



EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

July 8, 2014

**GOV. MSG. NO. 1306**

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:

I am transmitting herewith HB2427 HD1 SD1 CD1, without my approval, and with the statement of objections relating to the measure.

HB2427 HD1 SD1 CD1

RELATING TO THE REPEAL OF NON-GENERAL  
FUNDS

*Aloha*  
Signed  
*Neil Abercrombie*

NEIL ABERCROMBIE  
Governor, State of Hawaii

EXECUTIVE CHAMBERS  
HONOLULU  
July 8, 2014

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 2427

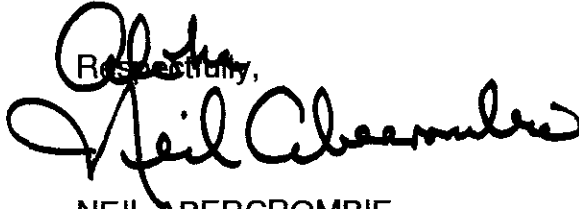
Honorable Members  
Twenty-Seventh Legislature  
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 2427, entitled "A Bill for an Act Relating to the Repeal of Non-General Funds."

The purpose of this bill is to repeal several unused or inactive non-general funds with very low balances or no activity in recent years. In addition, this bill transfers the balance of the Fee Simple Residential Revolving Fund to the General Fund.

This bill is objectionable because it repeals the Center for Labor Education and Research Revolving Fund. While this Revolving Fund has a relatively low balance, it serves its statutory function by collecting all fees and charges associated with the operations of the Center for Labor Education and Research and using such moneys to defray its operating costs. I believe that these revenues should be retained and used by the Center for Labor Education and Research instead of being deposited into the General Fund.

For the foregoing reasons, I am returning House Bill No. 2427 without my approval.

Respectfully,  
  
NEIL ABERCROMBIE  
Governor of Hawaii

---

---

## A BILL FOR AN ACT

RELATING TO THE REPEAL OF NON-GENERAL FUNDS.

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

PART I

1  
2 SECTION 1. The purpose of this part is to repeal the  
3 Captain Cook memorial fund.

4 The legislature finds that the fund is no longer necessary.  
5 It has had no activity in recent years and a very small balance.

6 SECTION 2. Section 6E-4, Hawaii Revised Statutes, is  
7 amended to read as follows:

8 "~~{~~**§6E-4**~~}~~ **Administration.** All state historic areas and  
9 buildings surplus to the operations of the department of  
10 accounting and general services shall be transferred by  
11 executive order to the department [~~except as provided in~~  
12 ~~section 6E-33~~]. All state projects and programs relating to  
13 historic preservation shall come under the authority of the  
14 department."

15 SECTION 3. Section 6E-33, Hawaii Revised Statutes, is  
16 repealed.

17 [~~{~~**§6E-33**~~}~~ ~~Captain Cook Memorial Fund.~~ All moneys in the  
18 ~~Captain Cook memorial fund or which may be paid into the same~~



1 ~~from the proceeds of sales or which may be received by way of~~  
2 ~~gift or otherwise for any of the purposes provided by this~~  
3 ~~section, the acceptance of such gifts and the receipt of such~~  
4 ~~funds being authorized, shall be expendable by the comptroller~~  
5 ~~from time to time for any of the purposes provided by this~~  
6 ~~section, and any original historical documents or other~~  
7 ~~articles, or copies, facsimiles, or replicas thereof, so~~  
8 ~~collected, and copies of publications made under this section~~  
9 ~~shall be deposited in the archives of Hawaii to constitute a~~  
10 ~~collection to be known as the "Captain Cook Memorial~~  
11 ~~Collection".~~

12 ~~The comptroller may purchase or otherwise acquire original~~  
13 ~~books, mementos, pamphlets, documents, or other articles of~~  
14 ~~historical value relating to the life of Captain James Cook, or~~  
15 ~~connected with the history, discovery, and exploration of the~~  
16 ~~Hawaiian Islands, or copies, facsimiles, or replicas thereof of~~  
17 ~~other data relating thereto, and prepare and publish in the~~  
18 ~~comptroller's discretion books, documents, pamphlets, or other~~  
19 ~~publications relating thereto.~~

20 ~~The comptroller may distribute free copies of such~~  
21 ~~publications to libraries, museums, and other places of~~  
22 ~~reference open to the public in the United States or in other~~



