

1 as of June 30, 2011, shall be transferred to the
2 general fund of the State of Hawaii; and

3 (2) The travel agency recovery fund, the travel agency
4 education fund, the patients' compensation fund, and
5 the health care revolving fund shall cease to exist.

6 PART II

7 University of Hawaii

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

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

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

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



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

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

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

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

- 18 (1) Research and training purposes that may result in
19 additional research and training grants and contracts;
20 (2) Facilitating research and training at the university;
21 and



1 (3) Further deposit into the discoveries and inventions
2 [~~revolving~~] special fund [~~and the University of Hawaii~~
3 ~~housing assistance revolving fund~~]."

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

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

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

18 "[~~§~~304A-2254] Discoveries and inventions [~~revolving~~]
19 special fund. There is established a discoveries and inventions
20 [~~revolving~~] special fund into which shall be deposited a portion
21 of the total indirect overhead funds generated by the university
22 for research and training purposes in the prior fiscal year, as
23 determined by the board of regents. Appropriations by the



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

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

16 "[+]§304A-2259[+] University of Hawaii alumni [~~revolving~~]
17 special fund. There is established the University of Hawaii
18 alumni [~~revolving~~] special fund into which shall be deposited
19 funds and proceeds received by the university from alumni
20 activities and donations from alumni. Funds deposited into this
21 [~~revolving~~] special fund may be expended by the university for
22 all costs associated with conducting alumni affairs, activities,
23 and programs for the university system, including but not



1 limited to expenses for honoraria, hotel and room rentals, food
2 and refreshment, printing and mailing, banners and signs,
3 plaques and awards, airfare and per diem, leis, rental of
4 audiovisual, musical, and stage equipment, and activity supplies
5 and materials, without regard to statutory competitive bidding
6 requirements."

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

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



1 from which shall be deposited into these [~~revolving~~] special
2 funds.

3 The university shall maintain the financial integrity and
4 viability of these [~~revolving~~] special funds, including the
5 maintenance of an adequate reserve to cope with the various
6 factors that impact the revenue structure of an intercollegiate
7 athletic program."

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

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

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

22 "[+]§304A-2271[+] University of Hawaii-Hilo theatre
23 [~~revolving~~] special fund. There is established the University



1 of Hawaii-Hilo theatre [revolving] special fund, which shall
2 consist of admissions, advertising sales, corporate
3 sponsorships, marketing, merchandising, donations, fund-raising,
4 fees, charges, and other moneys collected in conjunction with
5 the University of Hawaii-Hilo theatre program. The [revolving]
6 special fund shall be administered by the office of
7 administrative affairs of the University of Hawaii at Hilo.
8 Funds may be expended for all costs associated with the theatre
9 program, including artists' fees, production costs, personnel
10 costs, honoraria, per diem, hotel and room rentals, food and
11 refreshments, printing and mailing, advertising, airfare, leis,
12 rental or purchase of equipment, and theater supplies and
13 materials."

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

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



1 ~~used for the State's membership and participation in the Western~~
2 ~~Governors University."]~~

3 SECTION 12. Section 304A-2258, Hawaii Revised Statutes, is
4 repealed.

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

12 ~~(1) Implement the university housing assistance master~~
13 ~~plan, in accordance with policies adopted by the board~~
14 ~~of regents; and~~

15 ~~(2) Account for all transactions of the university housing~~
16 ~~assistance program, including but not limited to~~
17 ~~revenues, expenditures, loans, and transfers."]~~

18 SECTION 13. Section 304A-2264, Hawaii Revised Statutes, is
19 repealed.

20 ~~"[§304A-2264] Conference center revolving fund;~~
21 ~~University of Hawaii at Manoa. There is established the~~
22 ~~conference center revolving fund for the conference center~~
23 ~~program in the college of continuing education and community~~



1 ~~service of the University of Hawaii at Manoa. All fees,~~
2 ~~charges, and other moneys collected in conjunction with the~~
3 ~~conference center program shall be deposited in the revolving~~
4 ~~fund. The dean of the college of continuing education and~~
5 ~~community service is authorized to expend funds from the~~
6 ~~revolving fund for all costs associated with conducting~~
7 ~~conferences, seminars, and courses by the conference center~~
8 ~~program, including but not limited to expenses for honoraria,~~
9 ~~hotel and room rentals, food and refreshment, printing and~~
10 ~~mailing, airfare and per diem, leis, rental of audiovisual~~
11 ~~equipment, and conference supplies and materials."]~~

