
A BILL FOR AN ACT

RELATING TO CHARTER SCHOOLS.

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

1 SECTION 1. The legislature finds that establishing a
2 special fund for the operation of the state public charter
3 school commission and charter schools will provide a better
4 method of identifying, monitoring, and accounting for revenues
5 and expenditures of the commission and charter schools. The
6 legislature further finds that a more formal and distinct
7 separation of the commission's and charter schools' funding
8 source will elevate the status of the charter school system.

9 Accordingly, the purpose of this Act is to establish a
10 special fund for the operation of the state public charter
11 school commission and charter schools.

12 SECTION 2. Chapter 302D, Hawaii Revised Statutes, is
13 amended by adding a new section to be appropriately designated
14 and to read as follows:

15 "§302D- Charter schools special fund. (a) There is
16 established in the state treasury the charter schools special
17 fund.



1 (b) The following shall be deposited into the special
2 fund:

3 (1) Appropriations by the legislature for charter schools
4 pursuant to section 302D-28 or 302D-29;

5 (2) Appropriations by the legislature for facilities
6 funding pursuant to section 302D-29.5;

7 (3) Appropriations by the legislature for operation of the
8 commission pursuant to section 302D-3(j);

9 (4) Fees received by the commission pursuant to section
10 302D-3.2; and

11 (5) Grants and donations from the federal government or
12 any other governmental agency or any private person.

13 (c) The proceeds of the special fund shall be expended for
14 the following purposes:

15 (1) Operation and maintenance of the charter schools;

16 (2) Funding of charter school facilities in accordance
17 with legislative appropriations pursuant to section
18 302D-29.5; and

19 (3) Operation of the commission.

20 (d) No bond proceeds shall be deposited into the special
21 fund.



1 (e) No debt service on any bonds shall be paid from the
2 special fund.

3 (f) No payment shall be made from the special fund for any
4 obligation of the commission or a charter school under any
5 financing agreement entered into pursuant to chapter 37D.

6 (g) The commission shall administer the special fund."

7 SECTION 3. Section 36-27, Hawaii Revised Statutes, is
8 amended by amending subsection (a) to read as follows:

9 "(a) Except as provided in this section, and
10 notwithstanding any other law to the contrary, from time to
11 time, the director of finance, for the purpose of defraying the
12 prorated estimate of central service expenses of government in
13 relation to all special funds, except the:

14 (1) Special out-of-school time instructional program fund
15 under section 302A-1310;

16 (2) School cafeteria special funds of the department of
17 education;

18 (3) Special funds of the University of Hawaii;

19 (4) State educational facilities improvement special fund;

20 (5) Convention center enterprise special fund under
21 section 201B-8;



- 1 (6) Special funds established by section 206E-6;
- 2 (7) Housing loan program revenue bond special fund;
- 3 (8) Housing project bond special fund;
- 4 (9) Aloha Tower fund created by section 206J-17;
- 5 (10) Funds of the employees' retirement system created by
- 6 section 88-109;
- 7 (11) Hawaii hurricane relief fund established under chapter
- 8 431P;
- 9 (12) Hawaii health systems corporation special funds and
- 10 the subaccounts of its regional system boards;
- 11 (13) Tourism special fund established under section 201B-
- 12 11;
- 13 (14) Universal service fund established under section 269-
- 14 42;
- 15 (15) Emergency and budget reserve fund under section 328L-
- 16 3;
- 17 (16) Public schools special fees and charges fund under
- 18 section 302A-1130;
- 19 (17) Sport fish special fund under section 187A-9.5;
- 20 (18) Glass advance disposal fee established by section
- 21 342G-82;



- 1 (19) Center for nursing special fund under section 304A-
- 2 2163;
- 3 (20) Passenger facility charge special fund established by
- 4 section 261-5.5;
- 5 (21) Court interpreting services revolving fund under
- 6 section 607-1.5;
- 7 (22) Hawaii cancer research special fund;
- 8 (23) Community health centers special fund;
- 9 (24) Emergency medical services special fund;
- 10 (25) Rental motor vehicle customer facility charge special
- 11 fund established under section 261-5.6;
- 12 (26) Shared services technology special fund under section
- 13 27-43;
- 14 (27) Automated victim information and notification system
- 15 special fund established under section 353-136;
- 16 (28) Deposit beverage container deposit special fund under
- 17 section 342G-104; and
- 18 (29) Hospital sustainability program special fund under Act
- 19 217, Session Laws of Hawaii 2012, as amended by Act
- 20 141, Session Laws of Hawaii 2013;