1 ~~countries, not to exceed, however, one third of the number of~~  
2 ~~copies of each published. The remaining copies may be sold at~~  
3 ~~such reasonable prices as may be fixed by the comptroller, the~~  
4 ~~proceeds of such sales to be paid into the trust fund." ]~~

5 PART II

6 SECTION 4. The purpose of this part is to repeal the  
7 infrastructure development fund.

8 The legislature finds that the fund is no longer necessary.  
9 It has had no balance or activity in recent years.

10 SECTION 5. Section 171-19.5, Hawaii Revised Statutes, is  
11 repealed.

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

20 ~~(b) The infrastructure development fund shall be used to~~  
21 ~~provide funding for infrastructure development in the Kikala-~~  
22 ~~Keokea area on the island of Hawaii to benefit residents of~~



1 ~~Kalapana who have been dispossessed of their homes and lands as~~  
2 ~~a result of the continued volcanic eruptions on the island of~~  
3 ~~Hawaii, which began on January 3, 1983. Proceeds of this fund~~  
4 ~~may be used for necessary expenses in the administration of the~~  
5 ~~fund.~~

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



## 1 PART III

2 SECTION 6. The purpose of this part is to address the  
3 statewide geospatial information and data integration special  
4 fund. More specifically, this part repeals the special fund and  
5 requires that fees generated by the statewide geographic  
6 information system program be deposited into the general fund.

7 The legislature finds that the statewide geospatial  
8 information and data integration special fund is not necessary.  
9 It has no balance or annual revenues.

10 SECTION 7. Section 225M-6, Hawaii Revised Statutes, is  
11 amended to read as follows:

12 **"§225M-6 Fees for statewide planning and geographic**  
13 **information system services and products.** The office of  
14 planning may charge fees for statewide planning and geographic  
15 information system services and products. All fees collected  
16 for statewide planning and geographic information system  
17 analyses and other related services shall be deposited into the  
18 [~~statewide geospatial information and data integration special~~]  
19 general fund [~~for the sole purpose of supporting the statewide~~  
20 ~~planning and geographic information system~~]. The office shall  
21 adopt rules setting fees for statewide planning and geographic  
22 information system services and products."



1 SECTION 8. Section 225M-7, Hawaii Revised Statutes, is  
2 repealed.

3 ~~["§225M-7] Statewide geospatial information and data~~  
4 ~~integration special fund. (a) There is established in the~~  
5 ~~state treasury the statewide geospatial information and data~~  
6 ~~integration special fund, into which shall be deposited:~~

7 (1) ~~Moneys directed, allocated, or disbursed to the~~  
8 ~~statewide geospatial information and data integration~~  
9 ~~program from other government agencies or private~~  
10 ~~sources to help support the acquisition of hardware,~~  
11 ~~software, applications, and databases;~~

12 (2) ~~Moneys directed, allocated, or disbursed to the~~  
13 ~~statewide geospatial technologies program from non-~~  
14 ~~state sources, including but not limited to grants,~~  
15 ~~awards, and donations;~~

16 (3) ~~Moneys collected as fees for statewide planning and~~  
17 ~~geographic information system services rendered; and~~

18 (4) ~~Investment earnings credited to the assets of the fund~~  
19 ~~and all interest on special fund balances.~~

20 (b) ~~The statewide geospatial information and data~~  
21 ~~integration special fund shall be used to help defray the cost~~  
22 ~~of, including but not limited to the following:~~





- 1       ~~(1) Programs and activities to implement this chapter,~~  
2       ~~including the provision of state funds to match~~  
3       ~~federal funds from the United States Geological Survey~~  
4       ~~or other federal departments, and~~
- 5       ~~(2) Operating costs of the statewide planning and~~  
6       ~~geographic information system, including acquisition~~  
7       ~~and maintenance of hardware or software necessary to~~  
8       ~~implement this chapter, acquisition and maintenance of~~  
9       ~~geospatial and other data, application development,~~  
10       ~~training, and other products or services of general~~  
11       ~~benefit to the statewide geospatial information and~~  
12       ~~data integration program and its stakeholders." ]~~

## PART IV

14       SECTION 9. The purpose of this part is to repeal the food  
15       distribution program revolving fund.

16       The legislature finds that the revolving fund has no  
17       balance or recent activity. Thus, the legislature finds that  
18       the revolving fund is not necessary.

