
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 John A. Burns
2 school of medicine is authorized under existing statutes to use
3 a portion of Hawaii tobacco settlement special fund moneys for
4 annual operating expenses to support the school's operations and
5 train and graduate new physicians. The legislature further
6 finds that if no action is taken, the school's authorization to
7 use those funds will expire on June 30, 2011.

8 The purpose of this Act is to address the portion of Hawaii
9 tobacco settlement special fund moneys allocated to the John A.
10 Burns school of medicine by:

11 (1) Extending the authorization that allows the John A.
12 Burns school of medicine a portion of Hawaii tobacco
13 settlement special fund moneys for annual operating
14 expenses until 2015 while reducing that portion of
15 fund moneys each fiscal year until the fiscal year
16 ending on June 30, 2015;

17 (2) Establishing a school of public health;



- 1 (3) Establishing the Hawaii medical doctor loan program
2 and a special fund to support the program;
- 3 (4) Establishing the Hilo Medical Center rural
4 interdisciplinary residency program special fund to
5 implement and sustain the program; and
- 6 (5) Directing the reduced portion of JABSOM's share of
7 Hawaii Tobacco Settlement Funds allowed for operating
8 expenses into the University of Hawaii school of
9 public health special fund, Hawaii medical doctor loan
10 program special fund, and Hilo Medical Center rural
11 interdisciplinary residency program special fund.

12 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is
13 amended by adding three new sections to subpart C of part V to
14 be appropriately designated and to read as follows:

15 "§304A- University of Hawaii school of public health
16 special fund. (a) There is established the University of
17 Hawaii school of public health special fund, to be administered
18 and expended by the University of Hawaii.

19 (b) The following shall be deposited into the special
20 fund:

- 21 (1) Appropriations by the legislature;
- 22 (2) Appropriations pursuant to section 328L-2(b)(4);



1 (3) Grants, donations, gifts, or other income received for
2 the purposes of the special fund; and

3 (4) Interest earned or accrued on moneys in the special
4 fund.

5 (c) The moneys in the special fund shall be used to
6 finance the establishment of a school of public health, to be
7 built and operated independently of the John A. Burns school of
8 medicine. Once established the school of public health shall
9 include a course of study dedicated to the prevention of tobacco
10 abuse, including education and outreach.

11 **§304A- Hawaii medical doctor loan program special fund.**

12 (a) There is established a special fund to be known as the
13 Hawaii medical doctor loan program special fund.

14 (b) The following shall be deposited into the special
15 fund:

16 (1) All interest and payments received on account of
17 principal; and

18 (2) Appropriations pursuant to section 382L-2(b)(4).

19 (c) The fund shall be administered by the board of regents
20 and shall be disbursed to qualified students who meet
21 eligibility requirements under section 304A-A pursuant to rules
22 adopted under chapter 91 by the board.



1 §304A- Hilo medical center rural interdisciplinary
 2 residency program special fund. (a) There is established in
 3 the treasury of the State the Hilo medical center rural
 4 interdisciplinary residency program special fund, which shall be
 5 administered by the John A. Burns school of medicine, and into
 6 which shall be deposited:

7 (1) Any funds appropriated by the legislature for the Hilo
 8 medical center rural interdisciplinary residency
 9 program;

10 (2) Gifts, donations, and grants from public agencies and
 11 private sources; and

12 (3) Appropriations pursuant to section 382L-2(b)(4).

13 (b) The moneys in the special fund shall be used to
 14 implement and sustain the Hilo medical center rural
 15 interdisciplinary residency program developed by the John A.
 16 Burns school of medicine and the Hilo medical center to provide
 17 training for medical students and resident physicians.