1 [+] (30) [+] Nursing facility sustainability program special fund
2 under Act 156, Session Laws of Hawaii 2012;
3 [+] (31) Hawaii 3R's school improvement fund[+] under section
4 302A-1502.4; [~~and~~]
5 [+] (32) [+] After-school plus program revolving fund under
6 section 302A-1149.5[~~7~~]; and
7 (33) Charter schools special fund under section 302D- ,
8 shall deduct five per cent of all receipts of all special funds,
9 which deduction shall be transferred to the general fund of the
10 State and become general realizations of the State. All
11 officers of the State and other persons having power to allocate
12 or disburse any special funds shall cooperate with the director
13 in effecting these transfers. To determine the proper revenue
14 base upon which the central service assessment is to be
15 calculated, the director shall adopt rules pursuant to chapter
16 91 for the purpose of suspending or limiting the application of
17 the central service assessment of any fund. No later than
18 twenty days prior to the convening of each regular session of
19 the legislature, the director shall report all central service
20 assessments made during the preceding fiscal year."



1 SECTION 4. Section 36-30, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Each special fund, except the:

4 (1) Transportation use special fund established by section
5 261D-1;

6 (2) Special out-of-school time instructional program fund
7 under section 302A-1310;

8 (3) School cafeteria special funds of the department of
9 education;

10 (4) Special funds of the University of Hawaii;

11 (5) State educational facilities improvement special fund;

12 (6) Special funds established by section 206E-6;

13 (7) Aloha Tower fund created by section 206J-17;

14 (8) Funds of the employees' retirement system created by
15 section 88-109;

16 (9) Hawaii hurricane relief fund established under section
17 431P-2;

18 (10) Convention center enterprise special fund established
19 under section 201B-8;

20 (11) Hawaii health systems corporation special funds and
21 the subaccounts of its regional system boards;



- 1 (12) Tourism special fund established under section 201B-
- 2 11;
- 3 (13) Universal service fund established under section 269-
- 4 42;
- 5 (14) Emergency and budget reserve fund under section 328L-
- 6 3;
- 7 (15) Public schools special fees and charges fund under
- 8 section 302A-1130;
- 9 (16) Sport fish special fund under section 187A-9.5;
- 10 (17) Center for nursing special fund under section 304A-
- 11 2163;
- 12 (18) Passenger facility charge special fund established by
- 13 section 261-5.5;
- 14 (19) Court interpreting services revolving fund under
- 15 section 607-1.5;
- 16 (20) Hawaii cancer research special fund;
- 17 (21) Community health centers special fund;
- 18 (22) Emergency medical services special fund;
- 19 (23) Rental motor vehicle customer facility charge special
- 20 fund established under section 261-5.6;



1 (24) Shared services technology special fund under section
2 27-43;

3 (25) Nursing facility sustainability program special fund
4 established pursuant to Act 156, Session Laws of
5 Hawaii 2012;

6 (26) Automated victim information and notification system
7 special fund established under section 353-136; [and]

8 (27) Hospital sustainability program special fund under Act
9 217, Session Laws of Hawaii 2012, as amended by Act
10 141, Session Laws of Hawaii 2013 [7]; and

11 (28) Charter schools special fund under section 302D- ,

12 shall be responsible for its pro rata share of the
13 administrative expenses incurred by the department responsible
14 for the operations supported by the special fund concerned."

15 SECTION 5. Section 302D-3.2, Hawaii Revised Statutes, is
16 amended by amending subsection (b) to read as follows:

17 "(b) Fees collected by the commission shall be deposited
18 into [~~insured checking or savings accounts~~] the charter schools
19 special fund and shall be expended by the commission."

