

JAN 26 2011

A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII.

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

1 SECTION 1. Section 36-27, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Except as provided in this section, and
4 notwithstanding any other law to the contrary, from time to
5 time, the director of finance, for the purpose of defraying the
6 prorated estimate of central service expenses of government in
7 relation to all special funds, except the:

8 (1) Special out-of-school time instructional program fund
9 under section 302A-1310;

10 (2) School cafeteria special funds of the department of
11 education;

12 ~~[(3) Special funds of the University of Hawaii];~~

13 ~~[-(4)]~~ (3) State educational facilities improvement special
14 fund;

15 ~~[-(5)]~~ (4) Convention center enterprise special fund under
16 section 201B-8;

17 ~~[-(6)]~~ (5) Special funds established by section 206E-6;

18 ~~[-(7)]~~ (6) Housing loan program revenue bond special fund;



- 1 [~~(8)~~] (7) Housing project bond special fund;
- 2 [~~(9)~~] (8) Aloha Tower fund created by section 206J-17;
- 3 [~~(10)~~] (9) Funds of the employees' retirement system created
- 4 by section 88-109;
- 5 [~~(11)~~] (10) Unemployment compensation fund established under
- 6 section 383-121;
- 7 [~~(12)~~] (11) Hawaii hurricane relief fund established under
- 8 chapter 431P;
- 9 [~~(13)~~] (12) Hawaii health systems corporation special funds
- 10 and the subaccounts of its regional system boards;
- 11 [~~(14)~~] (13) Tourism special fund established under section
- 12 201B-11;
- 13 [~~(15)~~] (14) Universal service fund established under section
- 14 269-42;
- 15 [~~(16)~~] (15) Emergency and budget reserve fund under section
- 16 328L-3;
- 17 [~~(17)~~] (16) Public schools special fees and charges fund
- 18 under section 302A-1130;
- 19 [~~(18)~~] (17) Sport fish special fund under section 187A-9.5;
- 20 [~~(19)~~] (18) Glass advance disposal fee established by section
- 21 342G-82;



1 ~~[(20) Center for nursing special fund under section 304A-~~
2 ~~2163;~~

3 ~~[(21)]~~ (19) Passenger facility charge special fund
4 established by section 261-5.5;

5 ~~[(22)]~~ (20) Court interpreting services revolving fund under
6 section 607-1.5;

7 ~~[(23) Hawaii cancer research special fund;~~

8 ~~[(24)]~~ (21) Community health centers special fund;

9 ~~[(25)]~~ (22) Emergency medical services special fund;

10 ~~[(26)]~~ (23) Rental motor vehicle customer facility charge
11 special fund established under section 261-5.6; and

12 ~~[(27)]~~ (24) Shared services technology special fund under
13 section 27-43,

14 shall deduct five per cent of all receipts of all special funds,
15 which deduction shall be transferred to the general fund of the
16 State and become general realizations of the State. All
17 officers of the State and other persons having power to allocate
18 or disburse any special funds shall cooperate with the director
19 in effecting these transfers. To determine the proper revenue
20 base upon which the central service assessment is to be
21 calculated, the director shall adopt rules pursuant to chapter
22 91 for the purpose of suspending or limiting the application of



1 the central service assessment of any fund. No later than
2 twenty days prior to the convening of each regular session of
3 the legislature, the director shall report all central service
4 assessments made during the preceding fiscal year."

5 SECTION 2. Section 36-30, Hawaii Revised Statutes, is
6 amended by amending subsection (a) to read as follows:

7 "(a) Each special fund, except the:

8 (1) Transportation use special fund established by section
9 261D-1;

10 (2) Special out-of-school time instructional program fund
11 under section 302A-1310;

12 (3) School cafeteria special funds of the department of
13 education;

14 [~~(4)~~] ~~Special funds of the University of Hawaii;~~

15 ~~(5)]~~ (4) State educational facilities improvement special
16 fund;

17 [~~(6)]~~ (5) Special funds established by section 206E-6;

18 [~~(7)]~~ (6) Aloha Tower fund created by section 206J-17;

19 [~~(8)]~~ (7) Funds of the employees' retirement system created
20 by section 88-109;

21 [~~(9)]~~ (8) Unemployment compensation fund established under
22 section 383-121;



- 1 [~~10~~] (9) Hawaii hurricane relief fund established under
- 2 section 431P-2;
- 3 [~~11~~] (10) Convention center enterprise special fund
- 4 established under section 201B-8;
- 5 [~~12~~] (11) Hawaii health systems corporation special funds
- 6 and the subaccounts of its regional system boards;
- 7 [~~13~~] (12) Tourism special fund established under section
- 8 201B-11;
- 9 [~~14~~] (13) Universal service fund established under section
- 10 269-42;
- 11 [~~15~~] (14) Emergency and budget reserve fund under section
- 12 328L-3;
- 13 [~~16~~] (15) Public schools special fees and charges fund
- 14 under section 302A-1130;
- 15 [~~17~~] (16) Sport fish special fund under section 187A-9.5;
- 16 [~~18~~] ~~Center for nursing special fund under section 304A-~~
- 17 ~~2163;~~
- 18 [~~19~~] (17) Passenger facility charge special fund
- 19 established by section 261-5.5;
- 20 [~~20~~] (18) Court interpreting services revolving fund under
- 21 section 607-1.5;
- 22 [~~21~~] ~~Hawaii cancer research special fund;~~



