



GOV. MSG. NO. 1227

EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

June 15, 2011

The Honorable Shan Tsutsui, President
and Members of the Senate
Twenty-Sixth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Calvin Say, Speaker
and Members of the House
Twenty-Sixth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Tsutsui, Speaker Say and Members of the Legislature:

This is to inform you that on June 15, 2011, the following bill was signed into law:

SB120 SD1 HD1 CD2

RELATING TO STATE FUNDS
Act 124 (11)

Aloha
Sincerely,
Neil Abercrombie

NEIL ABERCROMBIE
Governor, State of Hawaii

A BILL FOR AN ACT

RELATING TO STATE FUNDS.

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

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PART I

Expired Funds

SECTION 1. The legislature finds that certain funds, established by statutes that have long been repealed, are effectively non-functional. The legislature further finds that since the statutory purposes for which these funds were established have been repealed, these funds have outlived their usefulness to the State. Finally, the legislature finds that the moneys currently languishing in these funds will serve the State more effectively if they are deposited into the general fund and, therefore, become accessible to the State.

The purpose of this part is to terminate certain funds for which the statutory authority has expired and to deposit the residual amounts left in each fund into the general fund.

SECTION 2. On July 1, 2011:

- (1) All moneys in the travel agency recovery fund and the travel agency education fund, as of June 30, 2011,



1 shall be transferred to the general fund of the State
2 of Hawaii; and

3 (2) The travel agency recovery fund and the travel agency
4 education fund shall cease to exist.

5 PART II

6 University of Hawaii

7 SECTION 3. Section 304A-116, Hawaii Revised Statutes, is
8 amended by amending subsection (b) to read as follows:

9 "(b) The provision of child care services may be supported
10 with proceeds from the child care programs [~~revolving~~] special
11 fund established under section [+]304A-2252[+], public funds,
12 and private grants and gifts to pay for the expenses of
13 operation, including payment of principal and interest on any
14 obligations incurred."

15 SECTION 4. Section 304A-2252, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "[+]§304A-2252[+] Child care programs [~~revolving~~] special
18 fund. There is established a child care programs [~~revolving~~]
19 special fund for the operation of child care programs
20 established under section 304A-116 and the construction and
21 renovation of child care centers established by the University
22 of Hawaii. Fees charged for child care at child care programs,
23 proceeds from donations to the university for child care



1 programs, and proceeds from loans or other instruments of
2 indebtedness for the construction or renovation of child care
3 centers shall be deposited into the [~~revolving~~] special fund.
4 Expenditures from the [~~revolving~~] special fund shall be made for
5 the operation of child care programs and payment of principal
6 and interest on obligations incurred for the construction or
7 renovation of child care centers."

8 SECTION 5. Section 304A-2253, Hawaii Revised Statutes, is
9 amended as follows:

10 1. By amending subsection (a) to read:

11 "(a) There is established a University of Hawaii research
12 and training revolving fund into which shall be deposited one
13 hundred per cent of the total amount of indirect overhead
14 revenues generated by the university from research and training
15 programs. The board of regents is authorized to expend one
16 hundred per cent of the revenues deposited in the fund for:

- 17 (1) Research and training purposes that may result in
18 additional research and training grants and contracts;
- 19 (2) Facilitating research and training at the university;
20 and
- 21 (3) Further deposit into the discoveries and inventions
22 [~~revolving~~] special fund [~~and the University of Hawaii~~
23 ~~housing assistance revolving fund~~]."



1 2. By amending subsection (c) to read:

2 "(c) Notwithstanding sections 304A-107[~~7~~] and
3 [~~+~~]304A-2254 [~~+~~], and [~~304A-2258~~] to the contrary, the board of
4 regents or its designee, may establish a separate account within
5 the research and training revolving fund for the purpose of
6 providing advance funding to meet reimbursable costs incurred in
7 connection with federally financed research and training
8 projects. Any reimbursement received as a result of providing
9 advance funding shall be deposited into the research and
10 training revolving fund to be used for the purpose of meeting
11 reimbursable costs incurred in connection with federally
12 financed projects."

13 SECTION 6. Section 304A-2254, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "~~+~~§304A-2254~~+~~ Discoveries and inventions ~~[revolving]~~
16 special fund. There is established a discoveries and inventions
17 ~~[revolving]~~ special fund into which shall be deposited a portion
18 of the total indirect overhead funds generated by the university
19 for research and training purposes in the prior fiscal year, as
20 determined by the board of regents. Appropriations by the
21 legislature subject to the approval of the governor, proceeds
22 from the commercial exploitation of inventions and intellectual
23 property developed at the university, gifts, donations, fees



1 collected, and grants from public agencies and private persons
2 may also be deposited into the special fund for the purposes of
3 supporting innovation and research commercialization and the
4 patenting, copyrighting, licensing, and marketing of
5 discoveries, inventions, and technologies developed at the
6 university. The special fund shall be used to develop
7 technologies that have potential commercial value, support the
8 administration of technology transfer activities, and facilitate
9 economic development through education and research undertaken
10 at the university."

11 SECTION 7. Section 304A-2259, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "[+]§304A-2259[+] University of Hawaii alumni [~~revolving~~]
14 special fund. There is established the University of Hawaii
15 alumni [~~revolving~~] special fund into which shall be deposited
16 funds and proceeds received by the university from alumni
17 activities and donations from alumni. Funds deposited into this
18 [~~revolving~~] special fund may be expended by the university for
19 all costs associated with conducting alumni affairs, activities,
20 and programs for the university system, including but not
21 limited to expenses for honoraria, hotel and room rentals, food
22 and refreshment, printing and mailing, banners and signs,
23 plaques and awards, airfare and per diem, leis, rental of



1 audiovisual, musical, and stage equipment, and activity supplies
2 and materials, without regard to statutory competitive bidding
3 requirements."

4 SECTION 8. Section 304A-2261, Hawaii Revised Statutes, is
5 amended to read as follows:

6 " [H]§304A-2261 [H] University of Hawaii at Manoa
7 intercollegiate athletics [revelving] special fund and
8 University of Hawaii at Hilo intercollegiate athletics
9 [revelving] special fund. Notwithstanding any other law to the
10 contrary, there are established the University of Hawaii at
11 Manoa intercollegiate athletics [revelving] special fund and the
12 University of Hawaii at Hilo intercollegiate athletics
13 [revelving] special fund for the intercollegiate athletic
14 programs of the University of Hawaii at Manoa and the University
15 of Hawaii at Hilo, which shall be used to receive, deposit,
16 disburse, and account for funds from the activities of the
17 intercollegiate athletic programs. The university may establish
18 appropriate charges for activities related to its athletic
19 programs and the use of its athletic facilities, the proceeds
20 from which shall be deposited into these [revelving] special
21 funds.

