

STAND. COM. REP. NO.

1455

Honolulu, Hawaii

April 8, 2011

RE: S.B. No. 120
S.D. 1
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 120, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO STATE FUNDS,"

begs leave to report as follows:

The purpose of this bill as received by your Committee is to address the State's fiscal needs by:

- (1) Terminating certain funds for which the statutory authority has expired and depositing the remaining amounts into the general fund;
- (2) Repealing certain special and revolving funds of the University of Hawaii and converting certain other funds from revolving funds to special funds;
- (3) Transferring unspecified excess balances from various non-general funds into the State's general fund; and
- (4) Repealing certain other special funds and transferring the unencumbered balances to the general fund.

For the purposes of a public hearing, your Committee circulated and received testimony on a proposed draft that:

SB120 HD1 HSCR FIN HMS 2011-3709



- (1) Adds additional funds from which moneys will be transferred into the general fund, removes certain funds from among those from which moneys will be transferred into the general fund, and inserts the amount of moneys that will be transferred from each fund;
- (2) Includes provisions that require the Director of Finance to transfer moneys from the Compliance Resolution Fund to retroactively fund all interest payments on general obligation bonds issued to assist the operations of the Department of Commerce and Consumer Affairs through infrastructure improvements and collect payment for the interest on the general obligation bonds from the fund each year thereafter;
- (3) Temporarily repeals the requirement that tax revenues from the banking industry be deposited into the Compliance Resolution Fund;
- (4) Temporarily suspends the distribution of a portion of the conveyance tax to the Land Conservation Fund; and
- (5) Diverts a certain portion of Tobacco Settlement moneys into the general fund for fiscal years 2011 and 2012.

The Hawaii Smokers Alliance supported this bill. The Insurance Division of the Department of Commerce and Consumer Affairs (DCCA); Division of Financial Institutions of DCCA; Department of Health; Hawaii Teacher Standards Board; University of Hawaii at Manoa; Aloha Aina O Kamilo Nui; Blue Planet Foundation; Sierra Club-Hawaii Chapter; Boys and Girls Club of Hawaii; Conservation Council for Hawaii; American Council of Life Insurers; Pietsch Properties, LLC; Wireless Enhanced 911 Board; Hawaii Primary Care Association; American Heart Association; Hawaii State Center for Nursing; KAHEA: The Hawaiian-Environmental Alliance; Kaala Farm, Inc.; Rising Up, Inc.; The Queen's Medical Center; Historic Hawaii Foundation; and numerous concerned individuals opposed this measure. The Department of Budget and Finance; Department of the Attorney General; Department of Accounting and General Services; Department of Human Services; Department of Business, Economic Development, and Tourism; Hawaii Housing Finance and Development Corporation; DCCA; Department of Transportation; Department of Land and Natural Resources; Department of Hawaiian Home Lands; Department of Education; Hawaii Community Development Authority; University of Hawaii System; County of Hawaii Police Department; Tax Foundation of Hawaii;



University of Hawaii Foundation; Healthcare Association of Hawaii; CTIA-The Wireless Association; National Emergency Number Association; Hawaiian Islands Land Trust; Hawaii Bankers Association; The Nature Conservancy; Coalition for a Tobacco-Free Hawaii; Hawaii Chronic Obstructive Pulmonary Disease Coalition; The Trust for Public Land; Ma Ka Hana Ka Ike; Hawaii Insurers Council; and several concerned individuals provided comments.

Your Committee has amended this bill by adopting the proposed draft.

Your Committee has further amended this bill by:

- (1) Reestablishing the Patients' Compensation Fund and removing provisions that transfer moneys in the fund to the general fund;
- (2) Specifying that the unencumbered balances in the University of Hawaii at Manoa Conference Center Revolving Fund will be deposited into the University of Hawaii Commercial Enterprises Revolving Fund;
- (3) Amending the list of funds from which moneys will be transferred into the general fund with specified amounts to include the:
 - (A) State Risk Management Revolving Fund;
 - (B) Stadium Special Fund;
 - (C) Medicaid Investigations Recovery Fund;
 - (D) Aloha Tower Special Fund;
 - (E) Waialua Loan Subsidy Program;
 - (F) University of Hawaii Faculty Housing Project Series 1995 Bond Proceed Special Fund;
 - (G) Kikala-Keokeo Housing Revolving Fund;
 - (H) Compliance Resolution Fund - Business Registration Sub-account;
 - (I) Hawaii Teacher Standards Board Special Fund;



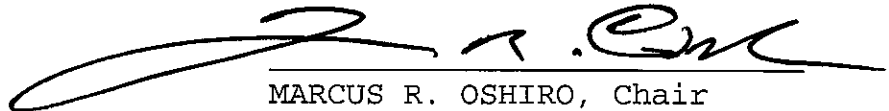
- (J) School Food Service Special Fund;
 - (K) Community Use of School Facilities Special Fund;
 - (L) Federal Grants Search, Development, and Application Revolving Fund;
 - (M) Health Care Revolving Fund;
 - (N) Mental Health and Substance Abuse Special Fund;
 - (O) Drug Demand Reduction Assessments Special Fund;
 - (P) Neurotrauma Special Fund;
 - (Q) Environmental Management Special Fund;
 - (R) Deposit Beverage Container Deposit Special Fund;
 - (S) Newborn Metabolic Screening Special Fund;
 - (T) Trauma System Special Fund;
 - (U) Employment and Training Fund;
 - (V) Special Unemployment Insurance Administrative Fund;
and
 - (W) Premium Supplemental Fund;
- (4) Repealing the Rx Plus Program and the State Pharmacy Assistance Program in addition to the associated special funds;
 - (5) Inserting provisions that allow for an expedited process for fee recovery for the Division of Financial Institutions until December 31, 2011;
 - (6) Reducing from ten percent to 5 percent the diversion of moneys from the Land Conservation Fund;
 - (7) Changing the years in which Tobacco Settlement moneys will be diverted from the Emergency and Budget Reserve Fund into the general fund from fiscal years 2011 and 2012 to fiscal years 2012 and 2013;



- (8) Changing the years in which Tobacco Settlement moneys will be diverted from the Hawaii Tobacco Prevention and Control Trust Fund into the general fund from fiscal years 2011 and 2012 to fiscal years 2011 through 2014;
- (9) Transferring \$15,000,000 from the Hawaii Tobacco Prevention and Control Trust Fund into the general fund in each of fiscal years 2011-2012 and 2012-2013; and
- (10) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 120, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 120, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