19       SECTION 10. Section 302A-1315, Hawaii Revised Statutes, is  
20       repealed.



1       ~~["5302A-1315 Food distribution program revolving fund.~~

2       ~~(a) There is established the food distribution program~~  
3       ~~revolving fund to be administered by the department.~~

4       ~~(b) The food distribution program revolving fund shall~~  
5       ~~consist of:~~

6       ~~(1) Administrative fees collected by the department for~~  
7       ~~administering and operating the food distribution~~  
8       ~~program;~~

9       ~~(2) All interest earned on the deposit or investment of~~  
10       ~~moneys in the food distribution program revolving~~  
11       ~~fund; and~~

12       ~~(3) Any other moneys made available to the food~~  
13       ~~distribution program revolving fund from other~~  
14       ~~sources.~~

15       ~~(c) The food distribution program revolving fund shall be~~  
16       ~~used by the department for the collection and disbursement of~~  
17       ~~generated revenue to support the administration and operation of~~  
18       ~~the food distribution program pursuant to 7 Code of Federal~~  
19       ~~Regulations section 250.15.~~

20       ~~(d) The balance in the food distribution program revolving~~  
21       ~~fund shall not exceed \$2,000,000 to pay for services rendered by~~  
22       ~~state contracted warehouses for the distribution of federal~~



1 ~~commodity foods to the recipient agencies. Any moneys remaining~~  
2 ~~in the revolving fund in excess of \$2,000,000 at the end of each~~  
3 ~~fiscal year shall lapse to the credit of the general fund." ]~~

4 PART V

5 SECTION 11. The purpose of this part is to repeal the  
6 center for labor education and research revolving fund.

7 The legislature finds that the revolving fund is not  
8 necessary. It has had a relatively low balance and minimal  
9 recent activity.

10 From the effective date of this part, the legislature  
11 intends that proceeds formerly deposited into the revolving fund  
12 be deposited into the general fund.

13 SECTION 12. Section 304A-2267, Hawaii Revised Statutes, is  
14 repealed.

15 [~~§304A-2267~~] ~~Center for labor education and research~~  
16 ~~revolving fund. There is established the center for labor~~  
17 ~~education and research revolving fund, for use by the director~~  
18 ~~of the center for labor education and research with the approval~~  
19 ~~of the chancellor or vice chancellor of the University of~~  
20 ~~Hawaii, West Oahu campus, in carrying out the purposes of the~~  
21 ~~center. All fees, charges, and other moneys collected in~~  
22 ~~conjunction with the operations of the center for labor~~



1 ~~education and research shall be deposited in the revolving fund.~~  
2 ~~Such amounts shall be expended from the fund by the director of~~  
3 ~~the center for labor education and research as may be necessary~~  
4 ~~to defray the cost of operating the center for labor education~~  
5 ~~and research, excluding compensation of the permanent staff, but~~  
6 ~~including contractual obligation, rentals, and such other~~  
7 ~~program costs as approved by the chancellor or vice chancellor,~~  
8 ~~West Oahu campus." ]~~

## 9 PART VI

10 SECTION 13. The purpose of this part is to repeal the  
11 career and technical training projects revolving fund for the  
12 University of Hawaii at Hilo.

13 The legislature finds that the revolving fund is not  
14 necessary.

15 SECTION 14. Section 304A-2268, Hawaii Revised Statutes, is  
16 repealed.

17 ~~[ "**{§304A-2268}** Career and technical training projects~~  
18 ~~revolving fund, University of Hawaii at Hilo. There is~~  
19 ~~established the career and technical training projects revolving~~  
20 ~~fund for the career and technical training projects of the~~  
21 ~~community colleges and the University of Hawaii at Hilo into~~  
22 ~~which shall be deposited the receipts from fees for services,~~



1 ~~supplies, and use of equipment provided by or in connection with~~  
2 ~~these projects. Funds deposited in this account shall be~~  
3 ~~expended for vocational and technical training projects, and~~  
4 ~~supplies, equipment, and services related thereto." ]~~