22 The university shall maintain the financial integrity and
23 viability of these [revelving] special funds, including the



1 maintenance of an adequate reserve to cope with the various
2 factors that impact the revenue structure of an intercollegiate
3 athletic program."

4 SECTION 9. Section 304A-2262, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "[+]§304A-2262[+] Animal research farm, Waialeale, Oahu
7 [~~revolving~~] special fund. There is established the animal
8 research farm, Waialeale, Oahu [~~revolving~~] special fund for the
9 animal research farm, Waialeale, Oahu, operated by the college of
10 tropical agriculture and human resources of the University of
11 Hawaii, into which shall be deposited the receipts from fees
12 realized from the sale of livestock, services, and supplies.
13 Funds deposited into this [~~revolving~~] special fund shall be
14 expended for animal research, and services and supplies related
15 thereto."

16 SECTION 10. Section 304A-2271, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "[+]§304A-2271[+] University of Hawaii-Hilo theatre
19 [~~revolving~~] special fund. There is established the University
20 of Hawaii-Hilo theatre [~~revolving~~] special fund, which shall
21 consist of admissions, advertising sales, corporate
22 sponsorships, marketing, merchandising, donations, fund-raising,
23 fees, charges, and other moneys collected in conjunction with



1 the University of Hawaii-Hilo theatre program. The [revolving]
2 special fund shall be administered by the office of
3 administrative affairs of the University of Hawaii at Hilo.
4 Funds may be expended for all costs associated with the theatre
5 program, including artists' fees, production costs, personnel
6 costs, honoraria, per diem, hotel and room rentals, food and
7 refreshments, printing and mailing, advertising, airfare, leis,
8 rental or purchase of equipment, and theater supplies and
9 materials."

10 SECTION 11. Section 304A-2158, Hawaii Revised Statutes, is
11 repealed.

12 ~~["[§304A-2158] Western Governors University special fund.~~
13 ~~There is established a Western Governors University special fund~~
14 ~~into which shall be deposited all revenues derived from the~~
15 ~~State's participation in the Western Governors University,~~
16 ~~except University of Hawaii income from tuition and fees charged~~
17 ~~for regular courses of instruction and tuition related course~~
18 ~~and fee charges to students. The fund shall be administered by~~
19 ~~the board of regents of the University of Hawaii and shall be~~
20 ~~used for the State's membership and participation in the Western~~
21 ~~Governors University."]~~

22 SECTION 12. Section 304A-2258, Hawaii Revised Statutes, is
23 repealed.



1 ~~["§304A-2258] University of Hawaii housing assistance~~
2 ~~revolving fund. There is established the University of Hawaii~~
3 ~~housing assistance revolving fund into which shall be deposited~~
4 ~~a portion of the total indirect overhead funds generated by the~~
5 ~~university for research and training purposes in the prior~~
6 ~~fiscal year as determined by the board of regents. The fund~~
7 ~~shall be used to:~~

- 8 ~~(1) Implement the university housing assistance master~~
9 ~~plan, in accordance with policies adopted by the board~~
10 ~~of regents; and~~
- 11 ~~(2) Account for all transactions of the university housing~~
12 ~~assistance program, including but not limited to~~
13 ~~revenues, expenditures, loans, and transfers."]~~

14 SECTION 13. Section 304A-2264, Hawaii Revised Statutes, is
15 repealed.

16 ~~["§304A-2264] Conference center revolving fund;~~
17 ~~University of Hawaii at Manoa. There is established the~~
18 ~~conference center revolving fund for the conference center~~
19 ~~program in the college of continuing education and community~~
20 ~~service of the University of Hawaii at Manoa. All fees,~~
21 ~~charges, and other moneys collected in conjunction with the~~
22 ~~conference center program shall be deposited in the revolving~~
23 ~~fund. The dean of the college of continuing education and~~



1 ~~community service is authorized to expend funds from the~~
2 ~~revolving fund for all costs associated with conducting~~
3 ~~conferences, seminars, and courses by the conference center~~
4 ~~program, including but not limited to expenses for honoraria,~~
5 ~~hotel and room rentals, food and refreshment, printing and~~
6 ~~mailing, airfare and per diem, leis, rental of audiovisual~~
7 ~~equipment, and conference supplies and materials."]~~

8 SECTION 14. Section 304A-2265, Hawaii Revised Statutes, is
9 repealed.

10 ["~~[§304A 2265] International exchange healthcare tourism~~
11 ~~revolving fund.~~ (a) ~~There is established the international~~
12 ~~exchange healthcare tourism revolving fund for the international~~
13 ~~exchange of healthcare tourism program into which shall be~~
14 ~~deposited all donations, gifts, contributions, legislative~~
15 ~~appropriations, and moneys generated by the program through~~
16 ~~education, training, and research contracts and grants. Moneys~~
17 ~~deposited into this fund for the school of medicine and the~~
18 ~~school of nursing and dental hygiene shall be divided into~~
19 ~~separate accounts for each school, provided that moneys not~~
20 ~~designated for use by a particular school shall be divided~~
21 ~~equally. Moneys shall be expended from each account by the~~
22 ~~school of medicine and the school of nursing and dental hygiene,~~
23 ~~for student aid, training projects, teaching, supplies,~~



1 ~~services, and activities related to the development and~~
2 ~~promotion of the health-related tourism education program.~~

3 ~~(b) All unexpended and unencumbered moneys appropriated by~~
4 ~~the legislature remaining in the fund at the close of each~~
5 ~~fiscal year that are deemed, by the director of finance, to be~~
6 ~~in excess of the moneys necessary to carry out the purposes of~~
7 ~~this section over the next following fiscal year shall lapse to~~
8 ~~the credit of the state general fund."]~~