12 SECTION 14. Section 304A-2265, Hawaii Revised Statutes, is
13 repealed.

14 [~~§304A-2265~~] ~~International exchange healthcare tourism~~
15 ~~revolving fund.~~ (a) ~~There is established the international~~
16 ~~exchange healthcare tourism revolving fund for the international~~
17 ~~exchange of healthcare tourism program into which shall be~~
18 ~~deposited all donations, gifts, contributions, legislative~~
19 ~~appropriations, and moneys generated by the program through~~
20 ~~education, training, and research contracts and grants. Moneys~~
21 ~~deposited into this fund for the school of medicine and the~~
22 ~~school of nursing and dental hygiene shall be divided into~~
23 ~~separate accounts for each school, provided that moneys not~~



1 ~~designated for use by a particular school shall be divided~~
2 ~~equally. Moneys shall be expended from each account by the~~
3 ~~school of medicine and the school of nursing and dental hygiene,~~
4 ~~for student aid, training projects, teaching, supplies,~~
5 ~~services, and activities related to the development and~~
6 ~~promotion of the health related tourism education program.~~

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

13 SECTION 15. Section 304A-2266, Hawaii Revised Statutes, is
14 repealed.

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



1 SECTION 16. Section 304A-2269, Hawaii Revised Statutes, is
2 repealed.

3 ~~["§304A-2269] Community college and University of Hawaii~~
4 ~~at Hilo bookstore revolving fund. There is established the~~
5 ~~community college and University of Hawaii at Hilo bookstore~~
6 ~~revolving fund for the community college and University of~~
7 ~~Hawaii at Hilo bookstores, from which shall be paid the cost of~~
8 ~~goods or services rendered or furnished to the bookstores and~~
9 ~~which shall be replenished through charges made for goods and~~
10 ~~services or through transfers from other accounts or funds."]~~

11 SECTION 17. All fund balances remaining unencumbered and
12 unexpended as of June 30, 2011, in the University of Hawaii at
13 Manoa conference center revolving fund shall be transferred to
14 the general fund.

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

21 SECTION 19. The conversion of revolving funds to special
22 funds pursuant to sections 4, 6, 7, 8, 9, and 10 of this Act
23 shall in no way be construed as an authorization to remove,



1 alter, or amend any moneys from any revolving fund other than
2 for the purposes of this Act and for the allowable uses under
3 relevant law.

4 **PART III**

5 **Fund Transfers**

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

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

17 The purpose of this part is to help address the fiscal year
18 2011-2012 budget shortfall by transferring excess balances from
19 various non-general funds into the State's general fund.

20 SECTION 21. The legislature determines that there is in
21 the state risk management revolving fund at least \$1,000,000 in
22 excess of the requirements of the fund. On July 1, 2011, the
23 director of finance is authorized to transfer from the state



1 risk management revolving fund to the general fund the sum of
2 \$1,000,000 or so much thereof as may be necessary for fiscal
3 year 2011-2012.

4 SECTION 22. The legislature determines that there is in
5 the medicaid investigations recovery fund at least \$500,000 in
6 excess of the requirements of the fund. On July 1, 2011, the
7 director of finance is authorized to transfer from the state
8 medicaid investigations recovery fund to the general fund the
9 sum of \$500,000 or so much thereof as may be necessary for
10 fiscal year 2011-2012.

11 SECTION 23. The legislature determines that there is in
12 the compliance resolution fund at least \$1,500,000 in excess of
13 the requirements of the fund. On July 1, 2011, the director of
14 finance is authorized to transfer from the compliance resolution
15 fund to the general fund the sum of \$1,500,000 or so much
16 thereof as may be necessary for fiscal year 2011-2012.

17 SECTION 24. The legislature determines that there is in
18 the mental health and substance abuse special fund at least
19 \$2,000,000 in excess of the requirements of the fund. On
20 July 1, 2011, the director of finance is authorized to transfer
21 from the mental health and substance abuse special fund to the
22 general fund the sum of \$2,000,000 or so much thereof as may be
23 necessary for fiscal year 2011-2012.



