
A BILL FOR AN ACT

RELATING TO STATE FUNDS.

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

1 PART I

2 EXPIRED FUNDS

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4 established by statutes that have long been repealed, are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7 established have been repealed, these funds have outlived their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

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

15 SECTION 2. On June 30, 2011:

16 (1) All moneys in the travel agency recovery fund and the
17 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. Chapter 304A, Hawaii Revised Statutes, is
8 amended by adding six new sections to subpart C of part V to be
9 appropriately designated and to read as follows:

10 "§304A-A Child care programs special fund. There is
11 established a child care programs special fund for the operation
12 of child care programs established under section 304A-116 and
13 the construction and renovation of child care centers
14 established by the University of Hawaii. Fees charged for child
15 care at child care programs, proceeds from donations to the
16 university for child care programs, and proceeds from loans or
17 other instruments of indebtedness for the construction or
18 renovation of child care centers shall be deposited into the
19 special fund. Expenditures from the special fund shall be made
20 for the operation of child care programs and payment of
21 principal and interest on obligations incurred for the
22 construction or renovation of child care centers.



1 §304A-B Discoveries and inventions special fund. There is
2 established a discoveries and inventions special fund into which
3 shall be deposited a portion of the total indirect overhead
4 funds generated by the university for research and training
5 purposes in the prior fiscal year, as determined by the board of
6 regents. Appropriations by the legislature subject to the
7 approval of the governor, proceeds from the commercial
8 exploitation of inventions and intellectual property developed
9 at the university, gifts, donations, fees collected, and grants
10 from public agencies and private persons may also be deposited
11 into the special fund for the purposes of supporting innovation
12 and research commercialization and the patenting, copyrighting,
13 licensing, and marketing of discoveries, inventions, and
14 technologies developed at the university. The special fund
15 shall be used to develop technologies that have potential
16 commercial value, support the administration of technology
17 transfer activities, and facilitate economic development through
18 education and research undertaken at the university.

19 §304A-C University of Hawaii alumni special fund. There
20 is established the University of Hawaii alumni special fund into
21 which shall be deposited funds and proceeds received by the
22 university from alumni activities and donations from alumni.



1 Funds deposited into this special fund may be expended by the
2 university for all costs associated with conducting alumni
3 affairs, activities, and programs for the university system,
4 including expenses for honoraria, hotel and room rentals, food
5 and refreshment, printing and mailing, banners and signs,
6 plaques and awards, airfare and per diem, leis, rental of
7 audiovisual, musical, and stage equipment, and activity supplies
8 and materials, without regard to statutory competitive bidding
9 requirements.

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



1 use of its athletic facilities, the proceeds from which shall be
2 deposited into these special funds.

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

7 §304A-E Animal research farm, Waialeale, Oahu special fund.

8 There is established the animal research farm, Waialeale, Oahu
9 special fund for the animal research farm, Waialeale, Oahu,
10 operated by the college of tropical agriculture and human
11 resources of the University of Hawaii, into which shall be
12 deposited the receipts from fees realized from the sale of
13 livestock, services, and supplies. Funds deposited into this
14 special fund shall be expended for animal research, and services
15 and supplies related thereto.

16 §304A-F University of Hawaii-Hilo theatre special fund.

17 There is established the University of Hawaii-Hilo theatre
18 special fund, which shall consist of admissions, advertising
19 sales, corporate sponsorships, marketing, merchandising,
20 donations, fund-raising, fees, charges, and other moneys
21 collected in conjunction with the University of Hawaii-Hilo
22 theatre program. The special fund shall be administered by the



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

8 SECTION 4. 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~~], 304A-A, public
13 funds, 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 5. Section 304A-2253, Hawaii Revised Statutes, is
17 amended as follows:

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

19 "(a) There is established a University of Hawaii research
20 and training revolving fund into which shall be deposited one
21 hundred per cent of the total amount of indirect overhead
22 revenues generated by the university from research and training



1 programs. The board of regents is authorized to expend one
2 hundred per cent of the revenues deposited in the fund for:

- 3 (1) Research and training purposes that may result in
4 additional research and training grants and contracts;
- 5 (2) Facilitating research and training at the university;
6 and
- 7 (3) Further deposit into the discoveries and inventions
8 [~~revolving fund and the University of Hawaii housing~~
9 ~~assistance revolving~~] special fund."

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

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



1 SECTION 6. Section 304A-2158, Hawaii Revised Statutes, is
2 repealed.

3 ~~["[§304A-2158] Western Governors University special fund.~~
4 ~~There is established a Western Governors University special fund~~
5 ~~into which shall be deposited all revenues derived from the~~
6 ~~State's participation in the Western Governors University,~~
7 ~~except University of Hawaii income from tuition and fees charged~~
8 ~~for regular courses of instruction and tuition related course~~
9 ~~and fee charges to students. The fund shall be administered by~~
10 ~~the board of regents of the University of Hawaii and shall be~~
11 ~~used for the State's membership and participation in the Western~~
12 ~~Governors University."]~~

13 SECTION 7. Section 304A-2252, Hawaii Revised Statutes, is
14 repealed.

15 ~~["[§304A-2252] Child care programs revolving fund. There~~
16 ~~is established a child care programs revolving fund for the~~
17 ~~operation of child care programs established under section~~
18 ~~304A-116 and the construction and renovation of child care~~
19 ~~centers established by the University of Hawaii. Fees charged~~
20 ~~for child care at child care programs, proceeds from donations~~
21 ~~to the university for child care programs, and proceeds from~~
22 ~~loans or other instruments of indebtedness for the construction~~



1 ~~or renovation of child care centers shall be deposited into the~~
2 ~~revolving fund. Expenditures from the revolving fund shall be~~
3 ~~made for the operation of child care programs and payment of~~
4 ~~principal and interest on obligations incurred for the~~
5 ~~construction or renovation of child care centers."]~~

6 SECTION 8. Section 304A-2254, Hawaii Revised Statutes, is
7 repealed.

8 ~~["~~{§304A-2254} Discoveries and inventions revolving fund.~~~~

9 ~~There is established a discoveries and inventions revolving fund~~
10 ~~into which shall be deposited a portion of the total indirect~~
11 ~~overhead funds generated by the university for research and~~
12 ~~training purposes in the prior fiscal year, as determined by the~~
13 ~~board of regents. Appropriations by the legislature subject to~~
14 ~~the approval of the governor, proceeds from the commercial~~
15 ~~exploitation of inventions and intellectual property developed~~
16 ~~at the university, gifts, donations, fees collected, and grants~~
17 ~~from public agencies and private persons may also be deposited~~
18 ~~into the fund for the purposes of supporting innovation and~~
19 ~~research commercialization and the patenting, copyrighting,~~
20 ~~licensing, and marketing of discoveries, inventions, and~~
21 ~~technologies developed at the university. The fund shall be~~
22 ~~used to develop technologies that have potential commercial~~



1 ~~value, support the administration of technology transfer~~
2 ~~activities, and facilitate economic development through~~
3 ~~education and research undertaken at the university."]~~

4 SECTION 9. Section 304A-2258, Hawaii Revised Statutes, is
5 repealed.

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

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

19 SECTION 10. Section 304A-2259, Hawaii Revised Statutes, is
20 repealed.

21 [~~["§304A-2259] University of Hawaii alumni revolving~~
22 ~~fund. There is established the University of Hawaii alumni~~



