
A BILL FOR AN ACT

RELATING TO THE HAWAII TOBACCO SETTLEMENT SPECIAL FUND.

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.

17 Accordingly, the purpose of this Act is to generate
18 additional general funds to ensure the delivery of critical



1 services statewide by reallocating the distribution of moneys in
2 the Hawaii tobacco settlement special fund under section 328L-2,
3 Hawaii Revised Statutes, including depositing a certain
4 percentage into the state general fund.

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

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

- 10 (1) [~~Twenty-four and one-half~~] Twenty-four and one-half
11 per cent shall be appropriated into the emergency and
12 budget reserve fund under section 328L-3;
- 13 (2) [~~Thirty-five~~] Twenty-five per cent shall be
14 appropriated to the department for purposes of section
15 328L-4;
- 16 (3) [~~Twelve and one-half~~] Two per cent shall be
17 appropriated into the Hawaii tobacco prevention and
18 control trust fund under section 328L-5; [~~and~~]
- 19 (4) [~~Twenty-eight~~] Twenty-three and one-half per cent
20 shall be appropriated into the university revenue-
21 undertakings fund created in section [~~304A-2167,~~]
22 304A-2167.5 to be applied to the payment of the



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

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

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

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

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



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

5 (1) ~~[Twenty four and one half per cent of the moneys]~~

6 Moneys received from the tobacco settlement moneys
7 under section ~~[328L-2(b)(1)]~~ 328L-2; and

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

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

11 "~~[+]~~ §328L-4 ~~[+]~~ **Use of funds appropriated to the**
12 **department.** The department, immediately upon receipt of the
13 ~~[thirty five per cent of]~~ moneys appropriated pursuant to
14 section 328L-2(b)(2) shall:

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

19 (2) Expend the remainder of the moneys received by the
20 department for health promotion and disease prevention
21 programs, including but not limited to, maternal child
22 health and child development programs, promotion of



1 healthy lifestyles (including fitness, nutrition, and
2 tobacco control), and prevention oriented public
3 health programs.

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

13 SECTION 5. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 6. This Act shall take effect on July 1, 2009, and
16 be repealed on June 30, 2011; provided that section 328L-2,
17 Hawaii Revised Statutes, shall be reenacted in the form in which
18 it read on the day before the effective date of Act 264, Session
19 Laws of Hawaii 2007.



Report Title:

Hawaii Tobacco Settlement Special Fund; Reallocation; General Fund

Description:

Reallocates for 2 years from 07/01/09 to 06/30/2011, distribution of moneys in the Hawaii tobacco settlement special fund, including depositing 25% into the state general fund.
(HB1731 HD1)