1 SECTION 25. The legislature determines that there is in
2 the drug demand reduction assessments special fund at least
3 \$700,000 in excess of the requirements of the fund. On July 1,
4 2011, the director of finance is authorized to transfer from the
5 drug demand reduction assessments special fund to the general
6 fund the sum of \$700,000 or so much thereof as may be necessary
7 for fiscal year 2011-2012.

8 SECTION 26. The legislature determines that there is in
9 the neurotrauma special fund at least \$250,000 in excess of the
10 requirements of the fund. On July 1, 2011, the director of
11 finance is authorized to transfer from the neurotrauma special
12 fund to the general fund the sum of \$250,000 or so much thereof
13 as may be necessary for fiscal year 2011-2012.

14 SECTION 27. The legislature determines that there is in
15 the environmental management special fund at least \$750,000 in
16 excess of the requirements of the fund. On July 1, 2011, the
17 director of finance is authorized to transfer from the
18 environmental management special fund to the general fund the
19 sum of \$750,000 or so much thereof as may be necessary for
20 fiscal year 2011-2012.

21 SECTION 28. The legislature determines that there is in
22 the deposit beverage container deposit special fund at least
23 \$300,000 in excess of the requirements of the fund. On July 1,



1 2011, the director of finance is authorized to transfer from the
2 deposit beverage container deposit special fund to the general
3 fund the sum of \$300,000 or so much thereof as may be necessary
4 for fiscal year 2011-2012.

5 SECTION 29. The legislature determines that there is in
6 the employment and training fund at least \$44,000 in excess of
7 the requirements of the fund. On July 1, 2011, the director of
8 finance is authorized to transfer from the employment and
9 training fund to the general fund the sum of \$44,000 or so much
10 thereof as may be necessary for fiscal year 2011-2012.

11 SECTION 30. The legislature determines that there is in
12 the special unemployment insurance administration fund at least
13 \$1,500,000 in excess of the requirements of the fund. On
14 July 1, 2011, the director of finance is authorized to transfer
15 from the special unemployment insurance administration fund to
16 the general fund the sum of \$1,500,000 or so much thereof as may
17 be necessary for fiscal year 2011-2012.

18 SECTION 31. The legislature determines that there is in
19 the Waialua loan subsidy program balance, contained in the
20 rental assistance revolving fund, at least \$1,174 in excess of
21 the requirements of the program. On July 1, 2011, the director
22 of finance is authorized to transfer from the Waialua loan



1 subsidy program balance to the general fund the sum of \$1,174 or
2 so much thereof as may be necessary for fiscal year 2011-2012.

3 SECTION 32. The legislature determines that there is in
4 the UH faculty housing project series 1995 bond proceed special
5 fund at least \$520,780 in excess of the requirements of the
6 fund. On July 1, 2011, the director of finance is authorized to
7 transfer from the UH faculty housing project series 1995 bond
8 proceed special fund to the general fund the sum of \$520,780 or
9 so much thereof as may be necessary for fiscal year 2011-2012.

10 SECTION 33. The legislature determines that there is in
11 the stadium special fund at least \$500,000 in excess of the
12 requirements of the fund. On July 1, 2011, the director of
13 finance is authorized to transfer from the stadium special fund
14 to the general fund the sum of \$500,000 or so much thereof as
15 may be necessary for fiscal year 2011-2012.

16 SECTION 34. The legislature determines that there is in
17 the Kikala-Keokea housing revolving fund at least \$428,924 in
18 excess of the requirements of the fund. On July 1, 2011, the
19 director of finance is authorized to transfer from the Kikala-
20 Keokea housing revolving fund to the general fund the sum of
21 \$428,924 or so much thereof as may be necessary for fiscal year
22 2011-2012.



1 SECTION 35. The legislature determines that there is in
2 the community use of school facilities special fund at least
3 \$1,000,000 in excess of the requirements of the fund. On July
4 1, 2011, the director of finance is authorized to transfer from
5 the community use of school facilities special fund to the
6 general fund the sum of \$1,000,000 or so much thereof as may be
7 necessary for fiscal year 2011-2012.

8 SECTION 36. The legislature determines that there is in
9 the federal grants search, development, and application
10 revolving fund at least \$500,000 in excess of the requirements
11 of the fund. On July 1, 2011, the director of finance is
12 authorized to transfer from the federal grants search,
13 development, and application revolving fund to the general fund
14 the sum of \$500,000 or so much thereof as may be necessary for
15 fiscal year 2011-2012.

