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# A BILL FOR AN ACT

RELATING TO NON-GENERAL FUNDS.

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

1           SECTION 1. Many unprecedented events have converged to  
2 create an economic, financial, and fiscal environment that  
3 threatens the very foundation of our national economy. Problems  
4 that arose in the national housing sector and sub-prime mortgage  
5 market last year have radiated from Wall Street to Main Street.  
6 Across the United States, the result has been increasing  
7 business bankruptcies and closures, lower consumer confidence  
8 and spending, and job losses and rising unemployment.

9           For state governments, the financial crisis and economic  
10 downturn have adversely impacted tax revenues and budgets. Most  
11 states, like Hawaii, rely on income and sales taxes as their  
12 main sources of revenues. The slowdown in employment and  
13 consumer spending has reduced state revenues nationwide at a  
14 time when operating costs continue to rise.

15           Hawaii is experiencing a severe contraction in its visitor,  
16 retail, and construction industries. As a consequence, the  
17 council on revenues has revised its revenue projections downward

1 five times during 2008 and once again at the beginning of  
2 January 2009. The cumulative effect of these successive  
3 reductions in revenue estimates for fiscal years 2008-2009,  
4 2009-2010, and 2010-2011 is a substantial decrease in the amount  
5 of general funds that the State can expect in the immediate and  
6 near future. Given the level of spending that has been  
7 authorized by the legislature during the 2007 and 2008 regular  
8 and special sessions and the anticipated rising cost of state  
9 operations, a \$1,760,000,000 general fund budget shortfall is  
10 projected by the end of fiscal year 2010-2011 if corrective  
11 action is not taken.

12 The legislature finds that due to the extraordinary fiscal  
13 crisis the State faces, non-general funds must be reviewed and  
14 scrutinized to determine if excess balances are available. The  
15 legislature further finds that transfers of excess balances are  
16 needed to help address the critical budget shortfall in fiscal  
17 biennium 2009-2011.

18 The purpose of this Act is to address the budget shortfall  
19 by transferring a total of \$ from the deposit beverage  
20 container deposit special fund and the wireless enhanced 911  
21 fund to the general fund for fiscal year 2009-2010.

1 SECTION 2. Section 138-3, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 **"§138-3 Wireless enhanced 911 fund.** There is established  
4 outside the state treasury a special fund, to be known as the  
5 wireless enhanced 911 fund, to be administered by the board.  
6 The fund shall consist of amounts collected under section  
7 138-4. [~~Moneys paid into the fund are not general fund revenues~~  
8 ~~of the State.~~] The board shall place the funds in an  
9 interest-bearing account at any federally insured financial  
10 institution, separate and apart from the general fund of the  
11 State. Moneys in the fund shall be expended exclusively by the  
12 board for the purposes of ensuring adequate cost recovery for  
13 the deployment of phase I and phase II wireless enhanced 911  
14 service and for expenses of administering the fund. Any funds  
15 that accumulate in the wireless enhanced 911 fund shall be  
16 retained in the fund unless determined by the legislature to be  
17 in excess."

18 SECTION 3. Section 342G-104, Hawaii Revised Statutes, is  
19 amended by amending subsection (c) to read as follows:

20 "(c) Any funds that accumulate in the deposit beverage  
21 container deposit special fund shall be retained in the fund  
22 unless determined by the [~~auditor~~] legislature to be in excess[~~7~~

1 ~~after adjustments to the deposit beverage fee, pursuant to the~~  
2 ~~management and financial audits conducted in accordance with~~  
3 ~~section 342G-107]."~~

4 SECTION 4. The legislature determines that there is in the  
5 wireless enhanced 911 fund at least \$ in excess of the  
6 requirements of the fund. On July 1, 2009, the director of  
7 finance is authorized to transfer from the wireless enhanced 911  
8 fund to the general fund the sum of \$ or so much  
9 thereof as may be necessary for fiscal year 2009-2010.

10 SECTION 5. The legislature determines that there is in the  
11 deposit beverage container deposit special fund at least  
12 \$ in excess of the requirements of the fund. On July  
13 1, 2009, the director of finance is authorized to transfer from  
14 the deposit beverage container deposit special fund to the  
15 general fund the sum of \$ or so much thereof as may be  
16 necessary for fiscal year 2009-2010.

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

19 SECTION 7. This Act shall take effect on January 1, 2050.

**Report Title:**

Transfer of Non-General Funds

**Description:**

Transfers excess balance from the deposit beverage container deposit special fund and the wireless enhanced 911 fund to the general fund to address the budget shortfall in fiscal biennium 2009-2011. (SD2)