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## A BILL FOR AN ACT

RELATING TO STATE FUNDS.

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

1           SECTION 1. The purpose of this Act is to repeal,  
2 terminate, or close certain statutorily or administratively  
3 established revolving or trust funds that were clearly  
4 identified by the auditor for repeal, termination, or closure in  
5 the auditor's report no. 10-09, November 2010, to the  
6 legislature, entitled "Review of Revolving Funds, Trust Funds,  
7 and Trust Accounts of the Judiciary and the Departments of  
8 Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and  
9 Human Services". Specifically, these funds are as follows:

- 10           (1) Pulama I Na 'Opio O Hawaii trust fund;  
11           (2) Travel agency recovery fund trust fund;  
12           (3) Collections revolving funds;  
13           (4) Federal maximization revolving fund;  
14           (5) Hawaii public housing authority administration  
15           revolving fund;  
16           (6) Health care revolving fund; and  
17           (7) Kahikolu 'Ohana O Wai'anae project trust fund.



1           Furthermore, this Act establishes provisions for the  
2 automatic repeal of certain special and revolving funds  
3 beginning June 30, 2012.

4           SECTION 2. Chapter 37, Hawaii Revised Statutes, is amended  
5 by adding a new section to part III to be appropriately  
6 designated and to read as follows:

7           "§37-     Special and revolving funds; automatic repeal.

8           (a) Unless otherwise provided by the legislature in any law  
9 authorizing the establishment of any special or revolving fund  
10 as the means of financing:

11           (1) All special and revolving funds in existence as of  
12 June 30, 2010, shall be repealed on June 30, 2012; and

13           (2) All special and revolving funds created on or after  
14 July 1, 2011, shall have an effective duration of not  
15 more than five consecutive fiscal years;

16 provided that prior to the repeal of any special or revolving  
17 fund, the administrator of the fund shall deposit to the credit  
18 of the state general fund, all unencumbered and unexpended  
19 balances remaining in the fund.

20           (b) Prior to the regular session of the legislature  
21 immediately preceding the date of the scheduled repeal of any  
22 special or revolving fund, the administrator of the fund shall



1 submit, to the legislature, the budgetary request necessary to  
2 carry out the functions, duties, and operations of the program,  
3 activity, or undertaking previously financed under the proceeds  
4 of the special or revolving fund scheduled for repeal."

5 SECTION 3. Section 23-11, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "[~~H~~]§23-11[~~+~~] New special or revolving funds. (a) Within  
8 five days after the deadline for the introduction of bills in  
9 each legislative session, the clerks of each house of the  
10 legislature shall transmit[~~7~~] to the [~~legislative~~] auditor for  
11 analysis, copies of all legislative bills that were introduced  
12 in their respective houses during that session that propose to  
13 establish new special or revolving funds.

14 (b) The criteria to be used by the auditor in analyzing  
15 each legislative bill shall include[~~7 but not be limited to7~~]  
16 the extent to which the fund:

- 17 (1) Serves the purpose for which it is being created; and  
18 (2) Reflects a clear link between the benefit sought and  
19 [~~changes~~] charges made upon the users or beneficiaries  
20 of the program, as opposed to serving primarily as a  
21 means to provide the program or users with an



1           automatic means of support which is removed from the  
2           normal budget and appropriations process.

3 Each analysis shall set forth the probable effects of the  
4 proposed fund and shall also assess alternative forms of  
5 funding.

6       (c) No later than thirty days prior to the adjournment  
7 sine die of each legislative session, the [~~legislative~~] auditor  
8 shall submit the analysis of each transmitted legislative bill  
9 to each house of the legislature."

10       SECTION 4. Act 285, Session Laws of Hawaii 1991, is  
11 amended by amending section 4 to read as follows:

12       "SECTION 4. Effective October 1, 1991, all funds remaining  
13 in the travel agency recovery fund shall be held for  
14 disbursement to claimants pursuant to section 468K-5, Hawaii  
15 Revised Statutes, until the fund is exhausted; provided,  
16 however, that all such claims are limited to claims arising from  
17 travel services purchased prior to October 1, 1991; provided  
18 further that no lawsuit commenced on or after October 1, 1993  
19 shall be effective to result in a recovery from the travel  
20 agency recovery fund.

21       Upon being notified of a civil proceeding that may result  
22 in a claim against the travel agency recovery fund, pursuant to



1 section 468K-5, Hawaii Revised Statutes, the director shall  
2 reserve \$8,000 for each licensee involved in each civil  
3 proceeding. The funds reserved shall be released only upon the  
4 entry of judgment and an order of payment, and shall be released  
5 and paid in accordance with the court's orders. Any reserved  
6 funds that remain after payment pursuant to court order shall  
7 revert to being unreserved funds within the travel agency  
8 recovery fund, subject to reservation in any future case.

9 All funds remaining in the travel agency recovery fund  
10 after the resolution of all civil proceedings commenced prior to  
11 October 1, 1993, if any, shall become part of the compliance  
12 resolution fund for use in travel agency-related cases[-];  
13 provided that the travel agency recovery fund shall be closed on  
14 June 30, 2011."

15 SECTION 5. The judiciary shall terminate the  
16 administratively established Pulama Na 'Opio O Hawaii trust fund  
17 at the close of business on June 30, 2011.

18 SECTION 6. The Maui region system board, east Hawaii  
19 regional board, and the west Hawaii regional board of the Hawaii  
20 health systems corporation shall terminate their  
21 administratively established collections revolving funds at the  
22 close of business on June 30, 2011.



1           SECTION 7. The department of human services shall  
2 terminate the following administratively established revolving  
3 funds or trust funds:

- 4           (1) Federal maximization revolving fund;
  - 5           (2) HPHA administration revolving fund; and
  - 6           (3) Kahikolu 'Ohana O Wai'anae project trust fund;
- 7 at the close of business on June 30, 2011.

8           SECTION 8. The director of finance is authorized to  
9 transfer to the general fund any balances remaining as of June  
10 30, 2011, in the following funds:

- 11           (1) Collections revolving funds;
- 12           (2) Federal maximization revolving fund;
- 13           (3) Health care revolving fund;
- 14           (4) Hawaii public housing authority administration  
15 revolving fund;
- 16           (5) Kahikolu 'Ohana O Wai'anae project trust fund;
- 17           (6) Pulama Na 'Opio O Hawaii trust fund; and
- 18           (7) Teacher's housing operating fund.

19           SECTION 9. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.



# H.B. NO. 79

1 SECTION 10. This Act shall take effect upon its approval.

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INTRODUCED BY:

Sean W. Hoag

~~D.C. Tech-Gov~~

Linda Ichizawa

Clem

[Signature]

[Signature]

[Signature]

JAN 20 2011



**Report Title:**

Revolving and Trust Funds

**Description:**

Repeals, terminates, or closes certain revolving and trust funds. Establishes provisions for automatic repeal of certain special and revolving funds beginning on 6/30/12.

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