16 SECTION 37. The legislature determines that there is in
17 the trauma system special fund at least \$1,000,000 in excess of
18 the requirements of the fund. On July 1, 2011, the director of
19 finance is authorized to transfer from the trauma system special
20 fund to the general fund the sum of \$1,000,000 or so much
21 thereof as may be necessary for fiscal year 2011-2012.

22 PART IV

23 Conforming Amendments



1 SECTION 38. Section 28-8.3, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

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

- 10 (1) By the public utilities commission, the labor and
11 industrial relations appeals board, and the Hawaii
12 labor relations board;
- 13 (2) By any court or judicial or legislative office of the
14 State; provided that if the attorney general is
15 requested to provide representation to a court or
16 judicial office by the chief justice or the chief
17 justice's designee, or to a legislative office by the
18 speaker of the house of representatives and the
19 president of the senate jointly, and the attorney
20 general declines to provide such representation on the
21 grounds of conflict of interest, the attorney general
22 shall retain an attorney for the court, judicial, or



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



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

5 SECTION 40. Section 167-22, Hawaii Revised Statutes, is
6 amended by amending subsection (a) to read as follows:

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

- 9 (1) All legislative appropriations to the irrigation
10 system revolving fund; and
11 (2) All or any portion of the receipts and revenues
12 collected under this chapter, as determined by the
13 board of agriculture [~~exclusive of the receipts and~~
14 ~~revenues deposited into the irrigation water~~
15 ~~development special fund~~]."

16 SECTION 41. Section 321-355, Hawaii Revised Statutes, is
17 amended by amending subsection (b) to read as follows:

18 "(b) The fund shall consist of grants and income earned by
19 the special fund. [~~Notwithstanding section 29-24, all~~] All
20 program income consisting of federal reimbursement funds
21 received by the State for early intervention funded by
22 legislative appropriations under this part shall be deposited



1 into the special fund; provided that no state appropriations
2 shall be deposited into the special fund."

3 SECTION 42. Section 321-356, Hawaii Revised Statutes, is
4 amended by amending subsection (b) to read as follows:

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

14 SECTION 43. Section 346-311, Hawaii Revised Statutes, is
15 amended by amending the definition of "secondary discounted
16 price" to read as follows:

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

20 SECTION 44. Section 346-344, Hawaii Revised Statutes, is
21 amended by amending subsections (a) and (b) to read as follows:

22 "(a) For persons meeting the eligibility requirements in
23 section 346-343, the state pharmacy assistance program may pay



1 all or some of the co-payments required under the federal
2 medicare part D pharmacy benefit program, [~~subject to the~~
3 ~~sufficiency of funds in the state pharmacy assistance program~~
4 ~~special fund,~~] as determined by the department.

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

9 SECTION 45. Section 431:22-103, Hawaii Revised Statutes,
10 is amended to read as follows:

11 "[+]§431:22-103[+] **Establishment of loss mitigation grant**
12 **program.** The commissioner shall develop and implement a pilot
13 grant program to encourage the installation of wind resistive
14 devices. The commissioner may spend up to \$6,000,000 [~~from the~~
15 ~~loss mitigation grant fund~~] over three years for the grant
16 program, which amounts shall include the costs of administering,
17 operating, and marketing the grant program.

18 For the first year of the grant program, the commissioner
19 may make grants only to former policyholders of the Hawaii
20 hurricane relief fund. From the second year onward, the
21 commissioner may also make grants to all single or multi-family
22 residential owners, which may include owners of townhouse units
23 or condominium apartments under section 431:22-104(c)(3)."



1 SECTION 46. Section 431P-16, Hawaii Revised Statutes, is
2 amended by amending subsection (i) to read as follows:

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

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

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

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

21 provided that all interest earned from the principal in the
22 hurricane reserve trust fund shall be transferred and deposited



1 into the general fund each year that the hurricane reserve trust
2 fund remains in existence."

3 SECTION 47. Section 431P-16.5, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "~~[+] §431P-16.5 [— Transfer of funds; immunity.]~~ Immunity.

