

Honolulu, Hawaii

APR - 1 2010

RE: H.B. No. 2542  
H.D. 1  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2542, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO NON-GENERAL FUNDS,"

begs leave to report as follows:

The purpose of this measure is to balance the state budget by transferring excess balances of certain non-general funds to the general fund.

Specifically, this measure transfers certain minimum amounts from the wireless enhanced 911 fund, the state motor pool revolving fund, the state risk management revolving fund, the medicaid investigations recovery fund, and the University of Hawaii housing assistance revolving fund to the general fund for fiscal year 2009-2010.

Your Committee conducted a public hearing on a proposed draft of this bill. The purpose of the proposed draft was to:

- (1). Transfer excess balances of certain non-general funds to the general fund;
- (2). Require the refundable charge of the fuel tax credit for commercial fishers to be paid from the state highway fund;



- (3) Require moneys in excess of \$7,000,000 in the Hawaii tobacco prevention and control trust fund to lapse to the emergency and budget reserve fund each June 30;
- (4) Reduce the distributions of cigarette and tobacco tax revenues to various non-general funds for the period from July 1, 2011 to July 1, 2013; and
- (5) Repeal the requirement that moneys in the special fund for disability benefits shall be held in trust and only used for disability benefits.

Your Committee has amended this measure by replacing its contents with the contents of the proposed draft, and amending the proposed draft by:

- (1) Making technical changes to reflect the correct names of various non-general funds;
- (2) Changing the minimum amounts to be transferred to the general fund as follows:
  - (A) \$1,000,000 from the agricultural loan reserve fund;
  - (B) \$1,000,000 from the Hawaii community development revolving fund;
  - (C) \$2,000,000 from the convention center enterprise special fund;
  - (D) \$300,000 from the foreign trade zones special fund;
  - (E) \$1,000,000 department of education drivers education fund account;
  - (F) \$500,000 from the natural area reserve fund;
  - (G) \$2,500,000 from the university revenue-undertakings fund; and
  - (H) \$400,000 from the University of Hawaii research and training revolving fund;



- (3) Increasing the cap for the Hawaii tobacco prevention and control trust fund to \$14,000,000, the excess of which lapses to the emergency and budget reserve fund;
- (4) Clarifying that the moneys lapsed to the emergency and budget reserve fund may be used to support programs such as kupuna care, adult dental services, respite services, health aging partnership, domestic violence shelters, outreach services, housing placement services, and similar programs or services;
- (5) Adding a new section to remove the requirement that the special fund for disability benefits shall be administered by the Director of Labor and Industrial Relations exclusively for temporary disability insurance purposes;
- (6) Changing the effective date to July 1, 2010; and
- (7) Making technical amendments for purposes of style and consistency.

Testimony in support of this measure was submitted by the Department of Budget and Finance, AARP Hawaii, Chamber of Commerce of Hawaii, Hawaii Youth Services Network, and one concerned individual. The Departments of Agriculture, Business, Economic Development, and Tourism, Hawaii Community Development Authority, University of Hawaii, City and County of Honolulu Police Department, County of Hawaii Police Department, County of Maui Police Department, Alu Like, American Cancer Society, American Heart Association/American Stroke Association, American Lung Association, AT&T, Boys & Girls Club of The Big Island, Castle Medical Center, Child & Family Service, Coalition For A Tobacco-Free Hawaii, Coca-Cola Bottling Company of Hawaii, Conservation Council for Hawaii, CTIA, 9-1-1 Industry Alliance, National Emergency Number Association, Hana School Building Program, Hawaii Primary Care Association, Keaau Youth Business Center, National Association of Insurance and Financial Advisors, Path Clinic, The Phoenix Center, T-Mobile USA, Tobacco Education & Assistance Program, Verizon, Waianae Coast Comprehensive Health Center, Hawaii Community Foundation, and one hundred fifteen concerned individuals submitted testimony in opposition. The Departments of the Attorney General, Accounting and General Services, Commerce and Consumer Affairs, Health, Labor and Industrial Relations, and Land and Natural Resources, the Judiciary, Hawaii Tourism



Authority, Nature Conservatory, Tax Foundation of Hawaii, and The Trust for Public Lands commented on the measure. Written testimony may be reviewed on the Legislature's website.

Your Committee finds that, as noted by AARP Hawaii, the needs of the State's most vulnerable populations have grown at the same time that the State has fewer resources to help them. Particularly vulnerable are abused children and the elderly, the disabled and mentally ill, and an increasingly large number of frail and home-bound seniors in need of long-term care. Furthermore, as one concerned individual noted, even many families that do not qualify for medicaid require a safety net to keep from being impoverished by the high cost of long-term care. Thus, it is necessary to deploy all available resources to ensure that immediate critical public health and safety concerns are addressed and sufficient safety net services are maintained.

Your Committee finds that this measure, including the provision transferring excess moneys in the Hawaii tobacco prevention and control trust fund to the emergency and budget reserve fund, would support various programs that serve the State's most vulnerable populations, such as kupuna care, adult dental services, respite services, health aging partnership, domestic violence shelters, outreach services, and housing placement services. This measure would also preserve ongoing efforts in tobacco prevention and control at the present expenditure level, free up excess balances to help protect the State's most vulnerable populations, and avoid the need to increase taxes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2542, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2542, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



DONNA MERCADO KIM, Chair