1 ~~revolving fund into which shall be deposited funds and proceeds~~
2 ~~received by the university from alumni activities and donations~~
3 ~~from alumni. Funds deposited into this revolving fund may be~~
4 ~~expended by the university for all costs associated with~~
5 ~~conducting alumni affairs, activities, and programs for the~~
6 ~~university system, including but not limited to expenses for~~
7 ~~honoraria, hotel and room rentals, food and refreshment,~~
8 ~~printing and mailing, banners and signs, plaques and awards,~~
9 ~~airfare and per diem, leis, rental of audiovisual, musical, and~~
10 ~~stage equipment, and activity supplies and materials, without~~
11 ~~regard to statutory competitive bidding requirements."]~~

12 SECTION 11. Section 304A-2261, Hawaii Revised Statutes, is
13 repealed.

14 [~~["§304A-2261] University of Hawaii at Manoa~~
15 ~~intercollegiate athletics revolving fund and University of~~
16 ~~Hawaii at Hilo intercollegiate athletics revolving fund.~~
17 ~~Notwithstanding any other law to the contrary, there are~~
18 ~~established the University of Hawaii at Manoa intercollegiate~~
19 ~~athletics revolving fund and the University of Hawaii at Hilo~~
20 ~~intercollegiate athletics revolving fund for the intercollegiate~~
21 ~~athletic programs of the University of Hawaii at Manoa and the~~
22 ~~University of Hawaii at Hilo, which shall be used to receive,~~



1 ~~deposit, disburse, and account for funds from the activities of~~
2 ~~the intercollegiate athletic programs. The university may~~
3 ~~establish appropriate charges for activities related to its~~
4 ~~athletic programs and the use of its athletic facilities, the~~
5 ~~proceeds from which shall be deposited into these revolving~~
6 ~~funds.~~

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

11 SECTION 12. Section 304A-2262, Hawaii Revised Statutes, is
12 repealed.

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



1 SECTION 13. Section 304A-2264, Hawaii Revised Statutes, is
2 repealed.

3 ~~["§304A-2264] Conference center revolving fund,~~
4 ~~University of Hawaii at Manoa. There is established the~~
5 ~~conference center revolving fund for the conference center~~
6 ~~program in the college of continuing education and community~~
7 ~~service of the University of Hawaii at Manoa. All fees,~~
8 ~~charges, and other moneys collected in conjunction with the~~
9 ~~conference center program shall be deposited in the revolving~~
10 ~~fund. The dean of the college of continuing education and~~
11 ~~community service is authorized to expend funds from the~~
12 ~~revolving fund for all costs associated with conducting~~
13 ~~conferences, seminars, and courses by the conference center~~
14 ~~program, including but not limited to expenses for honoraria,~~
15 ~~hotel and room rentals, food and refreshment, printing and~~
16 ~~mailing, airfare and per diem, leis, rental of audiovisual~~
17 ~~equipment, and conference supplies and materials."]~~

18 SECTION 14. Section 304A-2265, Hawaii Revised Statutes, is
19 repealed.

20 ~~["§304A-2265] International exchange healthcare tourism~~
21 ~~revolving fund. (a) There is established the international~~
22 ~~exchange healthcare tourism revolving fund for the international~~



1 ~~exchange of healthcare tourism program into which shall be~~
2 ~~deposited all donations, gifts, contributions, legislative~~
3 ~~appropriations, and moneys generated by the program through~~
4 ~~education, training, and research contracts and grants. Moneys~~
5 ~~deposited into this fund for the school of medicine and the~~
6 ~~school of nursing and dental hygiene shall be divided into~~
7 ~~separate accounts for each school, provided that moneys not~~
8 ~~designated for use by a particular school shall be divided~~
9 ~~equally. Moneys shall be expended from each account by the~~
10 ~~school of medicine and the school of nursing and dental hygiene,~~
11 ~~for student aid, training projects, teaching, supplies,~~
12 ~~services, and activities related to the development and~~
13 ~~promotion of the health related tourism education program.~~

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

20 SECTION 15. Section 304A-2266, Hawaii Revised Statutes, is
21 repealed.



1 ~~["§304A-2266] Education laboratory school summer programs~~
2 ~~revolving fund. There is established the education laboratory~~
3 ~~school summer programs revolving fund, from which shall be paid~~
4 ~~the cost of operations of the education laboratory school summer~~
5 ~~programs. The education laboratory school may establish~~
6 ~~appropriate charges for activities related to its summer~~
7 ~~programs, the proceeds from which shall be deposited into this~~
8 ~~revolving fund."]~~

9 SECTION 16. Section 304A-2269, Hawaii Revised Statutes, is
10 repealed.

11 ~~["§304A-2269] Community college and University of Hawaii~~
12 ~~at Hilo bookstore revolving fund. There is established the~~
13 ~~community college and University of Hawaii at Hilo bookstore~~
14 ~~revolving fund for the community college and University of~~
15 ~~Hawaii at Hilo bookstores, from which shall be paid the cost of~~
16 ~~goods or services rendered or furnished to the bookstores and~~
17 ~~which shall be replenished through charges made for goods and~~
18 ~~services or through transfers from other accounts or funds."]~~

19 SECTION 17. Section 304A-2271, Hawaii Revised Statutes, is
20 repealed.

21 ~~["§304A-2271] University of Hawaii Hilo theatre revolving~~
22 ~~fund. There is established the University of Hawaii Hilo~~



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

13 SECTION 18. All fund balances remaining unencumbered and
14 unexpended as of June 30, 2011, in the University of Hawaii at
15 Manoa conference center revolving fund shall be transferred to
16 the credit of the University of Hawaii commercial enterprises
17 revolving fund established under section 304A-2251, Hawaii
18 Revised Statutes.

19 SECTION 19. All fund balances remaining unencumbered and
20 unexpended as of June 30, 2011, in the University of Hawaii
21 housing assistance revolving fund shall be transferred to the
22 credit of the Manoa faculty housing program under the University



1 of Hawaii auxiliary enterprises special fund established under
2 section 304A-2157, Hawaii Revised Statutes.

3 SECTION 20. The conversion of revolving funds to special
4 funds by repealing language in sections 7, 8, 10, 11, 12, and 17
5 of this Act and inserting new language in section 3 of this Act
6 shall in no way be construed as an authorization to remove,
7 alter, or amend any moneys from any revolving fund other than
8 for the purposes of this Act and for the allowable uses under
9 relevant law.

10 PART III

11 FUND TRANSFERS

12 SECTION 21. The recession of 2008 swept across the nation
13 and many parts of the world with unanticipated force and brought
14 with it enormous challenges for governments at all levels. Its
15 effects on businesses and employment are still being felt today,
16 including a profound impact on Hawaii in terms of tax revenues
17 and the state budget.

18 The legislature finds that due to the extraordinary fiscal
19 circumstances the State is facing, non-general funds must be
20 reviewed and scrutinized to determine if there is an excess of
21 balances available to help address the critical budget shortfall
22 in fiscal year 2010-2011.



1 The purpose of this part is to help address the fiscal year
2 2010-2011 budget shortfall by transferring excess balances from
3 various non-general funds into the State's general fund.