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

14 PART V

15 Other Repealed Funds

16 SECTION 48. Section 29-24, Hawaii Revised Statutes, is
17 repealed.

18 [~~§29-24 Interagency federal revenue maximization
19 revolving fund. (a) There is established in the state treasury
20 an interagency federal revenue maximization revolving fund, into
21 which shall be deposited all funds and proceeds collected from
22 the federal government and third party payers for costs not
23 previously claimed by the State, with the exception of proceeds~~



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

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

23 ~~(1) A fixed price basis;~~



- 1 ~~(2) An hourly rate basis with or without a fixed cap, or~~
2 ~~(3) Through a contingent fee arrangement specified in the~~
3 ~~contract.~~

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

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

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

21 SECTION 49. Section 167-22.5, Hawaii Revised Statutes, is
22 repealed.



1 ~~["§167-22.5] Irrigation water development special fund.~~

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

4 ~~(1) Appropriations by the legislature to the irrigation~~
5 ~~water development special fund;~~

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

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

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

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

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

22 ~~(2) Payment of debt service on revenue bonds issued by the~~
23 ~~department for irrigation project purposes, and the~~



1 ~~establishment of debt service and other revenues~~
2 ~~deemed necessary by the board;~~
3 ~~(3) Reimbursement of the general fund for debt service on~~
4 ~~general obligation bonds issued to finance irrigation~~
5 ~~projects where the bonds are designated to be~~
6 ~~reimbursable out of the irrigation water development~~
7 ~~special fund; and~~
8 ~~(4) Any other purpose deemed necessary by the board for~~
9 ~~the purpose of planning, designing, improving,~~
10 ~~constructing, developing, operating, and maintaining~~
11 ~~irrigation projects."]~~

12 SECTION 50. Section 167-24, Hawaii Revised Statutes, is
13 repealed.

14 ~~"[§167-24] Irrigation repair and maintenance special~~
15 ~~fund. (a) There is established in the state treasury the~~
16 ~~irrigation repair and maintenance special fund that shall be~~
17 ~~administered by the board.~~

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

- 21 ~~(1) East Kauai irrigation system;~~
- 22 ~~(2) Kekaha ditch;~~
- 23 ~~(3) Kokee ditch;~~



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



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

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

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

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

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

22 ~~"Diversified agriculture" means agricultural operations~~
23 ~~that produce diversified agricultural products, including~~



1 ~~flowers, nursery products, vegetables, herbs, melons, seed~~
2 ~~crops, macadamia nuts, aquaculture, coffee, milk, cattle, eggs,~~
3 ~~hogs, and fruit.~~

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

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

- 9 ~~(1) Owns agricultural land, formerly used as a sugarcane~~
10 ~~or pineapple plantation, that contains a privately~~
11 ~~owned irrigation system that is necessary for the~~
12 ~~sustained production of diversified agriculture on the~~
13 ~~land served by the irrigation system; or~~
14 ~~(2) Owns, or partially owns, an irrigation system listed~~
15 ~~in subsection (b) (1) through (17)."]~~

16 SECTION 51. Section 346-318, Hawaii Revised Statutes, is
17 repealed.

18 [~~§346-318 Rx plus special fund.~~ (a) ~~There is~~
19 ~~established within the state treasury, to be administered by the~~
20 ~~department, the Rx plus special fund into which shall be~~
21 ~~deposited:~~

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



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

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

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

6 ~~(1) Reimbursement payments to participating pharmacies for~~
7 ~~discounts provided to program participants,~~

8 ~~(2) The cost of administering the Rx plus program,~~
9 ~~including salary and benefits of employees, computer~~
10 ~~costs, and contracted services as provided in section~~
11 ~~346-312, and~~

12 ~~(3) Any other purpose deemed necessary by the department~~
13 ~~for the purpose of operating and administering the Rx~~
14 ~~plus program.~~

15 ~~All interest on special fund balances shall accrue to the~~
16 ~~special fund. Upon dissolution of the Rx plus special fund, any~~
17 ~~unencumbered moneys in the fund shall lapse to the credit of the~~
18 ~~general fund."]~~

19 SECTION 52. Section 346-345, Hawaii Revised Statutes, is
20 repealed.

21 ~~["~~§346-345~~ Special fund. (a) There is established~~
22 ~~within the state treasury to be administered by the department,~~



1 ~~the state pharmacy assistance program special fund, into which~~
2 ~~shall be deposited:~~

