



EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

**GOV. MSG. NO. 1235**

June 24, 2014

The Honorable Donna Mercado Kim,  
President  
and Members of the Senate  
Twenty-Seventh State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

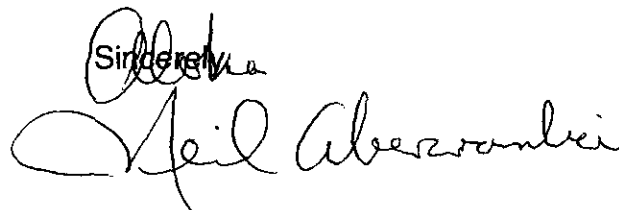
The Honorable Joseph M. Souki,  
Speaker and Members of the  
House of Representatives  
Twenty-Seventh State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 24, 2014, the following bill was signed into law:

HB2188 HD1 SD1 CD1

RELATING TO STATE FUNDS  
**ACT 132 (14)**

Sincerely,  


NEIL ABERCROMBIE  
Governor, State of Hawaii

Approved by the Governor  
on JUN 24 2014  
HOUSE OF REPRESENTATIVES  
TWENTY-SEVENTH LEGISLATURE, 2014  
STATE OF HAWAII

**ACT 132**  
**H.B. NO.** 2188  
H.D. 1  
S.D. 1  
C.D. 1

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## A BILL FOR AN ACT

RELATING TO STATE FUNDS.

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

1           SECTION 1. The legislature finds that certain funds and  
2 programs are effectively non-functional, having fulfilled their  
3 intended purpose. The legislature further finds that any moneys  
4 still remaining in these funds or programs would serve the State  
5 more effectively if they were deposited into an active fund or  
6 to the credit of the general fund.

7           In 1995, the legislature created the Waialua loan and  
8 subsidy program to assist former employees and retirees  
9 displaced by the closure of Waialua Sugar Company. However, as  
10 noted in the 2012 state auditor's report entitled, "Study of the  
11 Transfer of Non-general Funds to the General Fund," the program  
12 "is no longer active and there is only one outstanding  
13 loan...[accordingly], it is no longer serving the purpose for  
14 which it was created." Similarly, in 2001, the Kikala-Keokea  
15 infrastructure development fund was created to provide low-  
16 interest home construction loans for Kikala-Keokea leaseholders  
17 who had been denied loans from traditional financial  
18 institutions. However, according to a 2012 state auditor's

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1 report, the "fund is no longer active and there are no  
2 outstanding loans...the project is projected to have no  
3 revenues, no expenses, and no balance for FY2012...[accordingly]  
4 it is no longer serving the purpose for which it was created."

5 The purpose of this Act is to terminate the Waialua loan  
6 and subsidy program, the Kikala-Keokea infrastructure  
7 development fund, and the Kikala-Keokea housing revolving fund,  
8 and to deposit any residual amounts left in either the program  
9 or funds into the rental assistance revolving fund or the  
10 general fund.

11 SECTION 2. Section 201H-211, Hawaii Revised Statutes, is  
12 amended to read as follows:

13 **"[~~§~~201H-211~~]~~ Expenditures of revolving funds under the**  
14 **corporation exempt from appropriation and allotment.** Except as  
15 to administrative expenditures, and except as otherwise provided  
16 by law, expenditures from the revolving funds administered by  
17 the corporation under subparts I and J of part III, relating to  
18 financing programs, or sections 201H-80, [~~201H-81,~~] 201H-123, or  
19 516-44 may be made by the corporation without appropriation or  
20 allotment by the legislature; provided that no expenditure shall  
21 be made from and no obligation shall be incurred against any  
22 revolving fund in excess of the amount standing to the credit of



1 the fund or for any purpose for which the fund may not lawfully  
2 be expended. Nothing in sections 37-31 to 37-41 shall require  
3 the proceeds of the revolving funds identified in subparts I and  
4 J of part III, or sections 201H-80, [~~201H-81,~~] 201H-123, or  
5 516-44 to be reappropriated annually."

