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## A BILL FOR AN ACT

RELATING TO MANAGEMENT OF STATE FUNDS.

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

1           SECTION 1. The legislature finds that the State is  
2 undergoing a significant and possibly protracted economic  
3 downturn in tandem with the national and global economic and  
4 financial crises. Numerous jobs have been lost, a number of  
5 large and small companies have declared bankruptcy or left the  
6 State, and many families have suffered foreclosure on their  
7 over-mortgaged houses. In the past year, the council on  
8 revenues has consistently reduced its forecasts of Hawaii's tax  
9 revenues. Across-the-board spending restrictions have already  
10 been put in place in state government and a general hiring  
11 freeze has already been implemented except in areas that impact  
12 public health and safety.

13           In the face of these extraordinary conditions, the State  
14 cannot proceed with business as usual. All resources must be  
15 examined to address critical statewide health, safety, and  
16 educational needs. Accordingly, the purpose of this Act is to  
17 generate additional general funds to ensure the delivery of  
18 critical services statewide by increasing the rate of central



1 service expenses assessment on special funds and to repeal all  
2 exemptions from this assessment for all special funds.

3 SECTION 2. Section 36-27, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "§36-27 Transfers from special funds for central service  
6 expenses. Except as provided in this section, and  
7 notwithstanding any other law to the contrary, from time to  
8 time, the director of finance, for the purpose of defraying the  
9 prorated estimate of central service expenses of government in  
10 relation to all special funds, [~~except the~~

- 11 ~~(1) Special out of school time instructional program fund~~  
12 ~~under section 302A-1310;~~
- 13 ~~(2) School cafeteria special funds of the department of~~  
14 ~~education;~~
- 15 ~~(3) Special funds of the University of Hawaii;~~
- 16 ~~(4) State educational facilities improvement special fund;~~
- 17 ~~(5) Convention center enterprise special fund under~~  
18 ~~section 201B-8;~~
- 19 ~~(6) Special funds established by section 206E-6;~~
- 20 ~~(7) Housing loan program revenue bond special fund;~~
- 21 ~~(8) Housing project bond special fund;~~
- 22 ~~(9) Aloha Tower fund created by section 206J-17;~~



- 1       ~~(10) Funds of the employees' retirement system created by~~
- 2           ~~section 88-109;~~
- 3       ~~(11) Unemployment compensation fund established under~~
- 4           ~~section 383-121;~~
- 5       ~~(12) Hawaii hurricane relief fund established under chapter~~
- 6           ~~431P;~~
- 7       ~~(13) Hawaii health systems corporation special funds and~~
- 8           ~~the subaccounts of its regional system boards;~~
- 9       ~~(14) Tourism special fund established under section 201B-~~
- 10           ~~11;~~
- 11       ~~(15) Universal service fund established under chapter 269;~~
- 12       ~~(16) Emergency and budget reserve fund under section 328L-~~
- 13           ~~3;~~
- 14       ~~(17) Public schools special fees and charges fund under~~
- 15           ~~section 302A-1130(f);~~
- 16       ~~(18) Sport fish special fund under section 187A-9.5;~~
- 17       ~~(19) Neurotrauma special fund under section 321H-4;~~
- 18       ~~(20) Deposit beverage container deposit special fund under~~
- 19           ~~section 342G-104;~~
- 20       ~~(21) Glass advance disposal fee special fund established by~~
- 21           ~~section 342G-82;~~



- 1       ~~(22) Center for nursing special fund under section 304A-~~  
2           ~~2163;~~
- 3       ~~(23) Passenger facility charge special fund established by~~  
4           ~~section 261-5.5;~~
- 5       ~~(24) Solicitation of funds for charitable purposes special~~  
6           ~~fund established by section 467B-15;~~
- 7       ~~(25) Land conservation fund established by section 173A-5;~~
- 8       ~~(26) Court interpreting services revolving fund under~~  
9           ~~section 607-1.5;~~
- 10       ~~(27) Trauma system special fund under section 321-22.5;~~
- 11       ~~(28) Hawaii cancer research special fund;~~
- 12       ~~(29) Community health centers special fund;~~
- 13       ~~(30) Emergency medical services special fund; and~~
- 14       ~~(31) Rental motor vehicle customer facility charge special~~  
15           ~~fund established under section 261-5.6;]~~

16 shall deduct [five] six per cent of all receipts of all other  
17 special funds, which deduction shall be transferred to the  
18 general fund of the State and become general realizations of the  
19 State. All officers of the State and other persons having power  
20 to allocate or disburse any special funds shall cooperate with  
21 the director in effecting these transfers. To determine the  
22 proper revenue base upon which the central service assessment is



1 to be calculated, the director shall adopt rules pursuant to  
2 chapter 91 for the purpose of suspending or limiting the  
3 application of the central service assessment of any fund. No  
4 later than twenty days prior to the convening of each regular  
5 session of the legislature, the director shall report all  
6 central service assessments made during the preceding fiscal  
7 year."

8 SECTION 3. Section 36-28, Hawaii Revised Statutes, is  
9 amended to read as follows:

10 "**§36-28 Transfers from state highway fund for central**  
11 **service expenses.** Except as hereinafter provided, and  
12 notwithstanding any other law to the contrary, there shall be  
13 deducted from time to time by the director of finance, for the  
14 purpose of defraying the prorated estimate of central service  
15 expenses of government in relation to the state highway fund  
16 created by section 248-8, [~~five~~] six per cent of all receipts  
17 and deposits in the fund, after deducting therefrom any amounts  
18 pledged, charged, or encumbered for the payment of bonds or  
19 interest thereon during the current year, from which receipts or  
20 deposits no deduction of [~~five~~] six per cent has been previously  
21 made, which deductions shall be transferred to the general fund  
22 of the State and become general realizations of the State. The



1 state department of transportation shall cooperate with the  
2 director of finance in effecting these transfers."