1 ~~(22)~~] (19) Community health centers special fund;
2 ~~(23)~~] (20) Emergency medical services special fund;
3 ~~(24)~~] (21) Rental motor vehicle customer facility charge
4 special fund established under section 261-5.6; and
5 ~~(25)~~] (22) Shared services technology special fund under
6 section 27-43,

7 shall be responsible for its pro rata share of the
8 administrative expenses incurred by the department responsible
9 for the operations supported by the special fund concerned."

10 SECTION 3. Section 37-34, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§37-34 Appropriations available for allotment; estimate**
13 **of expenses.** (a) No appropriation to which the allotment
14 system is applicable shall become available to any department or
15 establishment for expenditure during any allotment period until
16 the department or establishment submits an estimate to the
17 director of finance, at whatever time prior to the beginning of
18 the allotment period and in whatever form as the director may
19 prescribe, of the amount required to carry on the work of the
20 department or establishment during that period and until the
21 estimate is approved, increased, or decreased by the director
22 and funds are allotted pursuant to section 37-35.



1 ~~[(b) Before appropriations for the University of Hawaii~~
2 ~~become available to the university, the university shall advise~~
3 ~~the governor and the director of finance of the amount necessary~~
4 ~~for payments for financing agreements under chapter 37D, the~~
5 ~~governor, with the assistance of the director of finance, as may~~
6 ~~be necessary, shall establish allotment ceilings for each source~~
7 ~~of funding of all of the appropriations of the University of~~
8 ~~Hawaii for each allotment period and shall advise the university~~
9 ~~of these determinations.~~

10 ~~(e)]~~ (b) Any other law to the contrary notwithstanding,
11 general fund appropriations for the operating expenses of public
12 health facilities shall be made available to the public health
13 facilities for expenditure during any allotment period."

14 SECTION 4. Section 37-35, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "**§37-35 Estimated expenditures; approval.** The director of
17 finance shall review all estimates submitted under section 37-34
18 and, having due regard for:

19 (1) The probable further needs of the department or
20 establishment for the remainder of the term for which
21 the appropriation was made;



1 (2) The terms and purposes of the appropriation, the
2 progress of collection of revenues, and condition of
3 the treasury; and

4 (3) The probable receipts and total cash requirements for
5 the ensuing quarter, shall approve, increase, or
6 reduce the amount of the estimate[+

7 ~~provided that the director of finance shall approve the~~
8 ~~estimates submitted by the University of Hawaii when:~~

9 ~~(1) The sum of the estimates for each funding source does~~
10 ~~not exceed the applicable allotment ceilings~~
11 ~~established by the governor under section 37-34;~~

12 ~~(2) The progress of collection of revenues, the condition~~
13 ~~of the treasury, and the probable receipts and total~~
14 ~~cash requirements for the ensuing quarter permit; and~~

15 ~~(3) All other legal requirements are satisfied].~~

16 The director shall act promptly upon all estimates and notify
17 each department or establishment of its allotment, and shall
18 notify the comptroller."

19 SECTION 5. Section 37-36, Hawaii Revised Statutes, is
20 amended by amending subsection (a) to read as follows:



1 "(a) The director of finance may modify or amend any
2 previous allotment upon notice to the department or
3 establishment concerned; provided that:

4 ~~[(1) For the University of Hawaii, the director of finance~~
5 ~~may modify or amend any previous allotment only upon~~
6 ~~application of or notice to the university, and upon~~
7 ~~public declaration, which shall be made ten days prior~~
8 ~~to the modification or amendment taking effect;~~

9 ~~+(2)]~~ (1) The modification or amendment shall be made only
10 to avoid an illegal result or in anticipation of a
11 revenue shortfall;

12 ~~+(3)]~~ (2) No deficit or undue reduction of funds to meet
13 future needs of the department or establishment will
14 result from the modification or amendment; and

15 ~~+(4)]~~ (3) No modification or amendment shall reduce an
16 allotment below the amount required to meet valid
17 obligations or commitments previously incurred against
18 the allotted funds."

19 SECTION 6. Section 37-37, Hawaii Revised Statutes, is
20 amended to read as follows:

21 "**§37-37 Reduction.** (a) ~~[Except as provided in subsection~~
22 ~~(b), when]~~ When the director of finance determines at any time



1 that the probable receipts from taxes or any other sources for
2 any appropriation will be less than was anticipated, and that
3 consequently the amount available for the remainder of the term
4 of the appropriation or for any allotment period will be less
5 than the amount estimated or allotted therefor, the director
6 shall, with the approval of the governor and after notice to the
7 department or establishment concerned, reduce the amount
8 allotted or to be allotted; provided that no reduction reduces
9 any allotted amount below the amount required to meet valid
10 obligations or commitments previously incurred against the
11 allotted funds.