4 SECTION 22. The legislature determines that there is in
5 the state risk management revolving fund at least \$1,000,000 in
6 excess of the requirements of the fund. On June 30, 2011, the
7 director of finance is authorized to transfer from the state
8 risk management revolving fund to the general fund the sum of
9 \$1,000,000 or so much thereof as may be necessary for fiscal
10 year 2010-2011.

11 SECTION 23. The legislature determines that there is in
12 the stadium special fund at least \$500,000 in excess of the
13 requirements of the fund. On June 30, 2011, the director of
14 finance is authorized to transfer from the stadium special fund
15 to the general fund the sum of \$500,000 or so much thereof as
16 may be necessary for fiscal year 2010-2011.

17 SECTION 24. The legislature determines that there is in
18 the medicaid investigations recovery fund at least \$500,000 in
19 excess of the requirements of the fund. On June 30, 2011, the
20 director of finance is authorized to transfer from the medicaid
21 investigations recovery fund to the general fund the sum of



1 \$500,000 or so much thereof as may be necessary for fiscal year
2 2010-2011.

3 SECTION 25. The legislature determines that there is in
4 the aloha tower special fund at least \$1,000,000 in excess of
5 the requirements of the fund. On June 30, 2011, the director of
6 finance is authorized to transfer from the aloha tower special
7 fund to the general fund the sum of \$1,000,000 or so much
8 thereof as may be necessary for fiscal year 2010-2011.

9 SECTION 26. The legislature determines that there is in
10 the Waialua loan subsidy program fund at least \$1,103 in excess
11 of the requirements of the fund. On June 30, 2011, the director
12 of finance is authorized to transfer from the Waialua loan
13 subsidy program fund to the general fund the sum of \$1,103 or so
14 much thereof as may be necessary for fiscal year 2010-2011.

15 SECTION 27. 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. On June 30, 2011, the director of finance is authorized
19 to transfer from the UH faculty housing project series 1995 bond
20 proceed special fund to the general fund the sum of \$520,780 or
21 so much thereof as may be necessary for fiscal year 2010-2011.



1 SECTION 28. The legislature determines that there is in
2 the Kikala-Keokea housing revolving fund at least \$474,014 in
3 excess of the requirements of the fund. On June 30, 2011, the
4 director of finance is authorized to transfer from the Kikala-
5 Keokea housing revolving fund to the general fund the sum of
6 \$474,014 or so much thereof as may be necessary for fiscal year
7 2010-2011.

8 SECTION 29. The legislature determines that there is in
9 the compliance resolution fund - business registration sub-
10 account at least \$1,500,000 in excess of the requirements of the
11 fund. On June 30, 2011, the director of finance is authorized
12 to transfer from the compliance resolution fund - business
13 registration sub-account to the general fund the sum of
14 \$1,500,000 or so much thereof as may be necessary for fiscal
15 year 2010-2011.

16 SECTION 30. The legislature determines that there is in
17 the Hawaii teacher standards board special fund at least
18 \$1,200,000 in excess of the requirements of the fund. On June
19 30, 2011, the director of finance is authorized to transfer from
20 the Hawaii teacher standards board special fund to the general
21 fund the sum of \$1,200,000 or so much thereof as may be
22 necessary for fiscal year 2010-2011.



1 SECTION 31. The legislature determines that there is in
2 the school food service special fund at least \$3,000,000 in
3 excess of the requirements of the fund. On June 30, 2011, the
4 director of finance is authorized to transfer from the school
5 food service special fund to the general fund the sum of
6 \$3,000,000 or so much thereof as may be necessary for fiscal
7 year 2010-2011.

8 SECTION 32. The legislature determines that there is in
9 the community use of school facilities special fund at least
10 \$1,000,000 in excess of the requirements of the fund. On June
11 30, 2011, the director of finance is authorized to transfer from
12 the community use of school facilities special fund to the
13 general fund the sum of \$1,000,000 or so much thereof as may be
14 necessary for fiscal year 2010-2011.

15 SECTION 33. The legislature determines that there is in
16 the federal grants search, development, and application
17 revolving fund at least \$500,000 in excess of the requirements
18 of the fund. On June 30, 2011, the director of finance is
19 authorized to transfer from the federal grants search,
20 development, and application revolving fund to the general fund
21 the sum of \$500,000 or so much thereof as may be necessary for
22 fiscal year 2010-2011.



1 SECTION 34. The legislature determines that there is in
2 the health care revolving fund at least \$916,284 in excess of
3 the requirements of the fund. On June 30, 2011, the director of
4 finance is authorized to transfer from the health care revolving
5 fund to the general fund the sum of \$916,284 or so much thereof
6 as may be necessary for fiscal year 2010-2011.

7 SECTION 35. The legislature determines that there is in
8 the mental health and substance abuse special fund at least
9 \$2,000,000 in excess of the requirements of the fund. On June
10 30, 2011, the director of finance is authorized to transfer from
11 the mental health and substance abuse special fund to the
12 general fund the sum of \$2,000,000 or so much thereof as may be
13 necessary for fiscal year 2010-2011.

14 SECTION 36. The legislature determines that there is in
15 the drug demand reduction assessments special fund at least
16 \$700,000 in excess of the requirements of the fund. On June 30,
17 2011, the director of finance is authorized to transfer from the
18 drug demand reduction assessments special fund to the general
19 fund the sum of \$700,000 or so much thereof as may be necessary
20 for fiscal year 2010-2011.

21 SECTION 37. The legislature determines that there is in
22 the neurotrauma special fund at least \$250,000 in excess of the



1 requirements of the fund. On June 30, 2011, the director of
2 finance is authorized to transfer from the neurotrauma special
3 fund to the general fund the sum of \$250,000 or so much thereof
4 as may be necessary for fiscal year 2010-2011.

5 SECTION 38. The legislature determines that there is in
6 the environmental management special fund at least \$750,000 in
7 excess of the requirements of the fund. On June 30, 2011, the
8 director of finance is authorized to transfer from the
9 environmental management special fund to the general fund the
10 sum of \$750,000 or so much thereof as may be necessary for
11 fiscal year 2010-2011.

12 SECTION 39. The legislature determines that there is in
13 the deposit beverage container deposit special fund at least
14 \$300,000 in excess of the requirements of the fund. On June 30,
15 2011, the director of finance is authorized to transfer from the
16 deposit beverage container deposit special fund to the general
17 fund the sum of \$300,000 or so much thereof as may be necessary
18 for fiscal year 2010-2011.

19 SECTION 40. The legislature determines that there is in
20 the newborn metabolic screening special fund at least
21 \$150,000 in excess of the requirements of the fund. On June 30,
22 2011, the director of finance is authorized to transfer from the



1 newborn metabolic screening special fund to the general fund the
2 sum of \$150,000 or so much thereof as may be necessary for
3 fiscal year 2010-2011.

4 SECTION 41. The legislature determines that there is in
5 the trauma system special fund at least \$1,000,000 in excess of
6 the requirements of the fund. On June 30, 2011, the director of
7 finance is authorized to transfer from the trauma system special
8 fund to the general fund the sum of \$1,000,000 or so much
9 thereof as may be necessary for fiscal year 2010-2011.

10 SECTION 42. The legislature determines that there is in
11 the employment and training fund at least \$700,000 in excess of
12 the requirements of the fund. On June 30, 2011, the director of
13 finance is authorized to transfer from the employment and
14 training fund to the general fund the sum of \$700,000 or so much
15 thereof as may be necessary for fiscal year 2010-2011.