3 SECTION 4. Section 36-28.5, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 " ~~[+] §36-28.5 [†]~~ **Transfer from airport revenue fund.** Any  
6 law to the contrary notwithstanding, there shall be deducted  
7 from time to time by the director of finance for the purpose of  
8 defraying the prorated estimate of central service expenses of  
9 government in relation to the airport revenue fund ~~[five]~~ six  
10 per cent of all receipts and deposits in the airport revenue  
11 fund after deducting therefrom any amounts pledged, charged, or  
12 encumbered for the payment of bonds or interest thereon during  
13 the current year, from which receipts or deposits no deduction  
14 of ~~[five]~~ six per cent has previously been made. The deductions  
15 shall be transferred to the general fund of the State and become  
16 general realizations of the State. For the purpose of this  
17 section, the term "any amounts pledged, charged, or encumbered  
18 for the payment of bonds or interest thereon during the current  
19 year" shall include:

- 20 (1) Amounts ~~[which]~~ that are so pledged, charged or  
21 encumbered;



1           (2) Amounts otherwise required to be applied to the  
2           payment of principal of and interest on revenue bonds  
3           or other revenue obligations; and

4           (3) Amounts required by law to be paid from the airport  
5           revenue fund into the general fund of the State to  
6           reimburse the general fund for bond requirements for  
7           general obligation bonds issued for airport purposes.

8           The director of transportation shall cooperate with the  
9           director of finance in effecting the transfer."

10           SECTION 5. Section 36-29, Hawaii Revised Statutes, is  
11           amended to read as follows:

12           "**§36-29 Transfer from harbor special fund.** Any other law  
13           to the contrary notwithstanding, there shall be deducted from  
14           time to time by the director of finance for the purpose of  
15           defraying the prorated estimate of central service expenses of  
16           government in relation to the harbor special fund [~~five~~] six per  
17           cent of all receipts and deposits in the harbor special fund  
18           after deducting therefrom any amounts pledged, charged, or  
19           encumbered for the payment of bonds or interest thereon during  
20           the current year, from which receipts or deposits no deduction  
21           of [~~five~~] six per cent has previously been made. The deductions  
22           shall be transferred to the general fund of the State and become



1 general realizations of the State. For the purposes of this  
2 section, the term "any amount pledged, charged, or encumbered  
3 for the payment of bonds or interest thereon during the current  
4 year" shall include:

- 5 (1) Amounts [~~which~~] that are so pledged, charged or  
6 encumbered;
- 7 (2) Amounts otherwise required to be applied to the  
8 payment of principal of and interest on revenue bonds  
9 or other revenue obligations;
- 10 (3) Amounts required to be paid into a separate special  
11 fund for the payment of principal of and interest on  
12 revenue bonds or other revenue obligations payable  
13 from the second separate special fund; and
- 14 (4) Amounts required by law to be paid from the harbor  
15 special fund into the general fund of the State to  
16 reimburse the general fund for bond requirements for  
17 general obligation bonds issued for harbor purposes.

18 The second separate special fund maintained by deposits  
19 from the harbor special fund shall not be deemed to be a special  
20 fund within the meaning of section 36-27 or section 36-30. The  
21 director of transportation shall cooperate with the director of  
22 finance in effecting the transfer."





1 SECTION 6. Section 36-29.5, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "[+] §36-29.5 [+] Transfer from boating special fund.

4 Notwithstanding any law to the contrary, including section  
5 36-27, there shall be deducted from time to time by the director  
6 of finance for the purpose of defraying the prorated estimate of  
7 central service expenses of government in relation to the  
8 boating special fund, [~~five~~] six per cent of all receipts and  
9 deposits in the boating special fund after subtracting therefrom  
10 any amounts pledged, charged, or encumbered for the payment of  
11 bonds or interest thereon during the time period for which the  
12 deduction is to be made. The deductions shall be transferred to  
13 the general fund of the State and shall become general  
14 realizations of the State.

15 For the purpose of this section, the term "any amounts  
16 pledged, charged, or encumbered for the payment of bonds or  
17 interest thereon" shall include:

18 (1) Amounts that are so pledged, charged, or encumbered;  
19 and

20 (2) Amounts required by law to be paid from the boating  
21 special fund into the general fund of the State to  
22 reimburse the general fund for bond requirements for



1           general obligation bonds issued for boating facility  
2           purposes.

3           The chairperson of the board of land and natural resources  
4 shall cooperate with the director of finance in effecting the  
5 transfer."

6           SECTION 7. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8           SECTION 8. This Act shall take effect on July 1, 2009 and  
9 be repealed on June 30, 2015.

10

INTRODUCED BY: Calvin K. Boy  
JAN 28 2009



**Report Title:**

Central Service Expenses Assessment; Special Funds

**Description:**

Increases for 6 years from 7/1/09 to 6/30/15, annual rate of central service expenses assessments fees on special funds to 6%. Removes all exemptions from central service expenses assessments for all special funds beginning on 6/1/09.