- 3 ~~(1) All moneys received from manufacturers that pay~~
4 ~~rebates as provided in section 346-342(g);~~
- 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 state pharmacy assistance program~~
9 ~~special fund may be used for:~~

- 10 ~~(1) Reimbursement payments to participating pharmacies for~~
11 ~~co-payments required under the federal medicare part D~~
12 ~~pharmacy benefit program as provided to state pharmacy~~
13 ~~assistance program participants;~~
- 14 ~~(2) The costs of administering the state pharmacy~~
15 ~~assistance program, including salary and benefits of~~
16 ~~employees, computer costs, and contracted services as~~
17 ~~provided in section 346-342(d); and~~
- 18 ~~(3) Any other purpose deemed necessary by the department~~
19 ~~for the purpose of operating and administering the~~
20 ~~state pharmacy [assistance] program.~~

21 ~~All interest on special fund balances shall accrue to the~~
22 ~~special fund. Upon dissolution of the state pharmacy assistance~~



1 ~~program special fund, any unencumbered moneys in the fund shall~~
2 ~~lapse to the general fund.~~

3 ~~(c) The department shall expend all revenues received from~~
4 ~~rebates paid by pharmaceutical manufacturers pursuant to section~~
5 ~~346-342(g) to pay for the benefits to enrollees in the state~~
6 ~~pharmacy assistance program, the costs of administering the~~
7 ~~program, and reimbursement of medicaid pharmaceutical costs."]~~

8 SECTION 53. Section 346C-5, Hawaii Revised Statutes, is
9 repealed.

10 ~~["~~§346C-5~~ Long term care benefits fund. (a) There is~~
11 ~~established in the state treasury the long term care benefits~~
12 ~~fund, into which shall be deposited moneys collected as long~~
13 ~~term care taxes. The department of budget and finance shall~~
14 ~~deposit the moneys in federally insured financial institutions~~
15 ~~in Hawaii to preserve the balance and ensure a reasonable return~~
16 ~~under prevailing interest rates. Investments of the moneys may~~
17 ~~be made subject to the requirements of this chapter.~~

18 ~~(b) Expenditures from the fund shall be made solely for~~
19 ~~the purpose of making benefit payments and the cost of~~
20 ~~administration.~~

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



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

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

5 ~~(2) Up to four per cent of the total monthly amount of~~
6 ~~claims paid out from the fund may be used to pay for~~
7 ~~administrative expenses related to claims~~
8 ~~processing."]~~

9 SECTION 54. Section 431:22-102, Hawaii Revised Statutes,
10 is repealed.

11 [~~§431:22-102 Loss mitigation grant fund.~~ (a) ~~There is~~
12 ~~established a special fund to be designated as the loss~~
13 ~~mitigation grant fund. Moneys transferred to the loss~~
14 ~~mitigation grant fund may be expended by the commissioner to~~
15 ~~carry out the commissioner's duties and obligations under this~~
16 ~~article. Disbursements from the loss mitigation grant fund~~
17 ~~shall not be subject to chapter 42F or 91.~~

18 ~~(b) The loss mitigation grant fund may be used by the~~
19 ~~commissioner to make loss mitigation grants authorized under~~
20 ~~this article. The loss mitigation grant fund shall also be used~~
21 ~~by the commissioner to pay for any administrative and~~
22 ~~operational costs, including personnel costs and marketing~~
23 ~~costs, associated with a loss mitigation grant program. Any law~~



1 ~~to the contrary notwithstanding, the commissioner may use the~~
2 ~~moneys in the loss mitigation grant fund to employ or retain, by~~
3 ~~contract or otherwise, without regard to chapters 76 and 78,~~
4 ~~necessary professional, expert, managerial, technical, and~~
5 ~~support personnel to implement and carry out the purposes of~~
6 ~~this article.~~

7 ~~(c) The commissioner shall prepare an annual report to the~~
8 ~~director, governor, and the legislature on the use of the loss~~
9 ~~mitigation grant fund. The report shall provide statistical~~
10 ~~information on program participation. The report shall be~~
11 ~~submitted to the legislature no later than twenty days prior to~~
12 ~~the convening of each regular legislative session."]~~

13 **PART VI**

14 **Master Settlement Agreement Money**

15 SECTION 55. The legislature supports tobacco prevention
16 and cessation. At the same time, due to economic difficulties,
17 the State must ensure that core services such as medicaid, state
18 hospitals, and other core programs addressing the health care
19 needs of the State are adequately funded to meet the needs of
20 the public.