20 SECTION 6. Section 302D-19, Hawaii Revised Statutes, is
21 amended by amending subsection (c) to read as follows:



1 "(c) [~~In the event of~~] If a public charter school
2 [~~closure~~] closes for any reason[~~, if~~] and the public charter
3 school received an appropriation for capital improvements to its
4 facilities, the charter school or its authorizer shall negotiate
5 with the expending agency for a lump sum or installment
6 repayment to the State of the amounts appropriated. This
7 restriction shall be registered, recorded, and indexed in the
8 bureau of conveyances or with the assistant registrar of the
9 land court as an encumbrance on the property. Amounts received
10 from the repayment under this subsection shall be deposited into
11 the general fund[~~-~~] if the appropriation for the capital
12 improvements was made from a source other than the charter
13 schools special fund. If the appropriation for the capital
14 improvements was made from the charter schools special fund, the
15 payment shall be deposited into that special fund."

16 SECTION 7. Section 302D-25, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "**§302D-25 Applicability of state laws.** (a) Charter
19 schools shall be exempt from chapters 91 and 92 and all other
20 state laws in conflict with this chapter, except those
21 regarding:



- 1 (1) Collective bargaining under chapter 89; provided that:
 - 2 (A) The exclusive representatives as defined in
 - 3 chapter 89 and the governing board of the charter
 - 4 school may enter into supplemental agreements
 - 5 that contain cost and noncost items to facilitate
 - 6 decentralized decision-making;
 - 7 (B) The agreements shall be funded from the current
 - 8 allocation or other sources of revenue received
 - 9 by the charter school; provided that collective
 - 10 bargaining increases for employees shall be
 - 11 allocated by the department of budget and finance
 - 12 to the charter school's authorizer for
 - 13 distribution to the charter school; and
 - 14 (C) These supplemental agreements may differ from the
 - 15 master contracts negotiated with the department;
- 16 (2) Discriminatory practices under section 378-2; and
- 17 (3) Health and safety requirements.
- 18 (b) Charter schools, the commission, and authorizers shall
- 19 be exempt from chapter 103D, but shall develop internal policies
- 20 and procedures for the procurement of goods, services, and
- 21 construction, consistent with the goals of public accountability



1 and public procurement practices. Charter schools, the
2 commission, and authorizers are encouraged to use the provisions
3 of chapter 103D where possible; provided that the use of one or
4 more provisions of chapter 103D shall not constitute a waiver of
5 the exemption from chapter 103D and shall not subject the
6 charter school, commission, or authorizer to any other provision
7 of chapter 103D. Charter schools, the commission, and
8 authorizers shall account for funds expended for the procurement
9 of goods and services, and this accounting shall be available to
10 the public.

11 (c) Charter schools and their employees, the commission
12 and its employees, and governing boards and their members shall
13 be subject to chapter 84.

14 (d) Any charter school, prior to the beginning of the
15 school year, may enter into an annual contract with any
16 department for centralized services to be provided by that
17 department.

18 (e) Notwithstanding any law to the contrary, as public
19 schools and entities of the State, a charter school, including
20 its governing board, the commission, and any authorizer may not
21 bring suit against any other entity or agency of the State.



1 (f) Charter schools, the commission, and authorizers shall
2 be exempt from section 302A-1401.

3 (g) For purposes of statutory delegation of authority to
4 department heads by other state agencies, the executive director
5 shall be deemed the department head of the commission and
6 charter schools unless otherwise specifically provided.

7 (h) The charter schools special fund shall be exempt from
8 the central service expense assessment of section 36-27 and
9 departmental administrative expense assessment of section 36-
10 30."

11 SECTION 8. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 9. This Act shall take effect on July 1, 2015;
14 provided that the amendments made in sections 3 and 4 shall not
15 be repealed when sections 36-27 and 36-30, Hawaii Revised
16 Statutes, are reenacted on June 30, 2015, pursuant to section 34
17 of Act 79, Session Laws of Hawaii 2009.

18



Report Title:

Charter Schools; Charter School Commission; Charter Schools
Special Fund; Establishment

Description:

Establishes a special fund for the operation of the charter
school commission and charter schools. Provides assessment
exemptions. (SD1)

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