16 SECTION 43. The legislature determines that there is in
17 the special unemployment insurance administrative fund at least
18 \$1,500,000 in excess of the requirements of the fund. On June
19 30, 2011, the director of finance is authorized to transfer from
20 the special unemployment insurance administrative fund to the
21 general fund the sum of \$1,500,000 or so much thereof as may be
22 necessary for fiscal year 2010-2011.



1 SECTION 44. The legislature determines that there is in
2 the premium supplemental fund at least \$500,000 in excess of the
3 requirements of the fund. On June 30, 2011, the director of
4 finance is authorized to transfer from the premium supplemental
5 fund to the general fund the sum of \$500,000 or so much thereof
6 as may be necessary for fiscal year 2010-2011.

7 PART IV

8 CONFORMING AMENDMENTS

9 SECTION 45. Section 28-8.3, Hawaii Revised Statutes, is
10 amended by amending subsection (a) to read as follows:

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

18 (1) By the public utilities commission, the labor and
19 industrial relations appeals board, and the Hawaii
20 labor relations board;

21 (2) By any court or judicial or legislative office of the
22 State; provided that if the attorney general is



1 requested to provide representation to a court or
 2 judicial office by the chief justice or the chief
 3 justice's designee, or to a legislative office by the
 4 speaker of the house of representatives and the
 5 president of the senate jointly, and the attorney
 6 general declines to provide such representation on the
 7 grounds of conflict of interest, the attorney general
 8 shall retain an attorney for the court, judicial, or
 9 legislative office, subject to approval by the court,
 10 judicial, or legislative office;

- 11 (3) By the legislative reference bureau;
- 12 (4) By any compilation commission that may be constituted
- 13 from time to time;
- 14 (5) By the real estate commission for any action involving
- 15 the real estate recovery fund;
- 16 (6) By the contractors license board for any action
- 17 involving the contractors recovery fund;
- 18 [~~(7)~~ By the trustees for any action involving the travel
- 19 ~~agency recovery fund;~~
- 20 ~~(8)~~ (7) By the office of Hawaiian affairs;



- 1 [~~(9)~~] (8) By the department of commerce and consumer
- 2 affairs for the enforcement of violations of chapters
- 3 480 and 485A;
- 4 [~~(10)~~] (9) As grand jury counsel;
- 5 [~~(11)~~] (10) By the Hawaiian home lands trust individual
- 6 claims review panel;
- 7 [~~(12)~~] (11) By the Hawaii health systems corporation, or its
- 8 regional system boards, or any of their facilities;
- 9 [~~(13)~~] (12) By the auditor;
- 10 [~~(14)~~] (13) By the office of ombudsman;
- 11 [~~(15)~~] (14) By the insurance division;
- 12 [~~(16)~~] (15) By the University of Hawaii;
- 13 [~~(17)~~] (16) By the Kahoolawe island reserve commission;
- 14 [~~(18)~~] (17) By the division of consumer advocacy;
- 15 [~~(19)~~] (18) By the office of elections;
- 16 [~~(20)~~] (19) By the campaign spending commission;
- 17 [~~(21)~~] (20) By the Hawaii tourism authority, as provided in
- 18 section 201B-2.5;
- 19 [~~(22)~~] (21) By the division of financial institutions for
- 20 any action involving the mortgage loan recovery fund;
- 21 or



1 [~~23~~] (22) By a department, in the event the attorney
 2 general, for reasons deemed by the attorney general to
 3 be good and sufficient, declines to employ or retain
 4 an attorney for a department; provided that the
 5 governor [~~thereupon~~] waives the provision of this
 6 section."

7 SECTION 46. Section 167-19, Hawaii Revised Statutes, is
 8 amended by amending subsection (c) to read as follows:

9 "(c) All or any portion of the acreage assessments
 10 collected under this chapter, as determined by the board,
 11 exclusive of acreage assessments imposed on lands within an
 12 irrigation project financed through the issuance of revenue
 13 bonds, shall be deposited into the irrigation system revolving
 14 fund. Acreage assessments imposed on lands within an irrigation
 15 project financed through the issuance of revenue bonds shall be
 16 deposited into the [~~irrigation water development special fund.~~]
 17 general fund."

18 SECTION 47. Section 167-22, Hawaii Revised Statutes, is
 19 amended by amending subsection (a) to read as follows:

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



- 1 (1) All legislative appropriations to the irrigation
- 2 system revolving fund; and
- 3 (2) All or any portion of the receipts and revenues
- 4 collected under this chapter, as determined by the
- 5 board of agriculture [~~exclusive of the receipts and~~
- 6 ~~revenues deposited into the irrigation water~~
- 7 ~~development special fund]."~~

8 SECTION 48. Section 235-110.93, Hawaii Revised Statutes,
9 is amended to read as follows:

10 "[+]§235-110.93[+] Important agricultural land qualified
11 agricultural cost tax credit. (a) There shall be allowed to
12 each taxpayer an important agricultural land qualified
13 agricultural cost tax credit that may be claimed in taxable
14 years beginning after the taxable year during which the tax
15 credit under section 235-110.46 is repealed, exhausted, or
16 expired. The credit shall be deductible from the taxpayer's net
17 income tax liability, if any, imposed by this chapter for the
18 taxable year in which the credit is properly claimed. The tax
19 credit amount shall be determined as follows:

- 20 (1) In the first year in which the credit is claimed,
- 21 twenty-five per cent of the lesser of the following:



- 1 (A) The qualified agricultural costs incurred by the
- 2 taxpayer after July 1, 2008; or
- 3 (B) \$625,000;
- 4 (2) In the second year in which the credit is claimed,
- 5 fifteen per cent of the lesser of the following:
- 6 (A) The qualified agricultural costs incurred by the
- 7 taxpayer after July 1, 2008; or
- 8 (B) \$250,000; and
- 9 (3) In the third year in which the credit is claimed, ten
- 10 per cent of the lesser of the following:
- 11 (A) The qualified agricultural costs incurred by the
- 12 taxpayer after July 1, 2008; or
- 13 (B) \$125,000.

14 The taxpayer may incur qualified agricultural costs during a
15 taxable year in anticipation of claiming the credit in future
16 taxable years during which the credit is available. The
17 taxpayer may claim the credit in any taxable year after the
18 taxable year during which the taxpayer incurred the qualified
19 agricultural costs upon which the credit is claimed. The
20 taxpayer also may claim the credit in consecutive or
21 inconsecutive taxable years until exhausted.



1 (b) No other credit may be claimed under this chapter for
2 qualified agricultural costs for which a credit is claimed under
3 this section for the taxable year.

4 ~~[(c) The amount of the qualified agricultural costs~~
5 ~~eligible to be claimed under this section shall be reduced by~~
6 ~~the amount of funds received by the taxpayer during the taxable~~
7 ~~year from the irrigation repair and maintenance special fund~~
8 ~~under section 167-24.~~

9 ~~-(d)]~~ (c) The cost upon which the tax credit is computed
10 shall be determined at the entity level. In the case of a
11 partnership, S corporation, estate, trust, or other pass through
12 entity, distribution and share of the credit shall be determined
13 pursuant to section 235-110.7(a).