9 SECTION 15. Section 304A-2266, Hawaii Revised Statutes, is
10 repealed.

11 ~~["§304A-2266] Education laboratory school summer programs~~
12 ~~revolving fund. There is established the education laboratory~~
13 ~~school summer programs revolving fund, from which shall be paid~~
14 ~~the cost of operations of the education laboratory school summer~~
15 ~~programs. The education laboratory school may establish~~
16 ~~appropriate charges for activities related to its summer~~
17 ~~programs, the proceeds from which shall be deposited into this~~
18 ~~revolving fund."]~~

19 SECTION 16. Section 304A-2269, Hawaii Revised Statutes, is
20 repealed.

21 ~~["§304A-2269] Community college and University of Hawaii~~
22 ~~at Hilo bookstore revolving fund. There is established the~~
23 ~~community college and University of Hawaii at Hilo bookstore~~



1 ~~revolving fund for the community college and University of~~
2 ~~Hawaii at Hilo bookstores, from which shall be paid the cost of~~
3 ~~goods or services rendered or furnished to the bookstores and~~
4 ~~which shall be replenished through charges made for goods and~~
5 ~~services or through transfers from other accounts or funds."]~~

6 SECTION 17. All fund balances remaining unencumbered and
7 unexpended as of June 30, 2011, in the University of Hawaii at
8 Manoa conference center revolving fund shall be transferred to
9 the general fund.

10 SECTION 18. All fund balances remaining unencumbered and
11 unexpended as of June 30, 2011, in the University of Hawaii
12 housing assistance revolving fund shall be transferred to the
13 credit of the Manoa faculty housing program under the University
14 of Hawaii auxiliary enterprises special fund established under
15 section 304A-2157, Hawaii Revised Statutes.

16 SECTION 19. The conversion of revolving funds to special
17 funds pursuant to sections 4, 6, 7, 8, 9, and 10 of this Act
18 shall in no way be construed as an authorization to remove,
19 alter, or amend any moneys from any revolving fund other than
20 for the purposes of this Act and for the allowable uses under
21 relevant law.

22 PART III

23 Fund Transfers



1 SECTION 20. The recession of 2008 swept across the nation
2 and many parts of the world with unanticipated force and brought
3 with it enormous challenges for governments at all levels. Its
4 effects on businesses and employment are still being felt today,
5 including a profound impact on Hawaii in terms of tax revenues
6 and the state budget.

7 The legislature finds that due to the extraordinary fiscal
8 circumstances the State is facing, non-general funds must be
9 reviewed and scrutinized to determine if there is an excess of
10 balances available to help address the critical budget shortfall
11 in fiscal year 2011-2012.

12 The purpose of this part is to help address the fiscal year
13 2011-2012 budget shortfall by transferring excess balances from
14 various non-general funds into the State's general fund.

15 SECTION 21. The legislature determines that there is in
16 the state risk management revolving fund at least \$1,000,000 in
17 excess of the requirements of the fund. Until June 30, 2011,
18 the director of finance is authorized to transfer from the state
19 risk management revolving fund to the general fund the sum of
20 \$1,000,000 or so much thereof as may be necessary for fiscal
21 year 2010-2011.

22 SECTION 22. The legislature determines that there is in
23 the medicaid investigations recovery fund at least \$500,000 in



1 excess of the requirements of the fund. Until June 30, 2011,
2 the director of finance is authorized to transfer from the state
3 medicaid investigations recovery fund to the general fund the
4 sum of \$500,000 or so much thereof as may be necessary for
5 fiscal year 2010-2011.

6 SECTION 23. The legislature determines that there is in
7 the compliance resolution fund at least \$4,200,000 in excess of
8 the requirements of the fund. Until June 30, 2011, the director
9 of finance is authorized to transfer from the compliance
10 resolution fund to the general fund the sum of \$4,200,000 or so
11 much thereof as may be necessary for fiscal year 2010-2011.

12 SECTION 24. The legislature determines that there is in
13 the mental health and substance abuse special fund at least
14 \$2,000,000 in excess of the requirements of the fund. Until
15 June 30, 2011, the director of finance is authorized to transfer
16 from the mental health and substance abuse special fund to the
17 general fund the sum of \$2,000,000 or so much thereof as may be
18 necessary for fiscal year 2010-2011.

19 SECTION 25. The legislature determines that there is in
20 the drug demand reduction assessments special fund at least
21 \$700,000 in excess of the requirements of the fund. Until June
22 30, 2011, the director of finance is authorized to transfer from
23 the drug demand reduction assessments special fund to the



1 general fund the sum of \$700,000 or so much thereof as may be
2 necessary for fiscal year 2010-2011.

3 SECTION 26. The legislature determines that there is in
4 the neurotrauma special fund at least \$250,000 in excess of the
5 requirements of the fund. Until June 30, 2011, the director of
6 finance is authorized to transfer from the neurotrauma special
7 fund to the general fund the sum of \$250,000 or so much thereof
8 as may be necessary for fiscal year 2010-2011.

9 SECTION 27. The legislature determines that there is in
10 the environmental management special fund at least \$750,000 in
11 excess of the requirements of the fund. Until June 30, 2011,
12 the director of finance is authorized to transfer from the
13 environmental management special fund to the general fund the
14 sum of \$750,000 or so much thereof as may be necessary for
15 fiscal year 2010-2011.

16 SECTION 28. The legislature determines that there is in
17 the deposit beverage container deposit special fund at least
18 \$300,000 in excess of the requirements of the fund. Until June
19 30, 2011, the director of finance is authorized to transfer from
20 the deposit beverage container deposit special fund to the
21 general fund the sum of \$300,000 or so much thereof as may be
22 necessary for fiscal year 2010-2011.



1 SECTION 29. The legislature determines that there is in
2 the employment and training fund at least \$44,000 in excess of
3 the requirements of the fund. Until June 30, 2011, the director
4 of finance is authorized to transfer from the employment and
5 training fund to the general fund the sum of \$44,000 or so much
6 thereof as may be necessary for fiscal year 2010-2011.

7 SECTION 30. The legislature determines that there is in
8 the Waialua loan subsidy program balance, contained in the
9 rental assistance revolving fund, at least \$1,174 in excess of
10 the requirements of the program. Until June 30, 2011, the
11 director of finance is authorized to transfer from the Waialua
12 loan subsidy program balance to the general fund the sum of
13 \$1,174 or so much thereof as may be necessary for fiscal year
14 2010-2011.