12 ~~[(b) For the University of Hawaii, when the director of~~
13 ~~finance determines at any time that the probable receipts from~~
14 ~~taxes or any other sources for any appropriation will be less~~
15 ~~than was anticipated, and that consequently the amount available~~
16 ~~for the remainder of the term of the appropriation or for any~~
17 ~~allotment period will be less than the amount estimated or~~
18 ~~allotted therefor, the director shall advise the governor of the~~
19 ~~situation, and the governor shall redetermine the allotment~~
20 ~~ceiling for the affected source or sources of funding pursuant~~
21 ~~to section 37-34, and shall advise the university and make a~~
22 ~~public declaration ten days prior to the effective date of the~~



1 ~~redetermination. The university, not more than twenty days~~
2 ~~after the governor's notification, shall submit revised~~
3 ~~estimates consistent with the governor's redetermination to the~~
4 ~~director of finance. Otherwise, the director of finance shall~~
5 ~~modify, amend, or reduce any allotment of the university to~~
6 ~~comply with the governor's redetermination; provided that no~~
7 ~~reduction shall reduce any allotted amount below the amount~~
8 ~~required to meet valid obligations or commitments previously~~
9 ~~incurred against the allotted funds.~~

10 ~~(e)]~~ (b) Prior to the implementation of any reduction in
11 allotment proposed by the director of finance or the governor
12 pursuant to subsection (a) [~~or (b)~~], in which the sum of the
13 reductions exceed 2.5 per cent of the total general fund
14 appropriation made by the legislature in any fiscal year, the
15 director of finance shall notify the president of the senate,
16 the speaker of the house of representatives, and the
17 chairpersons of the senate committee on ways and means and the
18 house of representatives committee on finance, respectively, of
19 the director's intent."

20 SECTION 7. Section 37-53, Hawaii Revised Statutes, is
21 amended to read as follows:



1 **"§37-53 Transfer of special funds.** At any time during a
2 fiscal year, notwithstanding any other law to the contrary, any
3 department may, with the approval of the governor or the
4 director of finance if so delegated by the governor, transfer
5 from any special fund relating to such department to the general
6 revenues of the State all or any portion of moneys determined to
7 be in excess of fiscal year requirements for such special fund,
8 except for special funds under the control of the department of
9 transportation relating to highways, airports, transportation
10 use, and harbors activities, and special funds under the control
11 of the Hawaii health systems corporation or subaccounts under
12 the control of its regional system boards [~~and special funds of~~
13 ~~the University of Hawaii~~]. At any time the department of
14 transportation, with the approval of the governor or the
15 director of finance if so delegated by the governor, may
16 transfer from any special fund under the control of the
17 department of transportation, or from any account within any
18 such special fund, to the general revenues of the State or to
19 any other special fund under the control of the department of
20 transportation all or any portion of moneys determined to be in
21 excess of requirements for the ensuing twelve months determined
22 as prescribed by rules adopted pursuant to chapter 91; provided



1 that no such transfer shall be made which would cause a
2 violation of federal law or federal grant agreements."

3 SECTION 8. Section 37-68, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§37-68 Responsibilities of agencies.** Under [such] rules
6 as may be prescribed by the director of finance with the
7 approval of the governor:

8 (1) Every agency assigned the task of developing programs
9 and preparing program and financial plans, budgetary
10 requests, and program performance reports shall
11 develop such programs and prepare such plans,
12 requests, and reports and submit the same to the
13 director of finance at [such] the times, on [such] the
14 forms, and in [such] a manner as the director may
15 prescribe. [~~For informational purposes, the~~
16 ~~University of Hawaii shall submit its program and~~
17 ~~financial plans, budgetary requests, and program~~
18 ~~performance reports to the legislature at the same~~
19 ~~time the university submits them to the director of~~
20 ~~finance.~~] Where new programs are being proposed,
21 every agency shall demonstrate that the program:



1 (A) Is an appropriate function of state government;
2 and, as applicable

3 (B) Can be implemented by the public sector as cost-
4 effectively as the private sector while meeting
5 the same plans, goals, objectives, standards,
6 measures of effectiveness, wage, salary,
7 conditions of employment, and employee benefit
8 programs of the State;

9 (2) Every agency administering state programs and every
10 agency responsible for the formulation of programs and
11 the preparation of program and financial plans,
12 budgetary requests, and program performance reports,
13 shall furnish the department of budget and finance all
14 [~~such~~] documents and information as the department may
15 from time to time require. Each agency shall make
16 available to the legislature and any member or
17 committee of either house of the legislature, all
18 documents and information as may be requested; and

19 (3) The director of finance or any employee of the
20 department of budget and finance, when duly
21 authorized, for the purpose of securing information,



1 shall have access to and may examine any books,
2 documents, papers, or records of any agency."