14 If a deduction is taken under section 179 (with respect to
15 election to expense depreciable business assets) of the Internal
16 Revenue Code, no tax credit shall be allowed for that portion of
17 the qualified agricultural cost for which a deduction was taken.

18 The basis of eligible property for depreciation or
19 accelerated cost recovery system purposes for state income taxes
20 shall be reduced by the amount of credit allowable and claimed.
21 No deduction shall be allowed for that portion of otherwise



1 deductible qualified agricultural costs on which a credit is
2 claimed under this section.

3 ~~[(e)]~~ (d) If the credit under this section exceeds the
4 taxpayer's net income tax liability for the taxable year, the
5 excess of the credit over liability shall be refunded to the
6 taxpayer; provided that no refunds or payments on account of the
7 credits allowed by this section shall be made for amounts less
8 than \$1.

9 All claims for a tax credit under this section, including
10 amended claims, shall be filed on or before the end of the
11 twelfth month following the close of the taxable year for which
12 the credit is claimed. Failure to comply with the foregoing
13 provision shall constitute a waiver of the right to claim the
14 credit.

15 ~~[(f)]~~ (e) The director of taxation:

16 (1) Shall prepare any forms that may be necessary to claim
17 a credit under this section;

18 (2) May require the taxpayer to furnish information to
19 ascertain the validity of the claim for credit made
20 under this section; and

21 (3) May adopt rules pursuant to chapter 91 to effectuate
22 this section.



1 [~~(g)~~] (f) The department of agriculture shall:

- 2 (1) Maintain records of the total amount of qualified
3 agricultural costs for each taxpayer claiming a
4 credit;
- 5 (2) Verify the amount of the qualified agricultural costs
6 claimed;
- 7 (3) Total all qualified agricultural costs claimed; and
- 8 (4) Certify the total amount of the tax credit for each
9 taxable year.

10 Upon each determination, the department of agriculture
11 shall issue a certificate to the taxpayer verifying the
12 qualifying agricultural costs and the credit amount certified
13 for each taxable year. For a taxable year, the department of
14 agriculture may certify a credit for a taxpayer who could have
15 claimed the credit in a previous taxable year, but chose not to
16 because the maximum annual credit amount under subsection (h)
17 was reached in that taxable year.

18 The taxpayer shall file the certificate with the taxpayer's
19 tax return with the department of taxation. Notwithstanding the
20 department of agriculture's certification authority under this
21 section, the director of taxation may audit and adjust
22 certification to conform to the facts.



1 Notwithstanding any other law to the contrary, the
2 information required by this subsection shall be available for
3 public inspection and dissemination under chapter 92F.

4 ~~[(h)]~~ (g) If in any taxable year the annual amount of
5 certified credits reaches \$7,500,000 in the aggregate, the
6 department of agriculture shall immediately discontinue
7 certifying credits and notify the department of taxation. In no
8 instance shall the department of agriculture certify a total
9 amount of credits exceeding \$7,500,000 per taxable year. To
10 comply with this restriction, the department of agriculture
11 shall certify credits on a first come, first served basis.

12 The department of taxation shall not allow the aggregate
13 amount of credits claimed to exceed that amount per taxable
14 year.

15 ~~[(i)]~~ (h) The department of agriculture, in consultation
16 with the department of taxation, shall annually determine the
17 information necessary to provide a quantitative and qualitative
18 assessment of the outcomes of the tax credit.

19 Every taxpayer, no later than the last day of the taxable
20 year following the close of the taxpayer's taxable year in which
21 the credit is claimed, shall submit a certified written
22 statement to the department of agriculture. Failure to provide



1 the information shall result in ineligibility and a recapture of
2 any credit already claimed for that taxable year. The amount of
3 the recaptured tax credit shall be added to the taxpayer's tax
4 liability for the taxable year in which the recapture occurs.

5 Notwithstanding any law to the contrary, a statement
6 submitted under this subsection shall be a public document.

7 ~~[(j)]~~ (i) The department of agriculture, in consultation
8 with the department of taxation, shall annually submit a report
9 evaluating the effectiveness of the tax credit. The report
10 shall include but not be limited to findings and recommendations
11 to improve the effectiveness of the tax credit to further
12 encourage the development of agricultural businesses.

13 ~~[(k)]~~ (j) As used in this section:

14 "Agricultural business" means any person with a commercial
15 agricultural, silvicultural, or aquacultural facility or
16 operation, including:

- 17 (1) The care and production of livestock and livestock
18 products, poultry and poultry products, apiary
19 products, and plant and animal production for nonfood
20 uses;
- 21 (2) The planting, cultivating, harvesting, and processing
22 of crops; and



1 (3) The farming or ranching of any plant or animal species
2 in a controlled salt, brackish, or freshwater
3 environment;

4 provided that the principal place of the agricultural business
5 is maintained in the State and more than fifty per cent of the
6 land the agricultural business owns or leases, excluding land
7 classified as conservation land, is important agricultural land.

8 "Important agricultural lands" means lands identified and
9 designated as important agricultural lands pursuant to part III
10 of chapter 205.

11 "Net income tax liability" means income tax liability
12 reduced by all other credits allowed under this chapter.

13 "Qualified agricultural costs" means expenditures for:

14 (1) The plans, design, engineering, construction,
15 renovation, repair, maintenance, and equipment for:

16 (A) Roads or utilities, primarily for agricultural
17 purposes, where the majority of the lands
18 serviced by the roads or utilities, excluding
19 lands classified as conservation lands, are
20 important agricultural lands;

21 (B) Agricultural processing facilities in the State,
22 primarily for agricultural purposes, where the



1 majority of the crops or livestock processed,
2 harvested, treated, washed, handled, or packaged
3 are from agricultural businesses;

4 (C) Water wells, reservoirs, dams, water storage
5 facilities, water pipelines, ditches, or
6 irrigation systems in the State, primarily for
7 agricultural purposes, providing water for lands,
8 the majority of which, excluding lands classified
9 as conservation lands, are important agricultural
10 lands; and

11 (D) Agricultural housing in the State, exclusively
12 for agricultural purposes; provided that:

13 (i) The housing units are occupied solely by
14 farmers or employees for agricultural
15 businesses and their immediate family
16 members;

17 (ii) The housing units are owned by the
18 agricultural business;

19 (iii) The housing units are in the general
20 vicinity, as determined by the department of
21 agriculture, of agricultural lands owned or
22 leased by the agricultural business; and



- 1 (iv) The housing units conform to any other
2 conditions that may be required by the
3 department of agriculture;
- 4 (2) Feasibility studies, regulatory processing, and legal
5 and accounting services related to the items under
6 paragraph (1);
- 7 (3) Equipment, primarily for agricultural purposes, used
8 to cultivate, grow, harvest, or process agricultural
9 products by an agricultural business; and
- 10 (4) Regulatory processing, studies, and legal and other
11 consultant services related to obtaining or retaining
12 sufficient water for agricultural activities and
13 retaining the right to farm on lands identified as
14 important agricultural lands.
- 15 ~~[(l)]~~ (k) The department of agriculture shall cease
16 certifying credits pursuant to this section after the fourth
17 taxable year following the taxable year during which the credits
18 are first claimed; provided that a taxpayer with accumulated,
19 but unclaimed, certified credits may continue claiming the
20 credits in subsequent taxable years until exhausted.
- 21 ~~[(m)]~~ (l) The department of taxation, in consultation
22 with the department of agriculture, shall submit to the



1 legislature an annual report, no later than twenty days prior to
2 the convening of each regular session, beginning with the
3 regular session of 2010, regarding the quantitative and
4 qualitative assessment of the impact of the important
5 agricultural land qualified agricultural cost tax credit."