15 SECTION 31. The legislature determines that there is in
16 the UH faculty housing project series 1995 bond proceed special
17 fund at least \$520,780 in excess of the requirements of the
18 fund. Until June 30, 2011, the director of finance is
19 authorized to transfer from the UH faculty housing project
20 series 1995 bond proceed special fund to the general fund the
21 sum of \$520,780 or so much thereof as may be necessary for
22 fiscal year 2010-2011.



1 SECTION 32. The legislature determines that there is in
2 the stadium special fund at least \$500,000 in excess of the
3 requirements of the fund. Until June 30, 2011, the director of
4 finance is authorized to transfer from the stadium special fund
5 to the general fund the sum of \$500,000 or so much thereof as
6 may be necessary for fiscal year 2010-2011.

7 SECTION 33. The legislature determines that there is in
8 the Kikala-Keokea housing revolving fund at least \$428,924 in
9 excess of the requirements of the fund. Until June 30, 2011,
10 the director of finance is authorized to transfer from the
11 Kikala-Keokea housing revolving fund to the general fund the sum
12 of \$428,924 or so much thereof as may be necessary for fiscal
13 year 2010-2011.

14 SECTION 34. The legislature determines that there is in
15 the community use of school facilities special fund at least
16 \$1,000,000 in excess of the requirements of the fund. Until
17 June 30, 2011, the director of finance is authorized to transfer
18 from the community use of school facilities special fund to the
19 general fund the sum of \$1,000,000 or so much thereof as may be
20 necessary for fiscal year 2010-2011.

21 SECTION 35. The legislature determines that there is in
22 the federal grants search, development, and application
23 revolving fund at least \$500,000 in excess of the requirements



1 of the fund. Until June 30, 2011, the director of finance is
2 authorized to transfer from the federal grants search,
3 development, and application revolving fund to the general fund
4 the sum of \$500,000 or so much thereof as may be necessary for
5 fiscal year 2010-2011.

6 SECTION 36. The legislature determines that there is in
7 the trauma system special fund at least \$1,000,000 in excess of
8 the requirements of the fund. Until June 30, 2011, the director
9 of finance is authorized to transfer from the trauma system
10 special fund to the general fund the sum of \$1,000,000 or so
11 much thereof as may be necessary for fiscal year 2010-2011.

12 SECTION 37. The legislature determines that there is in
13 the captive insurance administrative fund at least \$2,500,000 in
14 excess of the requirements of the fund. Until June 30, 2011,
15 the director of finance is authorized to transfer from the
16 captive insurance administrative fund to the general fund the
17 sum of \$2,500,000 or so much thereof as may be necessary for
18 fiscal year 2010-2011.

19 SECTION 38. The legislature determines that there is in
20 the health care revolving fund at least \$916,284 in excess of
21 the requirements of the fund. Until June 30, 2011, the director
22 of finance is authorized to transfer from the health care



1 revolving fund to the general fund the sum of \$916,284 or so
2 much thereof as may be necessary for fiscal year 2010-2011.

3 PART IV

4 Conforming Amendments

5 SECTION 39. Section 28-8.3, Hawaii Revised Statutes, is
6 amended by amending subsection (a) to read as follows:

7 "(a) No department of the State other than the attorney
8 general may employ or retain any attorney, by contract or
9 otherwise, for the purpose of representing the State or the
10 department in any litigation, rendering legal counsel to the
11 department, or drafting legal documents for the department;
12 provided that the foregoing provision shall not apply to the
13 employment or retention of attorneys:

14 (1) By the public utilities commission, the labor and
15 industrial relations appeals board, and the Hawaii
16 labor relations board;

17 (2) By any court or judicial or legislative office of the
18 State; provided that if the attorney general is
19 requested to provide representation to a court or
20 judicial office by the chief justice or the chief
21 justice's designee, or to a legislative office by the
22 speaker of the house of representatives and the
23 president of the senate jointly, and the attorney



- 1 general declines to provide such representation on the
2 grounds of conflict of interest, the attorney general
3 shall retain an attorney for the court, judicial, or
4 legislative office, subject to approval by the court,
5 judicial, or legislative office;
- 6 (3) By the legislative reference bureau;
- 7 (4) By any compilation commission that may be constituted
8 from time to time;
- 9 (5) By the real estate commission for any action involving
10 the real estate recovery fund;
- 11 (6) By the contractors license board for any action
12 involving the contractors recovery fund;
- 13 ~~[(7) By the trustees for any action involving the travel~~
14 ~~agency recovery fund;~~
- 15 ~~[(8)]~~ (7) By the office of Hawaiian affairs;
- 16 ~~[(9)]~~ (8) By the department of commerce and consumer
17 affairs for the enforcement of violations of chapters
18 480 and 485A;
- 19 ~~[(10)]~~ (9) As grand jury counsel;
- 20 ~~[(11)]~~ (10) By the Hawaiian home lands trust individual
21 claims review panel;
- 22 ~~[(12)]~~ (11) By the Hawaii health systems corporation, or its
23 regional system boards, or any of their facilities;



- 1 ~~[(13)]~~ (12) By the auditor;
- 2 ~~[(14)]~~ (13) By the office of ombudsman;
- 3 ~~[(15)]~~ (14) By the insurance division;
- 4 ~~[(16)]~~ (15) By the University of Hawaii;
- 5 ~~[(17)]~~ (16) By the Kahoolawe island reserve commission;
- 6 ~~[(18)]~~ (17) By the division of consumer advocacy;
- 7 ~~[(19)]~~ (18) By the office of elections;
- 8 ~~[(20)]~~ (19) By the campaign spending commission;
- 9 ~~[(21)]~~ (20) By the Hawaii tourism authority, as provided in
- 10 section 201B-2.5;
- 11 ~~[(22)]~~ (21) By the division of financial institutions for
- 12 any action involving the mortgage loan recovery fund;
- 13 or
- 14 ~~[(23)]~~ (22) By a department, in the event the attorney
- 15 general, for reasons deemed by the attorney general to
- 16 be good and sufficient, declines to employ or retain
- 17 an attorney for a department; provided that the
- 18 governor ~~[thereupon]~~ waives the provision of this
- 19 section."

20 SECTION 40. Section 167-19, Hawaii Revised Statutes, is

21 amended by amending subsection (c) to read as follows:

22 "(c) All or any portion of the acreage assessments

23 collected under this chapter, as determined by the board,



1 exclusive of acreage assessments imposed on lands within an
2 irrigation project financed through the issuance of revenue
3 bonds, shall be deposited into the irrigation system revolving
4 fund. Acreage assessments imposed on lands within an irrigation
5 project financed through the issuance of revenue bonds shall be
6 deposited into the [~~irrigation water development special fund.~~]
7 general fund."