3 SECTION 9. Section 37-74, Hawaii Revised Statutes, is
4 amended by amending subsections (c) and (d) to read as follows:

5 "(c) The department of budget and finance shall:

6 (1) Review each operations plan to determine:

7 (A) That it is consistent with the policy decisions
8 of the governor and appropriations by the
9 legislature;

10 (B) That it reflects proper planning and efficient
11 management methods; and

12 (C) That appropriations have been made for the
13 planned purpose and will not be exhausted before
14 the end of the fiscal year;

15 ~~[provided that the department of budget and finance~~
16 ~~shall review the operations plan submitted by the~~
17 ~~University of Hawaii solely for consistency with the~~
18 ~~allotment ceilings established by the governor under~~
19 ~~section 37-34, appropriations by the legislature, the~~
20 ~~requirements of chapter 37D, and the status of~~
21 ~~revenues to support operations plans for all state~~
22 ~~programs;]~~



1 (2) Approve the operations plan if satisfied that it meets
2 the requirements under paragraph (1). Otherwise, the
3 department of budget and finance shall require
4 revision of the operations plan in whole or in part;
5 and

6 (3) Modify or withhold the planned expenditures at any
7 time during the appropriation period if the department
8 of budget and finance finds that the expenditures are
9 greater than those necessary to execute the programs
10 at the level authorized by the governor and the
11 legislature, or that state receipts and surpluses will
12 be insufficient to meet the authorized expenditure
13 levels[; ~~provided that the planned expenditures for~~
14 ~~the University of Hawaii may be modified or withheld~~
15 ~~only in accordance with sections 37-36 and 37-37].~~

16 (d) No appropriation transfers or changes between programs
17 or agencies shall be made without legislative authorization;
18 provided that:

19 (1) Authorized transfers or changes, when made, shall be
20 reported to the legislature;

21 (2) Except with respect to appropriations to fund
22 financing agreements under chapter 37D, [the



1 ~~University of Hawaii shall have the flexibility to~~
2 ~~transfer appropriated funds and positions for the~~
3 ~~operating cost category among programs, among cost~~
4 ~~elements in a program, and between quarters, as~~
5 ~~applicable; except with respect to appropriations to~~
6 ~~fund financing agreements under chapter 37D,] the~~
7 department of education shall have the flexibility to
8 transfer appropriated funds and positions for the
9 operating cost category among programs and among cost
10 elements in a program, and between quarters, as
11 applicable; and the Hawaii health systems corporation
12 and its regional system boards shall have the
13 flexibility to transfer special fund appropriations
14 among regional system hospital facilities as
15 applicable and as mutually agreed to by the
16 corporation and the respective regional system board;
17 provided that the Hawaii health systems corporation
18 and the regional system boards shall maintain the
19 integrity and services of each individual regional
20 system and shall not transfer appropriations out of
21 any regional system that would result in a reduction
22 of services offered by the regional system, with due



1 regard for statutory requirements, changing
2 conditions, the needs of the programs, and the
3 effective utilization of resources; and

4 (3) The [~~university and the~~] department of education shall
5 account for each transfer implemented under this
6 subsection in quarterly reports to the governor and
7 annual reports at the end of each fiscal year to the
8 legislature and the governor, which shall be prepared
9 in the form and manner prescribed by the governor and
10 shall include information on the sources and uses of
11 the transfer."

12 SECTION 10. Section 37D-2, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "**§37D-2 Financing agreements.** (a) There is hereby
15 established and authorized the financing agreement program of
16 the State. Any agency desiring to acquire or improve projects
17 through the financing agreement program established and
18 authorized by this chapter shall submit a written request to the
19 department providing any information that the department shall
20 require. Notwithstanding any other law to the contrary, and
21 except for the Hawaii health systems corporation and its
22 regional system boards, only with the approval by the attorney



1 general as to form and legality and upon the written request of
2 one or more agencies may the department enter into a financing
3 agreement in accordance with this chapter, and only with the
4 approval by the attorney general as to form and legality, and by
5 the director as to fiscal responsibility, and upon the written
6 request of an agency, the agency may enter into a financing
7 agreement in accordance with this chapter, except that the
8 department of education may enter into a financing agreement in
9 accordance with section 36-32 with the concurrence of the
10 director and with the approval of the attorney general as to
11 form and legality[; and that the board of regents of the
12 University of Hawaii may enter into a financing agreement in
13 accordance with this chapter without the approval of the
14 director and of the attorney general as to form and legality if
15 the principal amount of the financing agreement does not exceed
16 \$3,000,000]. A financing agreement may be entered into by the
17 department on behalf of one or more agencies, or by an agency,
18 at any time (before or after commencement or completion of any
19 improvements or acquisitions to be financed) and shall be upon
20 terms and conditions the department finds to be advantageous.
21 In each case of a written request by the judiciary to
22 participate in the financing agreement program, the department



