
A BILL FOR AN ACT

RELATING TO STATE FUNDS.

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

1 SECTION 1. Section 23-11, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "~~{}~~§23-11~~{}~~ **New special or revolving funds.** (a) Within
4 five days after the deadline for the introduction of bills in
5 each legislative session, the clerks of each house of the
6 legislature shall transmit, to the ~~[legislative]~~ auditor for
7 analysis, copies of all legislative bills that were introduced
8 in their respective houses during that session that propose to
9 establish new special or revolving funds.

10 (b) The criteria to be used by the auditor in analyzing
11 each legislative bill shall include~~[7]~~ but not be limited to~~[7]~~
12 ~~the extent to which the fund]~~ :

13 (1) ~~[Serves the purpose for which it is being created,]~~

14 The need for the fund, as demonstrated by:

15 (A) The purpose of the program to be supported by the
16 fund;



1 (B) The scope of the program, including financial
 2 information on fees to be charged, sources of
 3 projected revenue, and costs; and
 4 (C) Why the program cannot be implemented
 5 successfully under the general fund appropriation
 6 process; and

7 (2) [~~Reflects~~] Whether there is a clear [link] nexus
 8 between the [~~benefit~~] benefits sought and [~~changes~~]
 9 charges made upon the program users or beneficiaries
 10 [~~of the program,~~] or a clear link between the program
 11 and the sources of revenue, as opposed to serving
 12 primarily as a means to provide the program or users
 13 with an automatic means of support [~~which~~] that is
 14 removed from the normal budget and [~~appropriations~~]
 15 appropriation process.

16 Each analysis shall set forth the probable effects of the
 17 proposed fund and shall also assess alternative forms of
 18 funding.

19 (c) No later than thirty days prior to the adjournment
 20 sine die of each legislative session, the [~~legislative~~] auditor



1 shall submit the analysis of each transmitted legislative bill
2 to each house of the legislature."

3 SECTION 2. Section 23-12, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "§23-12 Review of special, revolving, and trust funds.

6 (a) The office of the [state] auditor shall report to the
7 legislature, at each regular session, a review of special,
8 revolving, and trust funds established to provide services
9 rendered by any state department or establishment to other state
10 departments or establishments or to any political subdivision of
11 the State. The review shall include [~~but not be limited to~~]:

- 12 (1) An evaluation of the original intent and purpose of
13 each fund, both as expressed by the legislature and as
14 understood by the expending agency;
- 15 (2) The degree to which each fund achieves the stated and
16 claimed purposes;
- 17 (3) An evaluation of performance standards established by
18 the agency; and
- 19 (4) A summary statement reflecting total fund transactions
20 in the preceding five fiscal years, including the fund
21 balance at the beginning of each fiscal year, total



1 deposits and withdrawals, amount of interest earned,
2 total expenditures made from the fund, and the ending
3 fund balance for each fiscal year.

4 (b) Each special, revolving, and trust fund shall be
5 reviewed every five years as follows:

6 (1) Beginning 1994 and every five years thereafter, the
7 auditor shall submit a review of the special,
8 revolving, and trust funds of the department of
9 accounting and general services; the department of
10 agriculture; the department of budget and finance; and
11 the department of land and natural resources;

12 (2) Beginning 1995 and every five years thereafter, the
13 auditor shall submit a review of the special,
14 revolving, and trust funds of the department of the
15 attorney general; the department of business, economic
16 development, and tourism; and the University of Hawaii
17 system;

18 (3) Beginning 1996 and every five years thereafter, the
19 auditor shall submit a review of the special,
20 revolving, and trust funds within the judiciary and of
21 the department of commerce and consumer affairs; the



1 department of Hawaiian home lands; the department of
2 health; and the department of human services;

3 (4) Beginning 1997 and every five years thereafter, the
4 auditor shall submit a review of the special,
5 revolving, and trust funds of the office of the
6 governor; the office of Hawaiian affairs; and the
7 department of education; [~~and~~]

8 (5) Beginning 1998 and every five years thereafter, the
9 auditor shall submit a review of the special,
10 revolving, and trust funds of the department of labor
11 and industrial relations; the department of taxation;
12 the department of human resources development; the
13 department of public safety; and all other moneys
14 expended in accordance with section 37-40 [~~-~~]; and

15 (6) Beginning 2014 and every five years thereafter, the
16 auditor shall submit a review of the special,
17 revolving, and trust funds of the department of
18 transportation and the department of defense."

19 SECTION 3. Section 37-52.3, Hawaii Revised Statutes, is
20 amended to read as follows:



1 " [†]§37-52.3[†] **Criteria for the establishment and**
2 **continuance of special funds.** Special funds shall [~~only~~] be
3 established only pursuant to an act of the legislature. The
4 legislature, in establishing or reviewing a special fund to
5 determine whether it should be continued, shall ensure that the
6 special fund:

- 7 (1) Serves the purpose for which it was originally
8 established;
- 9 (2) Reflects a clear nexus between the benefits sought and
10 charges made upon the program users or beneficiaries
11 [~~of the program,~~] or a clear link between the program
12 and the sources of revenue, as opposed to serving
13 primarily as a means to provide the program or users
14 with an automatic means of support that is removed
15 from the normal budget and appropriation process;
- 16 (3) Provides [~~an appropriate~~] a means of financing [for]
17 that is essential to the successful operation of the
18 program or activity; and
- 19 (4) Demonstrates the capacity to be financially self-
20 sustaining."



1 SECTION 4. Section 37-52.4, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[~~f~~]§37-52.4[~~]~~ **Criteria for the establishment and**
4 **continuance of revolving funds.** Revolving funds shall only be
5 established pursuant to an act of the legislature. The
6 legislature, in establishing or reviewing a revolving fund to
7 determine whether it should be continued, shall ensure that the
8 revolving fund:

- 9 (1) Serves the purpose for which it was originally
10 established;
- 11 (2) Reflects a clear nexus between the benefits sought and
12 charges made upon the program users or beneficiaries
13 [~~of the program,~~] or a clear link between the program
14 and the sources of revenue, as opposed to serving
15 primarily as a means to provide the program or users
16 with an automatic means of support that is removed
17 from the normal budget and appropriation process;
- 18 (3) Provides [~~an appropriate~~] a means of financing [~~for~~]
19 that is essential to the successful operation of the
20 program or activity; and



1 (4) Demonstrates the capacity to be financially self-
2 sustaining."

3 SECTION 5. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 6. This Act shall take effect on June 30, 2013.



Report Title:

Special Funds; Revolving Funds; Auditor

Description:

Amends criteria to be used by the auditor in analyzing legislative bills proposing to establish new special or revolving funds. Clarifies that a special or revolving fund to be established or continued shall reflect a clear nexus between benefits sought and charges made upon program users or beneficiaries or between the program and the sources of revenue. Requires the auditor to review special funds, as well as revolving and trust funds, of designated governmental entities. Beginning 2014 and every five years thereafter, requires the auditor to review the special, revolving, and trust funds of the DOT and DOD. (SD1)

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