8 SECTION 41. Section 167-22, Hawaii Revised Statutes, is
9 amended by amending subsection (a) to read as follows:

10 "(a) There is established the irrigation system revolving
11 fund, into which shall be deposited:

12 (1) All legislative appropriations to the irrigation
13 system revolving fund; and

14 (2) All or any portion of the receipts and revenues
15 collected under this chapter, as determined by the
16 board of agriculture [~~, exclusive of the receipts and
17 revenues deposited into the irrigation water
18 development special fund].~~"

19 SECTION 42. Section 321-355, Hawaii Revised Statutes, is
20 amended by amending subsection (b) to read as follows:

21 "(b) The fund shall consist of grants and income earned by
22 the special fund. [~~Notwithstanding section 29-24, all]~~ All
23 program income consisting of federal reimbursement funds



1 received by the State for early intervention funded by
2 legislative appropriations under this part shall be deposited
3 into the special fund; provided that no state appropriations
4 shall be deposited into the special fund."

5 SECTION 43. Section 321-356, Hawaii Revised Statutes, is
6 amended by amending subsection (b) to read as follows:

7 "(b) The trust fund shall consist of government grants and
8 private contributions including but not limited to gifts or
9 donations from corporations or other businesses, foundations,
10 individuals, and other interested parties, and income earned by
11 the trust fund. [~~Notwithstanding section 29-24, all~~] All
12 program income consisting of federal reimbursement funds
13 received by the State for early intervention funded by private
14 donations and contributions under this part shall be deposited
15 into the trust fund."

16 SECTION 44. Section 346-311, Hawaii Revised Statutes, is
17 amended by amending the definition of "secondary discounted
18 price" to read as follows:

19 ""Secondary discounted price" as it pertains to a drug
20 means the initial discounted price less any further discounts
21 [~~paid out of the Rx plus special fund~~]."

22 SECTION 45. Section 346-344, Hawaii Revised Statutes, is
23 amended by amending subsections (a) and (b) to read as follows:



1 "(a) For persons meeting the eligibility requirements in
2 section 346-343, the state pharmacy assistance program may pay
3 all or some of the co-payments required under the federal
4 medicare part D pharmacy benefit program, [~~subject to the~~
5 ~~sufficiency of funds in the state pharmacy assistance program~~
6 ~~special fund,~~] as determined by the department.

7 (b) The state pharmacy assistance program is the payor of
8 last resort [~~subject to the sufficiency of funds in the state~~
9 ~~pharmacy assistance program special fund~~], as determined by the
10 department."

11 SECTION 46. Section 431:22-103, Hawaii Revised Statutes,
12 is amended to read as follows:

13 "**[+]§431:22-103[+]** Establishment of loss mitigation grant
14 program. The commissioner shall develop and implement a pilot
15 grant program to encourage the installation of wind resistive
16 devices. The commissioner may spend up to \$6,000,000 [~~from the~~
17 ~~loss mitigation grant fund~~] over three years for the grant
18 program, which amounts shall include the costs of administering,
19 operating, and marketing the grant program.

20 For the first year of the grant program, the commissioner
21 may make grants only to former policyholders of the Hawaii
22 hurricane relief fund. From the second year onward, the
23 commissioner may also make grants to all single or multi-family



1 residential owners, which may include owners of townhouse units
2 or condominium apartments under section 431:22-104(c)(3)."

3 SECTION 47. Section 431P-16, Hawaii Revised Statutes, is
4 amended by amending subsection (i) to read as follows:

5 "(i) Moneys in the hurricane reserve trust fund may be [+
6 ~~(1) Disbursed~~] disbursed upon dissolution of the Hawaii
7 hurricane relief fund; provided that:

8 ~~[(A)]~~ (1) The net moneys in the hurricane reserve trust
9 fund shall revert to the state general fund after
10 payments by the fund on behalf of licensed property
11 and casualty insurers or the State that are required
12 to be made pursuant to any federal disaster insurance
13 program enacted to provide insurance or reinsurance
14 for hurricane risks are completed; and

15 ~~[(B)]~~ (2) If such moneys are paid on behalf of licensed
16 property and casualty insurers, payment shall be made
17 in proportion to the premiums from policies of
18 hurricane property insurance serviced by the insurers
19 in the twelve months prior to dissolution of the fund;

20 [~~or~~

21 ~~(2) Deposited to the loss mitigation grant fund~~
22 ~~established under section 431:22-102;~~]



1 provided that all interest earned from the principal in the
2 hurricane reserve trust fund shall be transferred and deposited
3 into the general fund each year that the hurricane reserve trust
4 fund remains in existence."

5 SECTION 48. Section 431P-16.5, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "~~[+] §431P-16.5 [] Transfer of funds, immunity.~~ Immunity.

8 There shall be no cause of action, claim for damages or relief,
9 charge, or any other liability of any kind whatsoever created
10 against the State, the Hawaii hurricane relief fund, the
11 commissioner, or their respective agents, employees, or board,
12 by, or relating to [~~the transfer of any moneys from the~~
13 ~~hurricane reserve trust fund to the loss mitigation grant fund~~
14 ~~or from the loss mitigation grant fund to the hurricane reserve~~
15 ~~trust fund or involving~~] the loss mitigation grant program."

16 PART V

17 Other Repealed Funds

18 SECTION 49. Section 29-24, Hawaii Revised Statutes, is
19 repealed.

20 [~~§29-24 Interagency federal revenue maximization~~
21 ~~revolving fund.~~ (a) ~~There is established in the state treasury~~
22 ~~an interagency federal revenue maximization revolving fund, into~~
23 ~~which shall be deposited all funds and proceeds collected from~~



1 ~~the federal government and third party payers for costs not~~
2 ~~previously claimed by the State, with the exception of proceeds~~
3 ~~collected for services provided by the Hawaii health systems~~
4 ~~corporation or its regional system boards, for reimbursement of~~
5 ~~federally funded state programs. For purposes of this chapter,~~
6 ~~federally funded state programs include but shall not be limited~~
7 ~~to those federally funded programs within the departments of~~
8 ~~human services and health, and shall not include the federally-~~
9 ~~funded program within the department of education as provided in~~
10 ~~section 302A-1406. Expenditures and transfers from the fund~~
11 ~~shall be made by the comptroller in proportional allocations~~
12 ~~established by the comptroller and the director of finance.~~
13 ~~Transfers shall be made to the department claiming the~~
14 ~~reimbursement for expenses incurred related to federal fund~~
15 ~~reimbursement claims and to the general fund of the State.~~
16 ~~Moneys in the fund may be expended for consultant services~~
17 ~~rendered under subsection (b).~~