## PART VII

6 SECTION 15. The purpose of this part is to repeal the  
7 University of Hawaii alumni special fund.

8 The legislature finds that the special fund is not  
9 necessary.

10 SECTION 16. Section 304A-2175, Hawaii Revised Statutes, is  
11 repealed.

12 ~~[ "~~§304A-2175~~ University of Hawaii alumni special fund.~~

13 ~~There is established the University of Hawaii alumni special~~  
14 ~~fund into which shall be deposited funds and proceeds received~~  
15 ~~by the university from alumni activities and donations from~~  
16 ~~alumni. Funds deposited into this special fund may be expended~~  
17 ~~by the university for all costs associated with conducting~~  
18 ~~alumni affairs, activities, and programs for the university~~  
19 ~~system, including but not limited to expenses for honoraria,~~  
20 ~~hotel and room rentals, food and refreshment, printing and~~  
21 ~~mailing, banners and signs, plaques and awards, airfare and per~~  
22 ~~diem, leis, rental of audiovisual, musical, and stage equipment,~~



1 ~~and activity supplies and materials, without regard to statutory~~  
2 ~~competitive bidding requirements." ]~~

3 PART VIII

4 SECTION 17. The purpose of this part is to repeal the  
5 animal research farm, Waialeale, Oahu special fund.

6 The legislature finds that the special fund is not  
7 necessary. The University of Hawaii has ceased operation of the  
8 animal research farm.

9 SECTION 18. Section 304A-2177, Hawaii Revised Statutes, is  
10 repealed.

11 [~~§304A-2177~~ ~~Animal research farm, Waialeale, Oahu special~~  
12 ~~fund. There is established the animal research farm, Waialeale,~~  
13 ~~Oahu special fund for the animal research farm, Waialeale, Oahu,~~  
14 ~~operated by the college of tropical agriculture and human~~  
15 ~~resources of the University of Hawaii, into which shall be~~  
16 ~~deposited the receipts from fees realized from the sale of~~  
17 ~~livestock, services, and supplies. Funds deposited into this~~  
18 ~~special fund shall be expended for animal research, and services~~  
19 ~~and supplies related thereto." ]~~

20 PART IX

21 SECTION 19. The purpose of this part is to address the  
22 public health nursing services special fund, which is the source



1 of funding for the program providing case management services  
2 for medically fragile children.

3 More specifically, this part repeals the special fund, but  
4 retains the case management services program.

5 The legislature finds that the special fund has a  
6 relatively low balance and minimal activity. Thus, the  
7 legislature finds that the special fund is not necessary.

8 The legislature believes that case management services for  
9 medically fragile children is worthy of continuation.

10 Accordingly, the legislature retains reference to the program in  
11 statute and intends that it be provided with general funds.

12 SECTION 20. Chapter 321, Hawaii Revised Statutes, is  
13 amended by amending the title of part XXXV to read as follows:

14 "~~[+]PART XXXIV.[] PUBLIC HEALTH NURSING SERVICES SPECIAL FUND]~~  
15 CASE MANAGEMENT SERVICES FOR MEDICALLY FRAGILE CHILDREN"

16 SECTION 21. Section 321-432, Hawaii Revised Statutes, is  
17 amended to read as follows:

18 "~~[+]§321-432[] Public health nursing services special~~  
19 ~~fund. (a) There is established within the state treasury a~~  
20 ~~special fund to be known as the public health nursing services~~  
21 ~~special fund. The special fund shall be administered and~~



1 ~~expended by the department of health in accordance with this~~  
2 ~~section.~~

3 ~~(b)]~~ **Case management services for medically fragile**  
4 **children.** The department of health shall [~~expend the special~~  
5 ~~funds to~~] provide ongoing case management services and [~~to~~  
6 ~~provide~~] staff training in case management services in  
7 collaboration with the department of human services' medicaid  
8 early and periodic screening, diagnosis, and treatment program,  
9 including but not limited to:

- 10 (1) Assessment of children who are medically fragile to  
11 determine service needs;  
12 (2) Development of a specific care plan;  
13 (3) Referral for and linkages to services to implement the  
14 specific care plan; and  
15 (4) Monitoring and follow-up.

16 [~~(c) The special fund shall consist of medicaid~~] Medicaid  
17 reimbursements received by the department for case management  
18 services provided to families of medically fragile children[~~+~~]  
19 shall be deposited into the general fund."