6 SECTION 3. Section 171-19.5, Hawaii Revised Statutes, is  
7 repealed.

8 [~~"§171-19.5 Infrastructure development fund,  
9 establishment. (a) There is established in the state treasury  
10 the infrastructure development fund to be administered by the  
11 department of land and natural resources. Funds transferred or  
12 appropriated by the legislature and moneys received or collected  
13 by the department of land and natural resources, as authorized  
14 by the legislature, shall be deposited into the infrastructure  
15 development fund.~~

16 ~~(b) The infrastructure development fund shall be used to  
17 provide funding for infrastructure development in the Kikala-  
18 Keokea area on the island of Hawaii to benefit residents of  
19 Kalapana who have been dispossessed of their homes and lands as  
20 a result of the continued volcanic eruptions on the island of  
21 Hawaii, which began on January 3, 1983. Proceeds of this fund~~



1 ~~may be used for necessary expenses in the administration of the~~  
2 ~~fund.~~

3 ~~(c) Upon fulfillment of the purposes of this section, any~~  
4 ~~unexpended or unencumbered funds appropriated by the legislature~~  
5 ~~or remaining in the infrastructure development fund as of the~~  
6 ~~close of business on December 31, 2004, shall not lapse into~~  
7 ~~that fund or to the credit of the general fund, but shall be~~  
8 ~~transferred to the credit of the Kikala Keokea housing revolving~~  
9 ~~fund established in section 201H-81 as of that date, provided~~  
10 ~~that any unexpended or unencumbered moneys that were provided by~~  
11 ~~the office of Hawaiian affairs and deposited into the~~  
12 ~~infrastructure development fund for the purpose of~~  
13 ~~infrastructure development shall be refunded to the office of~~  
14 ~~Hawaiian affairs upon the completion of the fund's intended~~  
15 ~~purpose. No funds shall be transferred until all funding~~  
16 ~~commitments entered into by the department of land and natural~~  
17 ~~resources to complete the design and construction of~~  
18 ~~infrastructure improvements have been executed." ]~~

19 SECTION 4. Section 201H-81, Hawaii Revised Statutes, is  
20 repealed.

21 ~~["~~§201H-81~~ Kikala Keokea housing revolving fund,~~  
22 ~~established. (a) There is established in the state treasury~~



1 ~~the Kikala Keokea housing revolving fund to provide low interest~~  
2 ~~loans for home construction for Kikala Keokea leaseholders who~~  
3 ~~have been denied loans from traditional financial institutions.~~

4 ~~The revolving fund shall be administered by the corporation.~~

5 ~~(b) The rate of interest on loans executed pursuant to~~  
6 ~~this section shall not exceed three per cent per year and~~  
7 ~~interest earnings on loans made pursuant to this section may be~~  
8 ~~used for administrative and other expenses necessary for~~  
9 ~~administering the loan program. Guidelines shall be established~~  
10 ~~by the corporation with respect to loan terms and loan~~  
11 ~~qualification criteria. Moneys appropriated for the purposes of~~  
12 ~~this section shall be deposited into the Kikala Keokea housing~~  
13 ~~revolving fund; provided that upon fulfillment of the purposes~~  
14 ~~of this section, all unencumbered moneys shall lapse into the~~  
15 ~~general fund.~~

16 ~~(c) The corporation shall adopt rules in accordance with~~  
17 ~~chapter 91 to effectuate the purposes of this section." ]~~

18 SECTION 5. Act 30, Special Session Laws of Hawaii 1995, is  
19 repealed.

20 SECTION 6. Act 31, Special Session Laws of Hawaii 1995, is  
21 repealed.



1 SECTION 7. (a) By July 1, 2014, the director of finance  
2 shall transfer any unencumbered balances remaining, as of  
3 June 30, 2014, in the infrastructure development fund  
4 established by section 171-19.5, Hawaii Revised Statutes, and  
5 the Kikala-Keokea housing revolving fund, established by section  
6 201H-81, Hawaii Revised Statutes, to the credit of the general  
7 fund. Additionally, any future revenues scheduled to be paid  
8 into the infrastructure development fund or Kikala-Keokea  
9 housing revolving fund shall be paid to the credit of the  
10 general fund.

11 (b) By July 1, 2014, the director of finance shall  
12 transfer any unencumbered balances remaining, as of June 30,  
13 2014, in the grant and loan programs established by Acts 30 and  
14 31, Special Session Laws of Hawaii 1995, to the credit of the  
15 rental assistance revolving fund. Additionally, any future  
16 revenues scheduled to be paid into the grant and loan programs  
17 established by Acts 30 and 31, Special Session Laws of Hawaii  
18 1995, shall be paid to the credit of the rental assistance  
19 revolving fund.

20 SECTION 8. This Act shall not affect rights and duties  
21 that matured, penalties that were incurred, and proceedings that  
22 were begun before its effective date.



1 SECTION 9. Statutory material to be repealed is bracketed  
2 and stricken.

3 SECTION 10. This Act shall take effect upon its approval.

APPROVED this 24 day of JUN, 2014



GOVERNOR OF THE STATE OF HAWAII