1 shall implement the request; provided that the related financing
2 agreement shall be upon terms and conditions the department
3 finds to be advantageous. Any financing agreement entered into
4 by the department without the approval, or by an agency without
5 the approvals required by this section shall be void and of no
6 effect. A single financing agreement entered into by the
7 department may finance a single item or multiple items of
8 property to be used by multiple agencies or may finance a single
9 item or multiple items of property to be used by a single
10 agency. If the financing agreement is by the department, the
11 department shall bill any agency that benefits from property
12 acquired with the proceeds of a financing agreement for the
13 agency's pro rata share of:

- 14 (1) The department's costs of administration of the
15 financing agreement program; and
- 16 (2) The financing costs, including the principal and
17 interest components of the financing agreement and
18 insurance premiums,
19 on a monthly or other periodic basis, and may deposit payments
20 received in connection with the billings with a trustee as
21 security for the financing agreement. Any agency receiving such



1 a bill shall be authorized and shall pay the amounts billed from
2 available moneys.

3 If a financing agreement is by an agency, the agency shall
4 deposit on a monthly or other periodic basis with the
5 department, payments from available moneys with respect to the
6 agency's financing costs, including the principal and interest
7 components of the financing agreement and insurance premiums,
8 which payments the department may deposit with a trustee as
9 security for the financing agreement. The department may bill
10 an agency for the department's costs of administering the
11 agency's payments and the agency receiving such a bill shall be
12 authorized to and shall pay the amounts billed from available
13 moneys.

14 (b) Financing agreements shall be subject to the following
15 limitations:

16 (1) Amounts payable by an agency to or upon the direction
17 of the department in respect to a project and by the
18 department or an agency under a financing agreement
19 shall be limited to available moneys. In no
20 circumstance shall the department or an agency be
21 obligated to pay amounts due under a financing
22 agreement from any source other than available moneys.



1 If, by reason of insufficient available moneys or
2 other reason, amounts due under a financing agreement
3 are not paid when due, the lender may exercise any
4 property right that the department or the agency has
5 granted to it in the financing agreement, against the
6 property that was purchased with the proceeds of the
7 financing agreement, and apply the amounts so received
8 toward payments scheduled to be made by the department
9 or the agency under the financing agreement;

10 (2) No property rights may be granted in property unless
11 the property is being acquired, is to be substantially
12 improved, is to be refinanced with the proceeds of a
13 financing agreement, or is land on which the property
14 is located;

15 (3) Notwithstanding any other law to the contrary, and
16 except for the Hawaii health systems corporation and
17 its regional system boards, and as otherwise provided
18 in this section with respect to the department of
19 education [~~and the University of Hawaii~~], and except
20 as provided in chapter 323F as to the Hawaii health
21 systems corporation and its regional system boards, an
22 agency shall not have the power to enter into a



1 financing agreement, except as authorized by this
2 chapter, and nothing in this chapter shall be
3 construed to authorize the sale, lease, or other
4 disposition of property owned by an agency;

5 (4) Except as otherwise provided in this section with
6 respect to the department of education [~~and the~~
7 ~~University of Hawaii~~], the sale, assignment, or other
8 disposition of any financing agreements, including
9 certificates of participation relating thereto, shall
10 require the approval of the director; and

11 (5) The department or the agency proposing to enter into a
12 financing agreement shall not be subject to
13 chapter 103D and any and all other requirements of law
14 for competitive bidding for financing agreements."

15 SECTION 11. Section 40-1, Hawaii Revised Statutes, is
16 amended by amending subsection (b) to read as follows:

17 "(b) With respect to the executive branch, except [~~the~~
18 ~~University of Hawaii until June 30, 2016,~~] the Hawaii tourism
19 authority, and the department of education until June 30, 2015,
20 the comptroller shall have complete supervision of all accounts.
21 The comptroller shall preaudit all proposed payments of \$10,000
22 or more to determine the propriety of expenditures and



1 compliance with executive orders and rules that may be in
2 effect. When necessary, the comptroller shall withhold approval
3 of any payment. Whenever approval is withheld, the department
4 or agency concerned shall be promptly notified. With respect to
5 [~~the University of Hawaii,~~] the Hawaii tourism authority[~~]~~ and
6 the department of education, the comptroller shall issue
7 warrants for the release of funds for the operating costs of
8 [~~the university,~~] the Hawaii tourism authority[~~]~~ or the
9 department of education, as applicable, in amounts and at times
10 mutually agreed upon by the governor or director of finance and
11 [~~the university,~~] the Hawaii tourism authority[~~]~~ or department
12 of education, as applicable; provided that:

13 (1) The amounts released shall not exceed the allotment
14 ceilings for the respective funding sources of [~~the~~
15 ~~university's or~~] the department of education's
16 appropriations established by the governor for an
17 allotment period pursuant to section 37-34, or in the
18 case of the Hawaii tourism authority, revenues
19 received by the convention center enterprise special
20 fund and the tourism special fund pursuant to section
21 237D-6.5; and



1 (2) The comptroller may issue warrants as an advance from
2 the state treasury to [~~the University of Hawaii,~~] the
3 Hawaii tourism authority[~~]~~ and the department of
4 education to establish a checking account and provide
5 working capital in amounts and at times mutually
6 agreed upon by the governor or director of finance and
7 [~~the University of Hawaii,~~] the Hawaii tourism
8 authority[~~]~~ and the department of education.