20 PART X

21 SECTION 22. The purpose of this part is to repeal the  
22 blind shop revolving and handicraft fund.





1 The legislature finds that the revolving fund has a  
2 relatively low balance. Thus, the legislature finds that the  
3 revolving fund is not necessary.

4 Although the revolving fund is repealed, this part retains  
5 the department of human services' authority to provide the blind  
6 workshop and home labor program using other sources of funding  
7 to be determined under the executive budget process.

8 SECTION 23. Section 347-12, Hawaii Revised Statutes, is  
9 amended to read as follows:

10 **"§347-12 Blind shop ~~[revolving]~~ and handicraft ~~[fund]~~**  
11 **program.** The ~~[department of budget and finance shall create and~~  
12 ~~maintain a revolving fund entitled "blind shop revolving and~~  
13 ~~handicraft fund". This fund may be used by the]~~ department of  
14 human services ~~[for]~~ may provide a workshop ~~[purposes]~~ or home  
15 labor ~~[purposes]~~ program for the blind or others, who, in the  
16 opinion of the department of human services, will ~~[be benefited~~  
17 ~~by such]~~ benefit from the experience ~~[and all moneys in the fund~~  
18 ~~may be expended for materials, machinery, and other facilities~~  
19 ~~and for the erection, operation, and conduct of such workshops~~  
20 ~~and for the payment of such compensation as the department of~~  
21 ~~human services authorizes. All proceeds derived from the sale~~  
22 ~~of products of the workshops or the home labor shall be~~



1 ~~deposited in the fund~~]. Under the program, the department may  
2 train blind or other persons to produce crafts and other  
3 products for sale.

4 This section shall be subject to any federal policies,  
5 rules, or regulations[~~which~~] that may be applicable in order  
6 to obtain federal aid or the cooperation of any federal agency  
7 concerned."

8 PART XI

9 SECTION 24. The purpose of this part is to transfer the  
10 balance of the fee simple residential revolving fund into the  
11 general fund on June 30, 2014.

12 The legislature finds that the present balance of the fee  
13 simple residential revolving fund is relatively small. More  
14 importantly, the legislature finds that the residential  
15 leasehold programs intended to be funded from the revolving fund  
16 have not been active in recent years. Consequently, there is no  
17 immediate need for funds to operate the programs.

18 If the need for operating funds becomes necessary in the  
19 future, the revolving fund may be replenished as provided under  
20 the enabling statute for the residential leasehold programs.

21 SECTION 25. Section 516-44, Hawaii Revised Statutes, is  
22 amended to read as follows:



1           **"§516-44 Fee simple residential revolving fund. (a) A**  
2 fee simple residential revolving fund is created. The funds  
3 appropriated for the purposes of this chapter and chapter 519  
4 and all moneys received or collected by the Hawaii housing  
5 finance and development corporation under this chapter and  
6 chapter 519 shall be deposited in the revolving fund. Moneys  
7 collected to reimburse the corporation from the lessees for  
8 their pro rata share of the direct costs incurred by the  
9 corporation under this chapter shall be deposited into the  
10 revolving fund. The proceeds in the funds shall first be used  
11 to pay the principal and interest on bonds or other indebtedness  
12 issued by the corporation, or by the State, and then for  
13 necessary expenses, including indirect costs of the corporation  
14 in administering chapters 516 and 519.

15           Moneys in the fund shall be used to pay all costs of  
16 chapters 516 and 519 including administration.

17           (b) On June 30, 2014, the director of finance shall  
18 transfer the unexpended and unencumbered balance of the  
19 revolving fund to the general fund.

20           After June 30, 2014, any proceeds deposited into the  
21 revolving fund shall be subject to subsection (a)."



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22

PART XIII

SECTION 26. The following funds are abolished:

- (1) The donations for voter registration drive trust account established in 1984 and administered by the department of accounting and general services;
- (2) The Hawaii FYI - ICSD trust account administratively established in 1996 and administered by the department of accounting and general services;
- (3) The parking control revolving fund escrow account administered by the department of accounting and general services;
- (4) The returned ACH tax refunds trust account administratively established in 2004 and administered by the department of accounting and general services;
- (5) The HDOA biocontrol foreign exploration special fund created in 2010 and administered by the department of agriculture;
- (6) The Hawaii EUTF self-directed investments trust account created in 2007 and administered by the department of budget and finance; and
- (7) An account controlled by the state commission on fatherhood,