6 SECTION 49. Section 321-355, Hawaii Revised Statutes, is
7 amended by amending subsection (b) to read as follows:

8 "(b) The fund shall consist of grants and income earned by
9 the special 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
12 legislative appropriations under this part shall be deposited
13 into the special fund; provided that no state appropriations
14 shall be deposited into the special fund."

15 SECTION 50. Section 321-356, Hawaii Revised Statutes, is
16 amended by amending subsection (b) to read as follows:

17 "(b) The trust fund shall consist of government grants and
18 private contributions including but not limited to gifts or
19 donations from corporations or other businesses, foundations,
20 individuals, and other interested parties, and income earned by
21 the trust fund. [~~Notwithstanding section 29-24, all~~] All
22 program income consisting of federal reimbursement funds



1 received by the State for early intervention funded by private
2 donations and contributions under this part shall be deposited
3 into the trust fund."

4 SECTION 51. Section 431:22-103, Hawaii Revised Statutes,
5 is amended to read as follows:

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

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

19 SECTION 52. Section 431P-16, Hawaii Revised Statutes, is
20 amended by amending subsection (i) to read as follows:

21 "(i) Moneys in the hurricane reserve trust fund may be [-



1 SECTION 53. Section 431P-16.5, Hawaii Revised Statutes, is
2 amended to read as follows:

3 " ~~[+] §431P-16.5 []- Transfer of funds, immunity~~ Immunity.

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

12 PART V

13 OTHER REPEALED FUNDS

14 SECTION 54. Part XIII of chapter 346, Hawaii Revised
15 Statutes is repealed.

16 SECTION 55. Part XV of chapter 346, Hawaii Revised
17 Statutes, is repealed.

18 SECTION 56. 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~~



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

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



1 ~~to administer this section. At the option of the comptroller,~~
2 ~~consultants retained by contract under this subsection may be~~
3 ~~compensated on:~~

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

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

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

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



1 ~~(5) Amounts allocated by the comptroller, and~~

2 ~~(6) Fund balances."]~~

3 SECTION 57. Section 167-22.5, Hawaii Revised Statutes, is
4 repealed.

5 ~~["~~§167-22.5~~ Irrigation water development special fund.~~

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

8 ~~(1) Appropriations by the legislature to the irrigation
9 water development special fund;~~

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

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

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

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



- 1 ~~(1) Planning, design, improvement, construction, land~~
2 ~~acquisition, and equipment necessary for the~~
3 ~~development, operation, or maintenance of an~~
4 ~~irrigation project;~~
- 5 ~~(2) Payment of debt service on revenue bonds issued by the~~
6 ~~department for irrigation project purposes, and the~~
7 ~~establishment of debt service and other revenues~~
8 ~~deemed necessary by the board;~~
- 9 ~~(3) Reimbursement of the general fund for debt service on~~
10 ~~general obligation bonds issued to finance irrigation~~
11 ~~projects where the bonds are designated to be~~
12 ~~reimbursable out of the irrigation water development~~
13 ~~special fund; and~~
- 14 ~~(4) Any other purpose deemed necessary by the board for~~
15 ~~the purpose of planning, designing, improving,~~
16 ~~constructing, developing, operating, and maintaining~~
17 ~~irrigation projects."]~~

18 SECTION 58. Section 167-24, Hawaii Revised Statutes, is
19 repealed.

20 ~~["§167-24] Irrigation repair and maintenance special~~
21 ~~fund. (a) There is established in the state treasury the~~



1 ~~irrigation repair and maintenance special fund that shall be~~
2 ~~administered by the board.~~

3 ~~(b) Moneys in the irrigation repair and maintenance~~
4 ~~special fund shall be used to fund repair and maintenance of the~~
5 ~~following irrigation systems:~~

- 6 ~~(1) East Kauai irrigation system;~~
- 7 ~~(2) Kekaha ditch;~~
- 8 ~~(3) Kokee ditch;~~
- 9 ~~(4) Maui Land/Pioneer Mill irrigation system;~~
- 10 ~~(5) Waiahole ditch;~~
- 11 ~~(6) Lower Hamakua irrigation system;~~
- 12 ~~(7) Molokai irrigation system;~~
- 13 ~~(8) Upcountry Maui irrigation system;~~
- 14 ~~(9) Waimanalo irrigation system;~~
- 15 ~~(10) Waimea irrigation system;~~
- 16 ~~(11) East Maui irrigation system;~~
- 17 ~~(12) Kauai coffee irrigation system;~~
- 18 ~~(13) West Maui irrigation system;~~
- 19 ~~(14) Kau irrigation system;~~
- 20 ~~(15) Honomalino irrigation system;~~
- 21 ~~(16) Wahiawa reservoir and ditch system; and~~



- 1 ~~(17) Other privately owned irrigation systems on former~~
- 2 ~~sugarcane and pineapple plantation lands that have~~
- 3 ~~been converted to diversified agriculture.~~

- 4 ~~(c) The irrigation repair and maintenance special fund~~
- 5 ~~shall be funded by legislative appropriations, including general~~
- 6 ~~obligation bond funds and federal funds.~~

- 7 ~~(d) Landowners may apply for funding assistance from the~~
- 8 ~~irrigation repair and maintenance special fund; provided that~~
- 9 ~~the landowner:~~

- 10 ~~(1) Provides matching funding equal to the amount received~~
- 11 ~~from the irrigation repair and maintenance special~~
- 12 ~~fund;~~

- 13 ~~(2) Agrees to file a petition for declaratory ruling~~
- 14 ~~pursuant to section 205-45 designating a majority of~~
- 15 ~~all land served by the water produced by the~~
- 16 ~~irrigation system as important agricultural lands as~~
- 17 ~~defined under section 205-42 and notifies the board~~
- 18 ~~and county of the petition and designation for the~~
- 19 ~~purpose of inclusion on maps; and~~

- 20 ~~(3) Agrees to use, or provide for the use of, all lands~~
- 21 ~~owned or controlled by the landowner and served by the~~



1 ~~water produced by the irrigation system for~~
2 ~~agricultural production.~~

3 ~~The board shall develop processes, policies, standards, and~~
4 ~~criteria for selecting the landowners that are to receive~~
5 ~~funding and the amount of such funding. The board shall also~~
6 ~~develop processes, policies, standards, and criteria for~~
7 ~~determining the amount of funding provided to irrigation systems~~
8 ~~in subsection (b) owned by the State.~~

9 ~~(c) As used in this section:~~

10 ~~"Diversified agriculture" means agricultural operations~~
11 ~~that produce diversified agricultural products, including~~
12 ~~flowers, nursery products, vegetables, herbs, melons, seed~~
13 ~~crops, macadamia nuts, aquaculture, coffee, milk, cattle, eggs,~~
14 ~~hogs, and fruit.~~

15 ~~"Irrigation system" means the agricultural system of~~
16 ~~intakes, diversions, wells, ditches, siphons, pipes, reservoirs,~~
17 ~~and accessory facilities established to provide water for~~
18 ~~agricultural production.~~