9 The [~~University of Hawaii and the~~] department of education shall
10 preaudit all proposed payments of \$10,000 or more and shall
11 preaudit samples of the population of proposed payments of less
12 than \$10,000; provided that the sample size comprises at least
13 five per cent of the population, and is of a size that the chief
14 financial [~~officers of the University of Hawaii and~~] officer of
15 the department of education[~~, as applicable, determine]~~
16 determines appropriate, to determine the propriety of
17 expenditures and compliance with applicable laws, executive
18 orders, and rules. The Hawaii tourism authority shall preaudit
19 all proposed payments to determine the propriety of expenditures
20 and compliance with applicable laws, executive orders, and rules
21 as may be in effect. The [~~University of Hawaii, the~~] Hawaii
22 tourism authority[~~]~~ and the department of education shall make



1 disbursements for operating expenses from the amounts released
2 by the comptroller and maintain records and documents necessary
3 to support those disbursements at times mutually agreed upon by
4 [~~the university president,~~] the executive director of the Hawaii
5 tourism authority[~~]~~ or the superintendent of education, as
6 applicable, and the comptroller; provided that when requested by
7 [~~the university,~~] the Hawaii tourism authority[~~]~~ or department
8 of education, the comptroller shall make all disbursements for
9 [~~the university,~~] the Hawaii tourism authority[~~]~~ or department
10 of education, as applicable, subject to available allotment.
11 Funds released pursuant to this section shall be deposited by
12 [~~the university,~~] the Hawaii tourism authority[~~]~~ or department
13 of education, as applicable, in accordance with the provisions
14 applicable to the director of finance by chapter 38. Except for
15 moneys deposited by the Hawaii tourism authority in the
16 convention center enterprise special fund pursuant to section
17 201B-8, and in the tourism special fund pursuant to section
18 201B-11, any interest earned on the deposit of funds released
19 pursuant to this section shall be deposited in the state
20 treasury at the end of each fiscal year."

21 SECTION 12. Section 40-2, Hawaii Revised Statutes, is
22 amended by amending subsection (a) to read as follows:



1 "(a) The accounting system installed by the commission on
2 public accountancy under Act 181, Session Laws of Hawaii 1923,
3 as amended by Act 220, Session Laws of Hawaii 1925, for use in
4 the offices of the comptroller, director of finance,
5 departmental and agency services of the State, and the auditors,
6 treasurers, departmental and agency services of the several
7 counties shall be the accounting and reporting systems of the
8 State and counties; provided that [~~the University of Hawaii,~~
9 ~~until June 30, 2016, may install a different accounting system~~
10 ~~that shall be in conformity with generally accepted accounting~~
11 ~~principles as applied to colleges and universities; and provided~~
12 ~~further that]~~ the department of education, until June 30, 2011,
13 may install a different accounting system that shall be in
14 conformity to generally accepted accounting principles. The
15 comptroller shall make such changes and modifications in the
16 accounting system as shall from time to time appear to be in the
17 best interest of the State and counties."

18 SECTION 13. Section 40-4, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "**§40-4 Publication of statements.** The comptroller shall
21 prepare and submit to the governor, immediately following the
22 close of each fiscal year, a statement of income and expenditure



1 by funds, showing the principal sources of revenue, the function
2 or purpose for which expenditures were made, together with a
3 consolidated statement showing similar information for all
4 funds; also a statement showing the balance in each fund at the
5 beginning of the fiscal year, plus the receipts, minus the
6 disbursements, and the balance on hand at the close of the
7 fiscal year after deducting outstanding warrants and vouchers.
8 The comptroller may request all agencies, the judiciary, [~~the~~
9 ~~University of Hawaii until June 30, 2016,~~] the Hawaii tourism
10 authority, the department of education until June 30, 2011, and
11 the legislature to provide such information as may be required
12 for the preparation of statements."

13 SECTION 14. Section 40-6, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "**§40-6 Approval of business and accounting forms.** The
16 comptroller shall determine the forms required to adequately
17 supply accounting and statistical data for the state government.
18 The comptroller shall require heads of departments and
19 establishments of the state government to submit proposed new
20 forms or proposed changes in current business and accounting
21 forms for review and approval before ordering the same printed;
22 except that [~~the University of Hawaii until June 30, 2016,~~] the



1 Hawaii tourism authority, and the department of education until
2 June 30, 2011, shall be subject to this requirement only with
3 respect to uniform business and accounting forms of statewide
4 use in the State's accounting system. All standard state forms
5 shall be classified, numbered, and standardized in design,
6 dimensions, color, and grade of paper and recorded in a
7 catalogue of accounting and statistical forms by the
8 comptroller."