21 SECTION 56. Section 328L-2, Hawaii Revised Statutes, is
22 amended by amending subsection (b) to read as follows:



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

4 (1) Fifteen per cent shall be appropriated into the
5 emergency and budget reserve fund under section 328L-
6 3; provided that for fiscal years 2012 and 2013, this
7 percentage shall be deposited into the general fund;

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

10 (3) Six and one-half per cent shall be appropriated into
11 the Hawaii tobacco prevention and control trust fund
12 under section 328L-5; provided that for fiscal years
13 2012 and 2013, this percentage shall be deposited into
14 the general fund; and

15 (4) Twenty-eight per cent shall be appropriated into the
16 university revenue-undertakings fund created in
17 section 304A-2167.5 to be applied to the payment of
18 the principal of and interest on, and to generate
19 required coverage, if any, for revenue bonds issued by
20 the board of regents of the University of Hawaii to
21 finance the cost of construction of a university
22 health and wellness center, including a new medical
23 school facility, to be situated on the island of Oahu,

1 for the succeeding fiscal year; and the payment of
2 annual operating expenses incurred by the new medical
3 school facility; provided that any moneys in excess of
4 the amounts required under this paragraph shall be
5 transferred in the succeeding fiscal year to the
6 emergency and budget reserve fund under section 328L-
7 3; and

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

10 SECTION 57. The director of health, with the assistance of
11 the director of finance, shall conduct a study of the Hawaii
12 tobacco prevention and control trust fund to determine whether:

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

15 (A) Used in the manner in which the Hawaii tobacco
16 prevention and control trust fund was intended
17 under section 328L-5, Hawaii Revised Statutes;
18 and

19 (B) Disbursed in sufficient amount to adequately
20 fulfill the purposes intended under section 328L-
21 5, Hawaii Revised Statutes; and

22 (2) The current level of moneys deposited to the Hawaii
23 tobacco prevention and control trust fund is



1 sufficient to fulfill the purposes for which the
2 Hawaii tobacco prevention and control trust fund was
3 established under section 328L-5, Hawaii Revised
4 Statutes.

5 The director of health shall submit a report of findings
6 and recommendations, including any proposed legislation, to the
7 legislature not later than twenty days prior to the convening of
8 the regular session of 2012.

9 **PART VII**

10 **General Provisions**

11 SECTION 58. (a) On July 1, 2011, the director of finance
12 shall transfer any unencumbered balances remaining, as of
13 June 30, 2011, in the special funds that are repealed in part V
14 of this Act to the credit of the general fund.

15 (b) The director of finance shall identify any special
16 funds that are repealed in parts II and V of this Act that
17 contain or receive deposits from any federal funding source and
18 is authorized to transfer the portions of those balances
19 consisting of federal funds into corresponding separate special
20 accounts within the general fund to enable the continuation of
21 the purposes funded by the federal funding sources.

22 SECTION 59. It is the intent of this Act not to jeopardize
23 the receipt of any federal aid nor to impair the obligation of



1 the State or any agency thereof to the holders of any bond
2 issued by the State or by any such agency, and to the extent,
3 and only to the extent, necessary to effectuate this intent, the
4 governor may modify the strict provisions of this Act, but shall
5 promptly report any such modification with reasons therefor to
6 the legislature at its next session thereafter for review by the
7 legislature.

8 SECTION 60. This Act does not affect rights and duties
9 that matured, penalties that were incurred, and proceedings that
10 were begun before its effective date.

11 SECTION 61. If any provision of this Act, or the
12 application thereof to any person or circumstance is held
13 invalid, the invalidity does not affect other provisions or
14 applications of the Act, which can be given effect without the
15 invalid provision or application, and to this end the provisions
16 of this Act are severable.

17 SECTION 62. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 63. This Act shall take effect on July 1, 2011.



Report Title:

Certain Special Funds; Certain Revolving Funds; Repeal

Description:

Repeals certain special funds and transfers balances to the general fund. Converts certain revolving funds of the University of Hawaii into special funds. Temporarily redirects an additional portion of tobacco settlement funds into the general fund. Requires a study of the Hawaii tobacco prevention and control trust fund. Effective 07/01/11. (CD1)

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