

---

---

# A BILL FOR AN ACT

RELATING TO 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.



1           Accordingly, the purpose of this Act is to generate  
2 additional general funds to ensure the delivery of critical  
3 services statewide by reallocating the distribution of moneys in  
4 the Hawaii tobacco settlement special fund under section 328L-2,  
5 Hawaii Revised Statutes, including depositing a certain  
6 percentage into the state general fund.

7           SECTION 2. Section 328L-2, Hawaii Revised Statutes, is  
8 amended by amending subsection (b) to read as follows:

9           "(b) The fund shall be used for the purpose of receiving,  
10 allocating, and appropriating the tobacco settlement moneys as  
11 follows:

12           (1) [~~Twenty-four and one-half~~] Fifteen per cent shall be  
13 appropriated into the emergency and budget reserve  
14 fund under section 328L-3;

15           (2) [~~Thirty-five~~] Twenty-five per cent shall be  
16 appropriated to the department for purposes of section  
17 328L-4;

18           (3) [~~Twelve and one-half~~] Six and one-half per cent shall  
19 be appropriated into the Hawaii tobacco prevention and  
20 control trust fund under section 328L-5; [and]

21           (4) Twenty-eight per cent shall be appropriated into the  
22 university revenue-undertakings fund created in



1 section [~~304A-2167,~~] 304A-2167.5 to be applied to the  
2 payment of the principal of and interest on, and to  
3 generate required coverage, if any, for, revenue bonds  
4 issued by the board of regents of the University of  
5 Hawaii to finance the cost of construction of a  
6 university health and wellness center, including a new  
7 medical school facility, to be situated on the island  
8 of Oahu, for the succeeding fiscal year; and the  
9 payment of annual operating expenses incurred by the  
10 new medical school facility; provided that any moneys  
11 in excess of the amounts required under this paragraph  
12 shall be transferred in the succeeding fiscal year [~~in~~  
13 ~~the following amounts:~~

14 ~~(A) To~~ to the emergency and budget reserve fund  
15 under section 328L-3 [~~eighty per cent of the~~  
16 ~~excess; and~~

17 ~~(B) To the Hawaii tobacco prevention and control~~  
18 ~~trust fund under section 328L-5 twenty per cent~~  
19 ~~of the excess.]; and~~

20 (5) Twenty-five and one-half per cent shall be deposited  
21 to the credit of the state general fund."



1 SECTION 3. Section 328L-3, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3 "(a) There is established in the state treasury the  
4 emergency and budget reserve fund which shall be a special fund  
5 administered by the director of finance, into which shall be  
6 deposited:

7 (1) [~~Twenty four and one half per cent of the moneys~~  
8 Moneys received from the tobacco settlement moneys  
9 under section [~~328L-2(b)(1),~~] 328L-2; and

10 (2) Appropriations made by the legislature to the fund."

11 SECTION 4. Section 328L-4, Hawaii Revised Statutes, is  
12 amended to read as follows:

13 "[+] §328L-4 [+] **Use of funds appropriated to the**  
14 **department.** The department, immediately upon receipt of the  
15 [~~thirty five per cent of~~] moneys appropriated pursuant to  
16 section 328L-2(b)(2) shall:

17 (1) Transfer up to ten per cent of the total moneys  
18 received by the State from tobacco settlement moneys  
19 to the department of human services for the children's  
20 health insurance program; and

21 (2) Expend the remainder of the moneys received by the  
22 department for health promotion and disease prevention



1 programs, including but not limited to, maternal child  
2 health and child development programs, promotion of  
3 healthy lifestyles (including fitness, nutrition, and  
4 tobacco control), and prevention oriented public  
5 health programs.

6 For purposes of paragraph (2), the director shall convene  
7 an advisory group that shall be separate from the tobacco  
8 prevention and control advisory board, to strategically plan the  
9 development and implementation of preventive systems to achieve  
10 measurable outcomes and to make recommendations for the  
11 expenditure of these moneys. The advisory group shall be  
12 composed of nine members with expertise in the programs under  
13 paragraph (2), and shall be selected at the discretion of the  
14 director."

15 SECTION 5. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17 SECTION 6. This Act shall take effect on July 1, 2009, and  
18 shall be repealed on June 30, 2015; provided that section 328L-  
19 2, Hawaii Revised Statutes, shall be reenacted in the form in  
20 which it read on the day before the effective date of Act 264,  
21 Session Laws of Hawaii 2007.



S.B. NO. 292  
S.D. 1  
H.D. 1  
C.D. 1

**Report Title:**

Hawaii Tobacco Settlement Special Fund; Reallocation; General Fund

**Description:**

Reallocates for six years from July 1, 2009, to June 30, 2015, distribution of moneys in the Hawaii tobacco settlement special fund, including depositing 25.5% into the state general fund.  
(CD1)