9 SECTION 15. Section 40-56, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§40-56 Warrants for supplies, incidentals.** Warrants for
12 bills of materials, supplies, and incidentals of every kind and
13 character, shall be made payable to the order of each individual
14 person to whom the State is indebted, except as provided in
15 section 40-58, and only after an original warrant voucher shall
16 have been presented to the comptroller or, in the case of [~~the~~
17 ~~University of Hawaii and~~] the department of education, to [~~their~~
18 ~~respective~~] the chief financial [~~officers~~] officer accompanied
19 by all original bills and any other supporting document as may
20 be required by the comptroller or the [~~respective~~] chief
21 financial [~~officers of the University of Hawaii and~~] officer of
22 the department of education. The comptroller or the



1 ~~[respective] chief financial [officers of the University of~~
2 ~~Hawaii and] officer of the department of education may accept an~~
3 electronically-mailed warrant voucher or other bill or
4 supporting document as an original warrant voucher, bill, or
5 supporting document. The original warrant voucher shall have
6 indorsed thereon the approval of the officer in whose department
7 the liability or expense has been incurred, and the
8 appropriation to which it is chargeable; and further, each
9 original bill shall be specially certified by the subordinate
10 officer of the State directly incurring the liability or expense
11 that all the materials, supplies, and incidentals have been
12 received in good order and condition, unless the bill is for an
13 advance payment or a deposit to be paid as specified in the
14 department's purchase order, in which case the certification of
15 the original bill by the subordinate officer is not required.
16 Any advance payment made under this section must conform to the
17 common business practice for making such payment as determined
18 by the comptroller or the ~~[respective] chief financial [officers~~
19 ~~of the University of Hawaii and] officer of the department of
20 education."~~

21 SECTION 16. Section 40-58, Hawaii Revised Statutes, is
22 amended to read as follows:



1 "**§40-58 In favor of assignees.** No assignment of moneys by
2 a person to whom the State is directly indebted shall be
3 effective unless the assignment is first approved by the
4 comptroller or, in the case of [~~the University of Hawaii until~~
5 ~~June 30, 2016, and~~] the department of education until June 30,
6 2011, by [~~their respective~~] the chief financial [~~officers.~~]
7 officer. The comptroller or the chief financial [~~officers of~~
8 ~~the University of Hawaii and~~] officer of the department of
9 education may prescribe the form for an assignment, and may
10 approve the assignment within a reasonable time period if, in
11 their respective discretion, the rights or obligations of the
12 State[, ~~the University of Hawaii,~~] or the department of
13 education under any contract or other undertaking or under any
14 law, rule, or order by a competent authority will not be
15 prejudiced thereby. Upon approval of the assignment, the
16 comptroller or the [~~respective~~] chief financial [~~officers of the~~
17 ~~University of Hawaii and~~] officer of the department of education
18 shall draw a warrant payable to the assignee. Except as to
19 contracts encumbered by the comptroller[, ~~the University of~~
20 ~~Hawaii,~~] or the department of education, each expending agency,
21 upon notification of the comptroller's approval of an



1 assignment, shall prepare a claim for payment in accordance with
2 the terms of the assignment."

3 SECTION 17. Section 40-81, Hawaii Revised Statutes, is
4 amended to read as follows:

5 **"§40-81 Report by agencies receiving special moneys.** All
6 state officers, departments, boards, bureaus, commissions, or
7 agencies collecting or receiving any moneys not required by law
8 to be deposited in the state treasury shall report to the
9 comptroller all receipts and disbursements on account thereof
10 for each quarterly period of the calendar year not later than
11 the fifteenth day following the end of each quarterly period on
12 such forms and under such rules as may be prescribed by the
13 comptroller; provided that with respect to all moneys held
14 outside the state treasury by [~~the University of Hawaii until~~
15 ~~June 30, 2016, or~~] the department of education until June 30,
16 2011, pursuant to the authority granted to [~~the university and~~
17 the department of education by this chapter, [~~the University of~~
18 ~~Hawaii and~~] the department of education shall report to the
19 comptroller all transactions for each quarterly period not later
20 than the fifteenth day following the end of each quarterly
21 period on such forms and under such rules as may be prescribed
22 by the comptroller."



1 SECTION 18. Section 40-82, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§40-82 **Uncollectible accounts.** (a) The directors,
4 boards, or executive heads of executive departments, from time
5 to time, may prepare and submit for the review of the attorney
6 general a list of all uncollectible accounts in their
7 departments. Such accounts as the attorney general finds to be
8 uncollectible shall be entered in a special record and be
9 deleted from the accounts receivable records of the departments,
10 which shall thereupon be relieved from any further
11 accountability for their collection; provided that no account
12 shall be so deleted until it shall have been delinquent for at
13 least two consecutive years. Any account entered in the special
14 record shall be transferred back to the current accounts
15 receivable if the attorney general finds that the facts as
16 alleged and presented to the attorney general were not true, or
17 that the account has become collectible.