18 ~~(b) Notwithstanding any other law to the contrary, the~~
19 ~~comptroller, by contract, may retain the services of certified~~
20 ~~public accountants and other consultants to pursue and collect~~
21 ~~federal fund reimbursements, and perform other duties necessary~~
22 ~~to administer this section. At the option of the comptroller,~~



1 ~~consultants retained by contract under this subsection may be~~
2 ~~compensated on:~~

- 3 ~~(1) A fixed price basis;~~
- 4 ~~(2) An hourly rate basis with or without a fixed cap; or~~
- 5 ~~(3) Through a contingent fee arrangement specified in the~~
6 ~~contract.~~

7 ~~Such compensation shall be payable out of all sums the~~
8 ~~consultant recovers for the State.~~

9 ~~(c) No later than twenty days prior to the convening of~~
10 ~~each regular session of the legislature, the comptroller shall~~
11 ~~submit to the legislature a report including the following~~
12 ~~information:~~

- 13 ~~(1) Itemized amounts of all federal reimbursements;~~
- 14 ~~(2) Description and amounts of all expenses incurred by~~
15 ~~the fund;~~
- 16 ~~(3) Method of compensation and amounts of compensation for~~
17 ~~all certified public accountants and other consultants~~
18 ~~retained by the comptroller to pursue and collect~~
19 ~~federal fund reimbursements and perform other duties~~
20 ~~necessary to administer this section;~~
- 21 ~~(4) Method of determining allocation of funds;~~
- 22 ~~(5) Amounts allocated by the comptroller; and~~
- 23 ~~(6) Fund balances."]~~



1 SECTION 50. Section 167-22.5, Hawaii Revised Statutes, is
2 repealed.

3 ~~["§167-22.5] Irrigation water development special fund.~~

4 ~~(a) There is established in the state treasury the irrigation~~
5 ~~water development special fund, into which shall be deposited:~~

6 ~~(1) Appropriations by the legislature to the irrigation~~
7 ~~water development special fund;~~

8 ~~(2) All receipts and revenues derived from irrigation~~
9 ~~projects financed through the issuance of revenue~~
10 ~~bonds;~~

11 ~~(3) All or any portion of the receipts and revenues~~
12 ~~collected under this chapter, as determined by the~~
13 ~~board, whether or not receipts or revenues are derived~~
14 ~~from irrigation projects financed through the issuance~~
15 ~~of revenue bonds; and~~

16 ~~(4) Interest earned or accrued on moneys in the irrigation~~
17 ~~water development special fund.~~

18 ~~(b) Moneys in the irrigation water development special~~
19 ~~fund shall be used by the board for the following purposes:~~

20 ~~(1) Planning, design, improvement, construction, land~~
21 ~~acquisition, and equipment necessary for the~~
22 ~~development, operation, or maintenance of an~~
23 ~~irrigation project;~~



1 ~~(2) Payment of debt service on revenue bonds issued by the~~
2 ~~department for irrigation project purposes, and the~~
3 ~~establishment of debt service and other revenues~~
4 ~~deemed necessary by the board;~~

5 ~~(3) Reimbursement of the general fund for debt service on~~
6 ~~general obligation bonds issued to finance irrigation~~
7 ~~projects where the bonds are designated to be~~
8 ~~reimbursable out of the irrigation water development~~
9 ~~special fund; and~~

10 ~~(4) Any other purpose deemed necessary by the board for~~
11 ~~the purpose of planning, designing, improving,~~
12 ~~constructing, developing, operating, and maintaining~~
13 ~~irrigation projects."]~~

14 SECTION 51. Section 167-24, Hawaii Revised Statutes, is
15 repealed.

16 [~~§167-24~~] ~~Irrigation repair and maintenance special~~
17 ~~fund.~~ (a) ~~There is established in the state treasury the~~
18 ~~irrigation repair and maintenance special fund that shall be~~
19 ~~administered by the board.~~

20 (b) ~~Moneys in the irrigation repair and maintenance~~
21 ~~special fund shall be used to fund repair and maintenance of the~~
22 ~~following irrigation systems:~~

23 (1) ~~East Kauai irrigation system;~~



- 1 ~~(2) Kekaha ditch;~~
- 2 ~~(3) Kekee ditch;~~
- 3 ~~(4) Maui Land/Pioneer Mill irrigation system;~~
- 4 ~~(5) Waiahole ditch;~~
- 5 ~~(6) Lower Hamakua irrigation system;~~
- 6 ~~(7) Molokai irrigation system;~~
- 7 ~~(8) Upcountry Maui irrigation system;~~
- 8 ~~(9) Waimanalo irrigation system;~~
- 9 ~~(10) Waimea irrigation system;~~
- 10 ~~(11) East Maui irrigation system;~~
- 11 ~~(12) Kauai coffee irrigation system;~~
- 12 ~~(13) West Maui irrigation system;~~
- 13 ~~(14) Kau irrigation system;~~
- 14 ~~(15) Honomalino irrigation system;~~
- 15 ~~(16) Wahiawa reservoir and ditch system; and~~
- 16 ~~(17) Other privately owned irrigation systems on former~~
- 17 ~~sugarcane and pineapple plantation lands that have~~
- 18 ~~been converted to diversified agriculture.~~
- 19 ~~(c) The irrigation repair and maintenance special fund~~
- 20 ~~shall be funded by legislative appropriations, including general~~
- 21 ~~obligation bond funds and federal funds.~~



1 ~~(d) Landowners may apply for funding assistance from the~~
2 ~~irrigation repair and maintenance special fund; provided that~~
3 ~~the landowner:~~

4 ~~(1) Provides matching funding equal to the amount received~~
5 ~~from the irrigation repair and maintenance special~~
6 ~~fund;~~

7 ~~(2) Agrees to file a petition for declaratory ruling~~
8 ~~pursuant to section 205 45 designating a majority of~~
9 ~~all land served by the water produced by the~~
10 ~~irrigation system as important agricultural lands as~~
11 ~~defined under section 205 42 and notifies the board~~
12 ~~and county of the petition and designation for the~~
13 ~~purpose of inclusion on maps; and~~