18 SECTION 3. Chapter 304A, Hawaii Revised Statutes, is
 19 amended by adding a new subpart to part II to be appropriately
 20 designated and to read as follows:

1 " . HAWAII MEDICAL DOCTOR LOANS

2 **§304A-A Hawaii medical doctor loans; eligibility;**

3 **amounts.** There is created the Hawaii medical doctor loan
4 program to be administered by the University of Hawaii, to
5 provide financial support to:

6 (1) Students who complete a state-approved medical school
7 program at the University of Hawaii; or

8 (2) Graduates of a medical school who have received
9 medical training from a Hawaii-based medical program,
10 and who agree to practice medicine in rural areas of the State,
11 as designated by the University of Hawaii. Loans shall be
12 awarded by the university on a competitive basis. The amount to
13 be loaned shall be determined by the board of regents based upon
14 need for financial aid and proof of acceptance into a state-
15 approved medical school program at the university. The maximum
16 aggregate amount of loans that a student may receive under this
17 program shall be an amount equivalent to tuition payments and
18 costs of textbooks and other instructional and laboratory
19 materials necessary to complete a state-approved medical school
20 program.

21 **§304A-B Repayment of loans; late fees; rural area practice**
22 **and loan repayment waiver; collection agency.** (a) All loans



1 made under this subpart shall bear interest at five per cent
2 simple interest. Repayment of principal and interest shall
3 commence one year after graduation or three months after a loan
4 recipient ceases to:

- 5 (1) Be enrolled in a state-approved medical school program
6 at the University of Hawaii; or
- 7 (2) Receive medical training from a Hawaii-based medical
8 program, and

9 shall be paid in periodic installments within a six-year period.

10 (b) The university shall charge late fees and all other
11 reasonable costs for the collection of delinquent loans.

12 (c) Upon a showing of proof that the loan recipient has
13 completed a state-approved medical school program or has
14 received medical training from a Hawaii-based medical program
15 and is practicing as a medical doctor in a rural area of the
16 State, as designated by the university, one-tenth of the total
17 amount of the loan and interest shall be waived for every year
18 of the first five years, and the remaining balance shall be
19 waived after the sixth year that a loan recipient practices
20 medicine in a rural area of the State, as designated by the
21 University of Hawaii.



1 (d) A loan recipient subject to this section who fails to
2 practice medicine in a rural area of the State, as designated by
3 the university, for a minimum of six consecutive years from the
4 loan recipient's original date of employment, excluding
5 temporary leaves of absence, shall be subject to a withdrawal of
6 any waiver of future repayments, and shall repay any remaining
7 loan balance at the rate of ten per cent simple interest.

8 (e) In accordance with chapter 103D, the university shall
9 enter into written contracts with collection agencies for the
10 purpose of collecting delinquent student loans. All payments
11 collected by a collection agency, including late fees and all
12 other reasonable costs, exclusive of the collection agency's
13 commissions, shall revert and be credited to the Hawaii medical
14 doctor loan program special fund. A collection agency that
15 enters into a written contract with the university for the
16 collection of delinquent student loans, pursuant to this
17 section, shall collect a commission from the debtor in
18 accordance with the terms of, and up to the amounts authorized
19 in, the written contract.

20 (f) Liability for repayment of a loan shall be canceled
21 upon the death or permanent total disability of the loan
22 recipient.



1 **§304A-C Capacity of minors in qualifying for Hawaii**
2 **medical doctor loans.** Any student otherwise qualifying for a
3 loan under the Hawaii medical doctor loan program shall not be
4 disqualified because the student is under the age of eighteen
5 years, and for the purpose of applying for, receiving, and
6 repaying the loan, the student shall be deemed to have full
7 legal capacity to act and shall have all rights, powers,
8 privileges, and obligations of an adult with respect to the
9 loan.

10 **§304A-D Rules governing Hawaii medical doctor loan**
11 **program.** The university may adopt rules to implement the Hawaii
12 medical doctor loan program. The rules shall be adopted
13 pursuant to chapter 91 but shall be exempt from the public
14 notice and public hearing requirements."