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

20 ~~(1) Owns agricultural land, formerly used as a sugarcane~~
21 ~~or pineapple plantation, that contains a privately~~
22 ~~owned irrigation system that is necessary for the~~



1 ~~sustained production of diversified agriculture on the~~
 2 ~~land served by the irrigation system; or~~
 3 ~~(2) Owns, or partially owns, an irrigation system listed~~
 4 ~~in subsection (b) (1) through (17)."]~~

5 SECTION 59. Section 346C-5, Hawaii Revised Statutes, is
 6 repealed.

7 ~~["[§346C-5]Long term care benefits fund. (a) There is~~
 8 ~~established in the state treasury the long term care benefits~~
 9 ~~fund, into which shall be deposited moneys collected as long-~~
 10 ~~term care taxes. The department of budget and finance shall~~
 11 ~~deposit the moneys in federally insured financial institutions~~
 12 ~~in Hawaii to preserve the balance and ensure a reasonable return~~
 13 ~~under prevailing interest rates. Investments of the moneys may~~
 14 ~~be made subject to the requirements of this chapter.~~

15 ~~(b) Expenditures from the fund shall be made solely for~~
 16 ~~the purpose of making benefit payments and the cost of~~
 17 ~~administration.~~

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

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



- 1 ~~(1) Up to four per cent of the total monthly deposit into~~
2 ~~the fund to cover general administrative expenses; and~~
3 ~~(2) Up to four per cent of the total monthly amount of~~
4 ~~claims paid out from the fund may be used to pay for~~
5 ~~administrative expenses related to claims~~
6 ~~processing."]~~

7 SECTION 60. Section 431:22-102, Hawaii Revised Statutes,
8 is repealed.

9 ~~["§431:22-102 Loss mitigation grant fund. (a) There is~~
10 ~~established a special fund to be designated as the loss~~
11 ~~mitigation grant fund. Moneys transferred to the loss~~
12 ~~mitigation grant fund may be expended by the commissioner to~~
13 ~~carry out the commissioner's duties and obligations under this~~
14 ~~article. Disbursements from the loss mitigation grant fund~~
15 ~~shall not be subject to chapter 42F or 91.~~

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



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

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

12 PART VI

13 COMPLIANCE RESOLUTION FUND - BOND REIMBURSEMENTS

14 SECTION 61. Section 26-9, Hawaii Revised Statutes, is
15 amended by amending subsection (o) to read as follows:

16 "(o) Every person licensed under any chapter within the
17 jurisdiction of the department of commerce and consumer affairs
18 and every person licensed subject to chapter 485A or registered
19 under chapter 467B shall pay upon issuance of a license, permit,
20 certificate, or registration a fee and a subsequent annual fee
21 to be determined by the director and adjusted from time to time
22 to ensure that the proceeds, together with all other fines,



1 income, and penalties collected under this section, do not
2 surpass the annual operating costs of conducting compliance
3 resolution activities required under this section. The fees may
4 be collected biennially or pursuant to rules adopted under
5 chapter 91, and shall be deposited into the special fund
6 established under this subsection. Every filing pursuant to
7 chapter 514E or section 485A-202(a)(26) shall be assessed, upon
8 initial filing and at each renewal period in which a renewal is
9 required, a fee that shall be prescribed by rules adopted under
10 chapter 91, and that shall be deposited into the special fund
11 established under this subsection. Any unpaid fee shall be paid
12 by the licensed person, upon application for renewal,
13 restoration, reactivation, or reinstatement of a license, and by
14 the person responsible for the renewal, restoration,
15 reactivation, or reinstatement of a license, upon the
16 application for renewal, restoration, reactivation, or
17 reinstatement of the license. If the fees are not paid, the
18 director may deny renewal, restoration, reactivation, or
19 reinstatement of the license. The director may establish,
20 increase, decrease, or repeal the fees when necessary pursuant
21 to rules adopted under chapter 91. The director may also
22 increase or decrease the fees pursuant to section 92-28.



1 There is created in the state treasury a special fund to be
2 known as the compliance resolution fund to be expended by the
3 director's designated representatives as provided by this
4 subsection. Notwithstanding any law to the contrary, all
5 revenues, fees, and fines collected by the department shall be
6 deposited into the compliance resolution fund. Unencumbered
7 balances existing on June 30, 1999, in the cable television fund
8 under chapter 440G, the division of consumer advocacy fund under
9 chapter 269, the financial institution examiners' revolving
10 fund, section 412:2-109, the special handling fund, section 414-
11 13, and unencumbered balances existing on June 30, 2002, in the
12 insurance regulation fund, section 431:2-215, shall be deposited
13 into the compliance resolution fund. This provision shall not
14 apply to the drivers education fund underwriters fee, sections
15 431:10C-115 and 431:10G-107, insurance premium taxes and
16 revenues, revenues of the workers' compensation special
17 compensation fund, section 386-151, the captive insurance
18 administrative fund, section 431:19-101.8, the insurance
19 commissioner's education and training fund, section 431:2-214,
20 the medical malpractice patients' compensation fund as
21 administered under section 5 of Act 232, Session Laws of Hawaii
22 1984, and fees collected for deposit in the office of consumer



1 protection restitution fund, section 487-14, the real estate
2 appraisers fund, section 466K-1, the real estate recovery fund,
3 section 467-16, the real estate education fund, section 467-19,
4 the contractors recovery fund, section 444-26, the contractors
5 education fund, section 444-29, and the condominium education
6 trust fund, section 514B-71. Any law to the contrary
7 notwithstanding, the director may use the moneys in the fund to
8 employ, without regard to chapter 76, hearings officers and
9 attorneys. All other employees may be employed in accordance
10 with chapter 76. Any law to the contrary notwithstanding, the
11 moneys in the fund shall be used to fund the operations of the
12 department[-]; provided that, beginning on June 1, 2011, the
13 director of finance shall transfer moneys from the fund to
14 retroactively fund all interest payments on general obligation
15 bonds issued for the purposes of assisting the operations of the
16 department of commerce and consumer affairs through
17 infrastructure improvements and shall collect payment for the
18 interest on the general obligation bonds from the fund each year
19 thereafter. The moneys in the fund may be used to train
20 personnel as the director deems necessary and for any other
21 activity related to compliance resolution.



1 As used in this subsection, unless otherwise required by
2 the context, "compliance resolution" means a determination of
3 whether:

4 (1) Any licensee or applicant under any chapter subject to
5 the jurisdiction of the department of commerce and
6 consumer affairs has complied with that chapter;

7 (2) Any person subject to chapter 485A has complied with
8 that chapter;

9 (3) Any person submitting any filing required by chapter
10 514E or section 485A-202(a)(26) has complied with
11 chapter 514E or section 485A-202(a)(26);

12 (4) Any person has complied with the prohibitions against
13 unfair and deceptive acts or practices in trade or
14 commerce; or

15 (5) Any person subject to chapter 467B has complied with
16 that chapter;

17 and includes work involved in or supporting the above functions,
18 licensing, or registration of individuals or companies regulated
19 by the department, consumer protection, and other activities of
20 the department.

21 The director shall prepare and submit an annual report to
22 the governor and the legislature on the use of the compliance



1 resolution fund. The report shall describe expenditures made
2 from the fund including non-payroll operating expenses."