14 ~~(3) Agrees to use, or provide for the use of, all lands~~
15 ~~owned or controlled by the landowner and served by the~~
16 ~~water produced by the irrigation system for~~
17 ~~agricultural production.~~

18 ~~The board shall develop processes, policies, standards, and~~
19 ~~criteria for selecting the landowners that are to receive~~
20 ~~funding and the amount of such funding. The board shall also~~
21 ~~develop processes, policies, standards, and criteria for~~
22 ~~determining the amount of funding provided to irrigation systems~~
23 ~~in subsection (b) owned by the State.~~

1 ~~(e) As used in this section:~~

2 ~~"Diversified agriculture" means agricultural operations~~
3 ~~that produce diversified agricultural products, including~~
4 ~~flowers, nursery products, vegetables, herbs, melons, seed~~
5 ~~crops, macadamia nuts, aquaculture, coffee, milk, cattle, eggs,~~
6 ~~hogs, and fruit.~~

7 ~~"Irrigation system" means the agricultural system of~~
8 ~~intakes, diversions, wells, ditches, siphons, pipes, reservoirs,~~
9 ~~and accessory facilities established to provide water for~~
10 ~~agricultural production.~~

11 ~~"Landowner" means a private entity that:~~

12 ~~(1) Owns agricultural land, formerly used as a sugarcane~~
13 ~~or pineapple plantation, that contains a privately~~
14 ~~owned irrigation system that is necessary for the~~
15 ~~sustained production of diversified agriculture on the~~
16 ~~land served by the irrigation system; or~~

17 ~~(2) Owns, or partially owns, an irrigation system listed~~
18 ~~in subsection (b) (1) through (17)."]~~

19 SECTION 52. Section 346-318, Hawaii Revised Statutes, is
20 repealed.

21 [~~§346-318 Rx plus special fund. (a) There is~~
22 ~~established within the state treasury, to be administered by the~~



1 ~~department, the Rx plus special fund into which shall be~~
2 ~~deposited:~~

3 ~~(1) All moneys received from manufacturers and labelers~~
4 ~~who pay rebates as provided in section 346-314;~~

5 ~~(2) Appropriations made by the legislature to the fund,~~
6 ~~and~~

7 ~~(3) Any other revenues designated for the fund.~~

8 ~~(b) Moneys in the Rx plus special fund shall be used for~~
9 ~~the following purposes:~~

10 ~~(1) Reimbursement payments to participating pharmacies for~~
11 ~~discounts provided to program participants;~~

12 ~~(2) The cost of administering the Rx plus program,~~
13 ~~including salary and benefits of employees, computer~~
14 ~~costs, and contracted services as provided in section~~
15 ~~346-312; and~~

16 ~~(3) Any other purpose deemed necessary by the department~~
17 ~~for the purpose of operating and administering the Rx~~
18 ~~plus program.~~

19 ~~All interest on special fund balances shall accrue to the~~
20 ~~special fund. Upon dissolution of the Rx plus special fund, any~~
21 ~~unencumbered moneys in the fund shall lapse to the credit of the~~
22 ~~general fund."]~~



1 SECTION 53. Section 346-345, Hawaii Revised Statutes, is
2 repealed.

3 ~~["§346-345] Special fund. (a) There is established~~
4 ~~within the state treasury to be administered by the department,~~
5 ~~the state pharmacy assistance program special fund, into which~~
6 ~~shall be deposited:~~

7 ~~(1) All moneys received from manufacturers that pay~~
8 ~~rebates as provided in section 346-342(g);~~

9 ~~(2) Appropriations made by the legislature to the fund;~~
10 ~~and~~

11 ~~(3) Any other revenues designated for the fund.~~

12 ~~(b) Moneys in the state pharmacy assistance program~~
13 ~~special fund may be used for:~~

14 ~~(1) Reimbursement payments to participating pharmacies for~~
15 ~~co-payments required under the federal medicare part D~~
16 ~~pharmacy benefit program as provided to state pharmacy~~
17 ~~assistance program participants;~~

18 ~~(2) The costs of administering the state pharmacy~~
19 ~~assistance program, including salary and benefits of~~
20 ~~employees, computer costs, and contracted services as~~
21 ~~provided in section 346-342(d); and~~



1 ~~(3) Any other purpose deemed necessary by the department~~
2 ~~for the purpose of operating and administering the~~
3 ~~state pharmacy [assistance] program.~~

4 ~~All interest on special fund balances shall accrue to the~~
5 ~~special fund. Upon dissolution of the state pharmacy assistance~~
6 ~~program special fund, any unencumbered moneys in the fund shall~~
7 ~~lapse to the general fund.~~

8 ~~(c) The department shall expend all revenues received from~~
9 ~~rebates paid by pharmaceutical manufacturers pursuant to section~~
10 ~~346-342(g) to pay for the benefits to enrollees in the state~~
11 ~~pharmacy assistance program, the costs of administering the~~
12 ~~program, and reimbursement of medicaid pharmaceutical costs."]~~

13 SECTION 54. Section 346C-5, Hawaii Revised Statutes, is
14 repealed.

15 ~~["§346C-5] Long term care benefits fund. (a) There is~~
16 ~~established in the state treasury the long term care benefits~~
17 ~~fund, into which shall be deposited moneys collected as long-~~
18 ~~term care taxes. The department of budget and finance shall~~
19 ~~deposit the moneys in federally insured financial institutions~~
20 ~~in Hawaii to preserve the balance and ensure a reasonable return~~
21 ~~under prevailing interest rates. Investments of the moneys may~~
22 ~~be made subject to the requirements of this chapter.~~



1 ~~(b) Expenditures from the fund shall be made solely for~~
2 ~~the purpose of making benefit payments and the cost of~~
3 ~~administration.~~

4 ~~(c) Notwithstanding any law to the contrary, moneys in the~~
5 ~~fund shall not be transferred to another fund at any time nor~~
6 ~~for any purpose.~~

7 ~~(d) Costs for the administration of the program shall be~~
8 ~~paid from moneys in the long term care benefits fund as follows:~~

9 ~~(1) Up to four per cent of the total monthly deposit into~~
10 ~~the fund to cover general administrative expenses; and~~