15 SECTION 4. Section 328L-2, Hawaii Revised Statutes, is
16 amended by amending subsection (b) to read as follows:

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

20 (1) Fifteen per cent shall be appropriated into the
21 emergency and budget reserve fund under section 328L-
22 3;



- 1 (2) Twenty-five per cent shall be appropriated to the
2 department for purposes of section 328L-4;
- 3 (3) Six and one-half per cent shall be appropriated into
4 the Hawaii tobacco prevention and control trust fund
5 under section 328L-5; and
- 6 (4) Twenty-eight per cent shall be appropriated into the
7 university revenue-undertakings fund created in
8 section 304A-2167.5 to be applied to the payment of
9 the principal of and interest on, and to generate
10 required coverage, if any, for, revenue bonds issued
11 by the board of regents of the University of Hawaii to
12 finance the cost of construction of a university
13 health and wellness center, including a new medical
14 school facility, to be situated on the island of Oahu,
15 for the succeeding fiscal year; and the payment of
16 annual operating expenses incurred by the new medical
17 school facility; provided that this amount shall be
18 reduced by _____ per cent each fiscal year starting
19 with fiscal year 2012-2013, and that amount shall be
20 deposited as follows:
- 21 (A) _____ per cent into the University of Hawaii
22 school of public health special fund;



1 (B) per cent into the Hilo medical center
2 rural interdisciplinary residency program special
3 fund; and

4 (C) per cent into the Hawaii medical doctor
5 loan program special fund;

6 provided further that any moneys in excess of the
7 amounts required under this paragraph shall be
8 transferred in the succeeding fiscal year to the
9 emergency and budget reserve fund under section 328L-
10 3; and

11 (5) Twenty-five and one-half per cent shall be deposited
12 to the credit of the state general fund."

13 SECTION 5. Act 264, Session Laws of Hawaii 2007, as
14 amended by section 22 of Act 16, Session Laws of Hawaii 2008, is
15 amended by amending section 4 to read as follows:

16 "SECTION 4. This Act shall take effect on July 1, 2007,
17 and shall be repealed on June 30, [~~2011~~] 2015; provided that
18 section 328L-2, Hawaii Revised Statutes, shall be reenacted in
19 the form in which it read on the day before the effective date
20 of this Act."



1 SECTION 6. The University of Hawaii shall prepare a
2 detailed accounting of all revenues and expenditures relating
3 to:

- 4 (1) Moneys appropriated into the university revenue-
5 undertakings fund established under section
6 304A-2167.5, Hawaii Revised Statutes; and
7 (2) Any moneys used for the operating costs of the medical
8 school facility.

9 This accounting information shall be submitted to the
10 legislature no later than twenty days prior to the convening of
11 the regular sessions of 2012, 2013, 2014, and 2015.

12 SECTION 7. In codifying the new sections added by section
13 3 of this Act, the revisor of statutes shall substitute
14 appropriate section numbers for the letters used in designating
15 the new sections in this Act.

16 SECTION 8. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 9. This Act shall take effect on July 1, 2050, and
19 shall be repealed on June 30, 2015; provided that section
20 328L-2, Hawaii Revised Statutes, shall be reenacted in the form
21 in which it read on the day before the effective date of Act
22 264, Session Laws of Hawaii 2007.



Report Title:

Hawaii Tobacco Settlement Special Fund; JABSOM

Description:

Extends the appropriation by a decreasing annual amount of a portion of Hawaii tobacco settlement special fund moneys for annual operating expenses of JABSOM until June 30, 2015. Establishes a University of Hawaii School of Public Health and dedicated Special Fund. Establishes the Hawaii Medical Doctor Loan Program and dedicated Special Fund. Establishes the Hilo Medical Center Rural Interdisciplinary Residency Program and dedicated Special Fund. Deposits the decreasing annual amount into the three special funds in unspecified percentages. Effective July 1, 2050. (SB239 HD2)

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

