fund and all amounts expended
29 from the university revenue-undertaking fund attributed to the
30 purpose stipulated in section 328L-2(b)(4), Hawaii Revised
31 Statutes, including expenditures for direct services to
32 individuals, if any are found; and
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34 BE IT FURTHER RESOLVED that the Auditor is requested to
35 submit findings and recommendations, including any necessary
36 proposed legislation, to the Legislature no later than twenty
37 days prior to the convening of the Regular Session of 2007; and
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39 BE IT FURTHER RESOLVED that certified copies of this
40 Concurrent Resolution be transmitted to the Auditor, the
41 Director of Health, the President of the University of Hawaii,



1 and the Chairperson of the Board of Regents of the University of
2 Hawaii.
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OFFERED BY: Syla B. Berg

Anna A. Aukahi

Heene Hale

John M. ...

MAR 15 2006

