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# A BILL FOR AN ACT

RELATING TO TOBACCO SETTLEMENT MONEYS.

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

1           SECTION 1. The legislature finds that the current state  
2 budget crisis requires innovative ways to increase the state  
3 general fund. Thus, the legislature finds that, for the short-  
4 term, an increased share from the Hawaii tobacco settlement  
5 special fund should be temporarily transferred to the state  
6 general fund.

7           The legislature notes that a major portion of the moneys to  
8 be transferred to the state general fund under this Act  
9 comprises the share that would have been provided to the Hawaii  
10 tobacco prevention and control trust fund. According to the  
11 latest available data, the Hawaii tobacco prevention and control  
12 trust fund has a sizeable balance. Thus, the legislature finds  
13 that the trust fund has sufficient moneys for its activities, at  
14 least for the short-term.

15           The purpose of this Act is to temporarily:

16           (1) Suspend the distribution of moneys from the Hawaii  
17 tobacco settlement special fund to the Hawaii tobacco  
18 prevention and control trust fund;



- 1 (2) Require the interest and earnings of the Hawaii  
2 tobacco settlement special fund to be deposited into  
3 the state general fund;
- 4 (3) Reduce the distribution from the Hawaii tobacco  
5 settlement special fund to the tobacco enforcement  
6 special fund; and
- 7 (4) Encourage the nonprofit entity responsible for the  
8 Hawaii tobacco prevention and control trust fund to  
9 increase its annual expenditures from the trust fund  
10 to assist in economic revitalization.

11 This Act takes effect on July 1, 2010, and is repealed on  
12 June 30, 2015.

13 SECTION 2. Section 328L-2, Hawaii Revised Statutes, is  
14 amended to read as follows:

15 "**§328L-2 Hawaii tobacco settlement special fund.** (a)

16 There is established in the state treasury the Hawaii tobacco  
17 settlement special fund into which shall be deposited[+]

18 ~~(1) All] all tobacco settlement moneys; [and~~

19 ~~(2) All interest and earnings accruing from the investment~~  
20 ~~of moneys in the fund,]~~

21 provided that of all tobacco settlement moneys received by the  
22 State each fiscal year, the sum representing the first



1 ~~[\$350,000]~~ \$250,000 of those moneys shall first be deposited in  
2 the state treasury in each fiscal year to the credit of the  
3 tobacco enforcement special fund.

4 All interest and earnings accruing from the investment of  
5 moneys in the Hawaii tobacco settlement special fund shall be  
6 deposited into the general fund.

7 The Hawaii tobacco settlement special fund shall be  
8 administered by the department.

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) Fifteen per cent shall be appropriated into the  
13 emergency and budget reserve fund under section 328L-  
14 3;

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

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

20 (4) Twenty-eight per cent shall be appropriated into the  
21 university revenue-undertakings fund created in  
22 section 304A-2167.5 to be applied to the payment of



1 the principal of and interest on, and to generate  
2 required coverage, if any, for, revenue bonds issued  
3 by the 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 to the  
12 emergency and budget reserve fund under section 328L-  
13 3; and

14 (5) [~~Twenty five and one half~~] Thirty-two per cent shall  
15 be deposited to the credit of the state general fund."

16 SECTION 3. The legislature finds that the revitalization  
17 of the economy of the state should be a primary concern of all  
18 community stakeholders, including nonprofit organizations. The  
19 legislature believes that economic revitalization requires the  
20 circulation of dollars within the local economy.

21 According to the latest available data, the Hawaii tobacco  
22 prevention and control trust fund has a sizeable balance, but



1 relatively low annual expenditures. The legislature finds that  
2 the trust fund is a repository from which expenditures may be  
3 increased to assist in revitalizing the economy, as well as  
4 serve an important public health purpose.

5 Thus, the legislature encourages the nonprofit entity  
6 responsible for the trust fund to increase, during fiscal years  
7 2010-2011, 2011-2012, and 2012-2013, its annual expenditures  
8 from the trust fund for programs and projects authorized under  
9 section 328L-5, Hawaii Revised Statutes, to infuse dollars into  
10 the economy of the state.

11 SECTION 4. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13 SECTION 5. This Act shall take effect on July 1, 2010, and  
14 shall be repealed on June 30, 2015; provided that section  
15 328L-2, Hawaii Revised Statutes, shall be reenacted in the form  
16 in which it read on the day before the effective date of Act  
17 264, Session Laws of Hawaii 2007, as specified by section 6 of  
18 Act 119, Session Laws of Hawaii 2009.



**Report Title:**

Hawaii Tobacco Settlement Special Fund; Redistribution of Moneys

**Description:**

Transfers temporarily to the general fund the portion of moneys from the Hawaii tobacco settlement special fund designated for the Hawaii tobacco prevention and control trust fund. Requires interest and earnings of the Hawaii tobacco settlement special fund to be deposited into the general fund. Reduces the portion of moneys from the Hawaii tobacco settlement special fund to be transferred to the tobacco enforcement special fund. Encourages the nonprofit entity responsible for the Hawaii tobacco prevention and control trust fund to increase its annual expenditures to assist in revitalizing the economy. Effective on July 1, 2010, and sunsets on June 30, 2015. (HB2887 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