3 PART VII

4 COMPLIANCE RESOLUTION FUND - BANKS

5 SECTION 62. The purpose of this part is to address the
6 taxation of banks and other financial corporations by repealing
7 the requirement that tax revenues from the banking industry be
8 deposited into the compliance resolution fund.

9 SECTION 63. Section 241-7, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "~~§241-7 Disposition of funds. All taxes collected under~~
12 ~~this chapter shall be state realizations[, provided that, by~~
13 ~~June 30 of each fiscal year, the sum of \$2,000,000 shall be~~
14 ~~deposited with the director of finance to the credit of the~~
15 ~~compliance resolution fund as established pursuant to section~~
16 ~~26-9(e).]~~ that shall be deposited into the general fund."

17 SECTION 64. (a) Between July 1, 2011, and December 31,
18 2011, the commissioner of financial institutions may adopt rules
19 to impose or increase fees charged to banks and other financial
20 corporations under chapter 412, Hawaii Revised Statutes, without
21 regard to the public notice and public hearing requirements of
22 chapter 91, Hawaii Revised Statutes, the small business



1 regulatory review requirements of chapter 201M, Hawaii Revised
2 Statutes, or the limit on fee increases under section 92-28,
3 Hawaii Revised Statutes.

4 (b) After December 31, 2011, any subsequent amendments to
5 the rules adopted or amended pursuant to subsection (a) shall be
6 subject to all applicable provisions of chapter 91, chapter
7 201M, and section 92-28, Hawaii Revised Statutes.

8 PART VIII

9 LAND CONSERVATION FUND

10 SECTION 65. The legislature finds that during the present
11 budget crisis, higher priorities than land conservation exist.

12 The purpose of this part is to temporarily suspend the
13 distribution of a portion of the conveyance tax to the land
14 conservation fund.

15 SECTION 66. Section 247-7, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "§247-7 Disposition of taxes. All taxes collected under
18 this chapter shall be paid into the state treasury to the credit
19 of the general fund of the State, to be used and expended for
20 the purposes for which the general fund was created and exists
21 by law; provided that of the taxes collected each fiscal year:



- 1 (1) ~~Ten~~ Five per cent from July 1, 2011, until June 30,
- 2 2013, and ten per cent in each fiscal year thereafter
- 3 shall be paid into the land conservation fund
- 4 established pursuant to section 173A-5;
- 5 (2) Twenty-five per cent from July 1, 2009, until June 30,
- 6 2012, and thirty per cent in each fiscal year
- 7 thereafter shall be paid into the rental housing trust
- 8 fund established by section 201H-202; and
- 9 (3) Twenty per cent from July 1, 2009, until June 30,
- 10 2012, and twenty-five per cent in each fiscal year
- 11 thereafter shall be paid into the natural area reserve
- 12 fund established by section 195-9; provided that the
- 13 funds paid into the natural area reserve fund shall be
- 14 annually disbursed by the department of land and
- 15 natural resources in the following priority:
- 16 (A) To natural area partnership and forest
- 17 stewardship programs after joint consultation
- 18 with the forest stewardship committee and the
- 19 natural area reserves system commission;
- 20 (B) Projects undertaken in accordance with watershed
- 21 management plans pursuant to section 171-58 or
- 22 watershed management plans negotiated with



1 private landowners, and management of the natural
2 area reserves system pursuant to section 195-3;
3 and

4 (C) The youth conservation corps established under
5 chapter 193."

6 PART IX

7 MASTER SETTLEMENT AGREEMENT MONEY

8 SECTION 67. The legislature supports tobacco prevention
9 and cessation. At the same time, due to economic difficulties,
10 the State must ensure that core services such as medicaid, state
11 hospitals, and other core programs addressing the health care
12 needs of the State are adequately funded to meet the needs of
13 the public.

14 SECTION 68. Section 328L-2, Hawaii Revised Statutes, is
15 amended by amending subsection (b) to read as follows:

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

19 (1) Fifteen per cent shall be appropriated into the
20 emergency and budget reserve fund under section



1 328L-3; provided that for fiscal years 2012 and 2013,
2 this percentage shall be deposited into the general
3 fund;

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

6 (3) Six and one-half per cent shall be appropriated into
7 the Hawaii tobacco prevention and control trust fund
8 under section 328L-5; provided that for fiscal years
9 2011, 2012, 2013, and 2014 this percentage shall be
10 deposited into the general fund; and

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



1 the amounts required under this paragraph shall be
2 transferred in the succeeding fiscal year to the
3 emergency and budget reserve fund under section
4 328L-3; and

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

7 SECTION 69. The legislature determines that there is in
8 excess of \$50,000,000 in the Hawaii tobacco prevention and
9 control trust fund. Notwithstanding section 328L-5, Hawaii
10 Revised Statutes, or any other law to the contrary, on June 30,
11 2012, the director of finance is authorized to transfer from the
12 Hawaii tobacco prevention and control trust fund to the general
13 fund the sum of \$15,000,000 or so much thereof as may be
14 necessary for fiscal year 2011-2012. Notwithstanding section
15 328L-5, Hawaii Revised Statutes, or any other law to the
16 contrary, On June 30, 2013, the director of finance is
17 authorized to transfer from the Hawaii tobacco prevention and
18 control trust fund to the general fund the sum of \$15,000,000 or
19 so much thereof as may be necessary for fiscal year 2012-2013.



1 PART X

2 GENERAL PROVISIONS

3 SECTION 70. (a) On June 30, 2011, the director of finance
4 shall transfer any unencumbered balances remaining, as of
5 June 30, 2011, in the funds that are repealed in part V of this
6 Act to the credit of the general fund.

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

14 SECTION 71. It is the intent of this Act not to jeopardize
15 the receipt of any federal aid nor to impair the obligation of
16 the State or any agency thereof to the holders of any bond
17 issued by the State or by any such agency, and to the extent,
18 and only to the extent, necessary to effectuate this intent, the
19 governor may modify the strict provisions of this Act, but shall
20 promptly report any such modification with reasons therefore to
21 the legislature at its next session thereafter for review by the
22 legislature.



1 SECTION 72. This Act does not affect rights and duties
2 that matured, penalties that were incurred, and proceedings that
3 were begun before its effective date.

4 SECTION 73. If any provision of this Act, or the
5 application thereof to any person or circumstance is held
6 invalid, the invalidity does not affect other provisions or
7 applications of the Act, which can be given effect without the
8 invalid provision or application, and to this end the provisions
9 of this Act are severable.

10 SECTION 74. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 75. This Act shall take effect upon its approval;
13 provided that part VII shall be repealed on December 31, 2015,
14 and section 241-7, Hawaii Revised Statutes, shall be reenacted
15 in the form in which it read on the day before the effective
16 date of this Act.



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. Requires the Director of Finance to transfer funds from the Compliance Resolution Fund to fund all interest payments on General Obligation Bonds issued on behalf of the Department of Commerce and Consumer Affairs and to annually collect funds from the Compliance Resolution Fund to pay the interest payments on the General Obligation Bonds beginning on June 1, 2011. Temporarily repeals requirement that \$2,000,000 of tax revenues from banks and other financial corporations be deposited into the Compliance Resolution Fund. Temporarily reduces the distribution of a portion of the conveyance tax to the Land Conservation Fund. Temporarily redirects an additional portion of Tobacco Settlement Funds into the general fund. (SB120 HD1)

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