11 ~~(2) Up to four per cent of the total monthly amount of~~
12 ~~claims paid out from the fund may be used to pay for~~
13 ~~administrative expenses related to claims~~
14 ~~processing."]~~

15 SECTION 55. Section 431:22-102, Hawaii Revised Statutes,
16 is repealed.

17 ~~["§431:22-102 Loss mitigation grant fund. (a) There is~~
18 ~~established a special fund to be designated as the loss~~
19 ~~mitigation grant fund. Moneys transferred to the loss~~
20 ~~mitigation grant fund may be expended by the commissioner to~~
21 ~~carry out the commissioner's duties and obligations under this~~
22 ~~article. Disbursements from the loss mitigation grant fund~~
23 ~~shall not be subject to chapter 42F or 91.~~



1 ~~(b) The loss mitigation grant fund may be used by the~~
2 ~~commissioner to make loss mitigation grants authorized under~~
3 ~~this article. The loss mitigation grant fund shall also be used~~
4 ~~by the commissioner to pay for any administrative and~~
5 ~~operational costs, including personnel costs and marketing~~
6 ~~costs, associated with a loss mitigation grant program. Any law~~
7 ~~to the contrary notwithstanding, the commissioner may use the~~
8 ~~moneys in the loss mitigation grant fund to employ or retain, by~~
9 ~~contract or otherwise, without regard to chapters 76 and 78,~~
10 ~~necessary professional, expert, managerial, technical, and~~
11 ~~support personnel to implement and carry out the purposes of~~
12 ~~this article.~~

13 ~~(c) The commissioner shall prepare an annual report to the~~
14 ~~director, governor, and the legislature on the use of the loss~~
15 ~~mitigation grant fund. The report shall provide statistical~~
16 ~~information on program participation. The report shall be~~
17 ~~submitted to the legislature no later than twenty days prior to~~
18 ~~the convening of each regular legislative session."]~~

19 SECTION 56. Part XIII of chapter 346, Hawaii Revised
20 Statutes, is repealed.

21 SECTION 57. Part XV of chapter 346, Hawaii Revised
22 Statutes, is repealed.

23 PART VI



1 **Master Settlement Agreement Money**

2 SECTION 58. The legislature supports tobacco prevention
3 and cessation. At the same time, due to economic difficulties,
4 the State must ensure that core services such as medicaid, state
5 hospitals, and other core programs addressing the health care
6 needs of the State are adequately funded to meet the needs of
7 the public.

8 SECTION 59. Section 328L-2, Hawaii Revised Statutes, is
9 amended by amending subsection (b) to read as follows:

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

13 (1) Fifteen per cent shall be appropriated into the
14 emergency and budget reserve fund under section 328L-
15 3; provided that for fiscal years 2012 and 2013, this
16 percentage shall be deposited into the general fund;

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

19 (3) Six and one-half per cent shall be appropriated into
20 the Hawaii tobacco prevention and control trust fund
21 under section 328L-5; provided that for fiscal years
22 2012 and 2013, this percentage shall be deposited into
23 the general fund; and



1 (4) Twenty-eight per cent shall be appropriated into the
2 university revenue-undertakings fund created in
3 section 304A-2167.5 to be applied to the payment of
4 the principal of and interest on, and to generate
5 required coverage, if any, for revenue bonds issued by
6 the board of regents of the University of Hawaii to
7 finance the cost of construction of a university
8 health and wellness center, including a new medical
9 school facility, to be situated on the island of Oahu,
10 for the succeeding fiscal year; and the payment of
11 annual operating expenses incurred by the new medical
12 school facility; provided that any moneys in excess of
13 the amounts required under this paragraph shall be
14 transferred in the succeeding fiscal year to the
15 emergency and budget reserve fund under section 328L-
16 3; and

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

19 SECTION 60. The director of health, with the assistance of
20 the director of finance, shall conduct a study of the Hawaii
21 tobacco prevention and control trust fund to determine whether:

22 (1) The moneys that actually have been disbursed from the
23 Hawaii tobacco prevention and control trust fund were:



1 (A) Used in the manner in which the Hawaii tobacco
2 prevention and control trust fund was intended
3 under section 328L-5, Hawaii Revised Statutes;
4 and

5 (B) Disbursed in sufficient amount to adequately
6 fulfill the purposes intended under section 328L-
7 5, Hawaii Revised Statutes; and

8 (2) The current level of moneys deposited to the Hawaii
9 tobacco prevention and control trust fund is
10 sufficient to fulfill the purposes for which the
11 Hawaii tobacco prevention and control trust fund was
12 established under section 328L-5, Hawaii Revised
13 Statutes.

14 The director of health shall submit a report of findings
15 and recommendations, including any proposed legislation, to the
16 legislature not later than twenty days prior to the convening of
17 the regular session of 2012.

18 PART VII

19 General Provisions

20 SECTION 61. (a) By July 1, 2011, the director of finance
21 shall transfer any unencumbered balances remaining, as of
22 June 30, 2011, in the special funds that are repealed in part V
23 of this Act to the credit of the general fund.



1 (b) The director of finance shall identify any special
2 funds that are repealed in parts II and V of this Act that
3 contain or receive deposits from any federal funding source and
4 is authorized to transfer the portions of those balances
5 consisting of federal funds into corresponding separate special
6 accounts within the general fund to enable the continuation of
7 the purposes funded by the federal funding sources.

8 SECTION 62. It is the intent of this Act not to jeopardize
9 the receipt of any federal aid nor to impair the obligation of
10 the State or any agency thereof to the holders of any bond
11 issued by the State or by any such agency, and to the extent,
12 and only to the extent, necessary to effectuate this intent, the
13 governor may modify the strict provisions of this Act, but shall
14 promptly report any such modification with reasons therefor to
15 the legislature at its next session thereafter for review by the
16 legislature.

17 SECTION 63. This Act does not affect rights and duties
18 that matured, penalties that were incurred, and proceedings that
19 were begun before its effective date.

20 SECTION 64. If any provision of this Act, or the
21 application thereof to any person or circumstance is held
22 invalid, the invalidity does not affect other provisions or
23 applications of the Act, which can be given effect without the



1 invalid provision or application, and to this end the provisions
2 of this Act are severable.

3 SECTION 65. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 66. This Act shall take effect upon its approval.

APPROVED this 15 day of JUN, 2011



GOVERNOR OF THE STATE OF HAWAII