18 As used in this section, "uncollectible account" means an
19 account with regard to which:

20 (1) The debtor or party causing damage to property
21 belonging to the State is no longer within the
22 jurisdiction of the State;



- 1 (2) The debtor or party causing damage to property
2 belonging to the State cannot be located;
- 3 (3) The party causing damage to property belonging to the
4 State is unknown or cannot be identified;
- 5 (4) The debtor has filed for bankruptcy and has listed the
6 State as a creditor; or
- 7 (5) Any other account as may be deemed by the attorney
8 general to be uneconomical or impractical to collect.
- 9 (b) The judiciary, from time to time, may prepare lists of
10 all delinquent receivables that in its judgment are
11 uncollectible. The delinquent receivables that the judiciary
12 finds to be uncollectible shall be entered in a special record
13 and be deleted from the other books kept by the judiciary, and
14 the judiciary shall thereupon be released from any further
15 accountability for their collection; provided that no account
16 shall be so deleted until it has been delinquent for at least
17 two years. Any delinquent receivables so written off may be
18 transferred back to the judiciary's accounts receivable if the
19 judiciary finds that the facts as alleged and previously
20 presented to it were not true, or that the delinquent
21 receivables are in fact collectible, or that the delinquent
22 receivables have become collectible. Nothing in this subsection



1 shall preclude a person to whom restitution is owed from
2 pursuing collection of the debt.

3 As used in this section, "delinquent receivables" means
4 fines, restitution, monetary assessments, fees, surcharges,
5 penalties, sanctions, court costs, and other payment that is
6 past due.

7 ~~[(c) The University of Hawaii, from time to time, may~~
8 ~~prepare for the review of the university general counsel a list~~
9 ~~of all uncollectible accounts. Such accounts as the university~~
10 ~~general counsel finds to be uncollectible shall be entered into~~
11 ~~a special record and be deleted from the accounts receivable~~
12 ~~records of the university, which shall thereupon be relieved~~
13 ~~from any further accountability for their collection; provided~~
14 ~~that no account shall be so deleted until it shall have been~~
15 ~~delinquent for at least two consecutive years. Any account~~
16 ~~entered in the special record shall be transferred back to the~~
17 ~~current accounts receivable if the university general counsel~~
18 ~~finds that the account has become collectible.~~

19 ~~(d) The university shall submit an annual report to the~~
20 ~~legislature, no later than twenty days prior to the convening of~~
21 ~~each regular session, that shall summarize the types and amounts~~
22 ~~of uncollectible delinquent accounts that either were:~~



- 1 ~~(1) Entered in a special record and deleted from the~~
2 ~~university's other books; or~~
- 3 ~~(2) Transferred back to the university's accounts~~
4 ~~receivable.]"~~

5 SECTION 19. Section 40-84, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "**§40-84 Petty cash funds; regulations.** Whenever the head
8 of any state department, board, bureau, commission, or other
9 agency deems it necessary to have a petty cash fund for the
10 proper transaction of the business of the agency, a written
11 application therefor shall be made to the comptroller setting
12 forth the details covering the purposes and uses of and for the
13 fund. The comptroller, before issuing a state warrant for that
14 purpose, shall determine whether or not the business of the
15 agency warrants the establishment of such a fund, and if the
16 comptroller is satisfied that such a fund is necessary, the
17 comptroller shall issue a state warrant to such agency for an
18 amount as the comptroller shall determine, not to exceed the sum
19 of \$100,000, except that this limitation of \$100,000 shall not
20 apply to [~~the University of Hawaii and~~] the stadium authority.



1 The comptroller may prescribe such rules as the comptroller
2 may deem necessary for the proper administration and
3 accountability of these funds."

4 SECTION 20. Section 40-86, Hawaii Revised Statutes, is
5 repealed.

6 ~~["§40-86] Lapse of University of Hawaii appropriations.~~
7 ~~Upon the lapse of an appropriation to the University of Hawaii,~~
8 ~~moneys which remain unencumbered shall be returned to the state~~
9 ~~treasury within ninety days."]~~

10 SECTION 21. Section 41D-2, Hawaii Revised Statutes, is
11 amended by amending subsection (b) to read as follows:

12 "(b) Any provision in this section to the contrary
13 notwithstanding, ~~[the University of Hawaii (as to casualty~~
14 ~~insurance risks only), the Research Corporation of the~~
15 ~~University of Hawaii (as to casualty insurance risks only),]~~ the
16 public health facilities of the department of health (with
17 respect to medical malpractice risks only) [7] and the Hawaii
18 health systems corporation and its regional system boards shall
19 be exempt from the requirements of this chapter."

20 SECTION 22. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 23. This Act shall take effect on July 1, 2011.

2

INTRODUCED BY:

Malcolm J. Perry
Thomas W. H. ...



Report Title:

UH; Fiscal Autonomy

Description:

Repeals the fiscal autonomy of the UH.

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

