
A BILL FOR AN ACT

RELATING TO HIGHWAYS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to:

2 (1) Prohibit the transfer of moneys out of the state
3 highway fund for non-highway purposes; and

4 (2) Require the remittance to the state highway fund of
5 general excise tax revenues from the manufacturing,
6 production, wholesaling, and retailing of liquid fuel
7 for other than airplanes or small boats;

8 The legislature finds that this Act is necessary to ensure
9 that moneys in the state highway fund are expended only for
10 state highway projects as intended. The legislature believes
11 that the highway infrastructure needs a guaranteed source of
12 funding. The legislature further finds that the sources of
13 funding for the state highway fund require enhancements to meet
14 these needs. The legislature also finds that public confidence
15 in government is lessened if moneys intended for highway
16 projects are diverted to other uses.

17 This Act does not affect any provision concerning the
18 authorized revenues of or expenditures from the county highway



1 funds. The legislature intends to honor the principle of home
2 rule in this respect.

3 SECTION 2. Section 37-53, Hawaii Revised Statutes, is
4 amended to read as follows:

5 **"§37-53 Transfer of special funds.** At any time during a
6 fiscal year, notwithstanding any other law to the contrary, any
7 department [~~may,~~] with the approval of the governor or the
8 director of finance if so delegated by the governor, may
9 transfer from any special fund relating to such department to
10 the general revenues of the State all or any portion of moneys
11 determined to be in excess of fiscal year requirements for such
12 special fund, except for special funds under the control of the
13 department of transportation relating to highways, airports,
14 transportation use, and harbors activities, special funds under
15 the control of the Hawaii health systems corporation or
16 subaccounts under the control of its regional system boards, and
17 special funds of the University of Hawaii. At any time the
18 department of transportation, with the approval of the governor
19 or the director of finance if so delegated by the governor, may
20 transfer from any special fund, other than the state highway
21 fund, under the control of the department of transportation, or
22 from any account within any such special fund, to the general



1 revenues of the State or to any other special fund, including
2 the state highway fund, under the control of the department of
3 transportation all or any portion of moneys determined to be in
4 excess of requirements for the ensuing twelve months determined
5 as prescribed by rules adopted pursuant to chapter 91; provided
6 that no such transfer shall be made [~~which~~] that would cause a
7 violation of federal law or federal grant agreements."

8 SECTION 3. Section 237-31, Hawaii Revised Statutes, is
9 amended to read as follows:

10 **"§237-31 Remittances.** All remittances of taxes imposed by
11 this chapter shall be made by money, bank draft, check,
12 cashier's check, money order, or certificate of deposit to the
13 office of the department of taxation to which the return was
14 transmitted. The department shall issue its receipts therefor
15 to the taxpayer and shall pay the moneys into the state treasury
16 as a state realization, to be kept and accounted for as provided
17 by law; provided that:

18 (1) The sum from all general excise tax revenues realized
19 by the State that represents the difference between
20 \$90,000,000 and the proceeds from the sale of any
21 general obligation bonds authorized for that fiscal
22 year for the purposes of the state educational



1 facilities improvement special fund shall be deposited
2 in the state treasury in each fiscal year to the
3 credit of the state educational facilities improvement
4 special fund for public school capital improvement
5 program needs; [~~and~~]

6 (2) A sum, not to exceed \$5,000,000, from all general
7 excise tax revenues realized by the State shall be
8 deposited in the state treasury in each fiscal year to
9 the credit of the compound interest bond reserve
10 fund[~~-~~]; and

11 (3) The sum of all moneys realized from the manufacturing,
12 production, wholesaling, and retailing of liquid fuel
13 sold or intended to be sold to persons for use in
14 motor vehicles or internal combustion engine
15 equipment, but not airplanes or small boats, shall be
16 deposited into the state highway fund created by
17 section 248-8."

18 SECTION 4. Section 248-9, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "**§248-9 State highway fund.** [~~(a)~~] Moneys in the state
21 highway fund may be expended for the following purposes:



- 1 (1) To pay the costs of operation, maintenance, and repair
2 of the state highway system, including without
3 limitation, the cost of equipment and general
4 administrative overhead;
- 5 (2) To pay the costs of acquisition (including real
6 property and interests therein), planning, designing,
7 construction, and reconstruction of the state highway
8 system and bikeways, including, without limitation,
9 the cost of equipment and general administrative
10 overhead;
- 11 (3) To reimburse the general fund for interest on and
12 principal of general obligation bonds issued to
13 finance state highway projects where the bonds are
14 designated to be reimbursable out of the state highway
15 fund; and
- 16 (4) To pay the costs of construction, maintenance, and
17 repair of county roads; provided that none of the
18 funds expended on a county road or program shall be
19 federal funds when such expenditure would cause a
20 violation of federal law or a federal grant agreement.

21 ~~[(b) At any time, the director of transportation may~~
22 ~~transfer from the state highway fund all or any portion of~~



1 ~~available moneys determined by the director of transportation to~~
2 ~~exceed one hundred thirty five per cent of the requirements for~~
3 ~~the ensuing twelve months for the state highway fund as~~
4 ~~permitted by and in accordance with section 37 53. For purposes~~
5 ~~of the determination, the director of transportation shall take~~
6 ~~into consideration:~~

- 7 ~~(1) The amount of federal funds and bond funds on deposit~~
8 ~~in, and budgeted to be expended from, the state~~
9 ~~highway fund during the period;~~
- 10 ~~(2) Amounts on deposit in the state highway fund that are~~
11 ~~encumbered or otherwise obligated;~~
- 12 ~~(3) Budgeted amounts payable from the state highway fund~~
13 ~~during the period;~~
- 14 ~~(4) Revenues anticipated to be received by and~~
15 ~~expenditures to be made from the state highway fund~~
16 ~~during the period based on existing agreements and~~
17 ~~other information for the ensuing twelve months; and~~
- 18 ~~(5) Any other factors as the director of transportation~~
19 ~~shall deem appropriate.] "~~

20 SECTION 5. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 6. This Act shall take effect on July 1, 2008;
2 provided that the amendments to section 237-31, Hawaii Revised
3 Statutes, by this Act shall not be repealed when that section is
4 reenacted on June 30, 2008, pursuant to Act 304, Session Laws of
5 Hawaii 2006.



Report Title:

State Highway Fund; Various Amendments

Description:

Requires the remittance of general excise tax revenues from liquid fuel sales to the state highway fund. Repeals provisions authorizing transfers of revenues deemed excess out of the state highway fund. (SD1)

