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# A BILL FOR AN ACT

RELATING TO NON-GENERAL FUNDS.

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

1 PART I

2 SECTION 1. The purpose of this part is to abolish various  
3 non-general funds and accounts pursuant to the recommendations  
4 by the auditor in auditor's report no. 17-10 and to transfer the  
5 unencumbered balances to the general fund.

6 SECTION 2. The est/adm license and permit tobacco and  
7 cigarette special fund is abolished and any remaining  
8 unencumbered balance shall lapse to the general fund.

9 SECTION 3. The IRS refund intercept trust account is  
10 abolished and any remaining unencumbered balance shall lapse to  
11 the general fund.

12 SECTION 4. The special enforcement section collections  
13 trust account is abolished and any remaining unencumbered  
14 balance shall lapse to the general fund.

15 SECTION 5. The taxes payable to counties - fuel trust  
16 accounts are abolished and any remaining unencumbered balances  
17 shall lapse to the general fund.



## 1 PART II

2 SECTION 6. The premium taxes paid pending appeal trust  
3 account is abolished and any remaining unencumbered balance  
4 shall lapse to the general fund.

## 5 PART III

6 SECTION 7. The purpose of this part is to repeal the  
7 premium supplementation trust fund.

8 SECTION 8. Section 393-32, Hawaii Revised Statutes, is  
9 amended to read as follows:

10 "~~{~~§393-32~~}~~ **Rulemaking and other powers of the**  
11 **director.** The director may adopt~~[, amend, or repeal,]~~ rules  
12 pursuant to chapter 91~~[, such rules and regulations as the~~  
13 ~~director deems]~~ necessary ~~[or suitable]~~ for the ~~[proper~~  
14 ~~administration and enforcement]~~ purposes of this chapter.

15 ~~[The director may round off the amounts specified in this~~  
16 ~~chapter for the purpose of eliminating payments from the premium~~  
17 ~~supplementation fund in other than even dollar amounts or other~~  
18 ~~purposes.]~~

19 The director may prescribe the filing of reports by prepaid  
20 health care plan contractors ~~[and prescribe the form and content~~



1 ~~of requests by employers for premium supplementation and the~~  
2 ~~period for the payment thereof]."~~

3 SECTION 9. Section 393-33, Hawaii Revised Statutes, is  
4 amended by amending subsection (a) to read as follows:

5 "(a) If an employer fails to comply with section 393-11,  
6 393-12, 393-13, or 393-15 the employer shall pay a penalty of  
7 not less than \$25 or of \$1 for each employee for every day  
8 during which such failure continues, whichever sum is greater.  
9 The penalty shall be assessed under rules ~~[and regulations~~  
10 ~~promulgated]~~ adopted pursuant to chapter 91 and shall be  
11 collected by the director and paid into the ~~[trust]~~ general fund  
12 ~~[for premium supplementation established by section 393-41].~~  
13 The director ~~[may]~~, for good cause shown, may remit all or any  
14 part of the penalty."

15 SECTION 10. Section 393-34, Hawaii Revised Statutes, is  
16 amended by amending subsection (b) to read as follows:

17 "(b) All fines collected pursuant to this chapter shall be  
18 deposited into the ~~[premium supplementation trust fund]~~ created  
19 ~~by section 393-41.]~~ general fund."

20 SECTION 11. Chapter 393, part IV, Hawaii Revised Statutes,  
21 is repealed.



1 SECTION 12. On June 30, 2018, all unencumbered balances  
2 remaining in the premium supplementation trust fund repealed by  
3 this part shall lapse to the credit of the general fund.

4 PART IV

5 SECTION 13. The purpose of this part is to establish end-  
6 of-year carryover balances for various non-general funds and to  
7 require that moneys in excess of those balances shall lapse to  
8 the credit of the general fund at the end of each fiscal year.

9 SECTION 14. Section 132C-9, Hawaii Revised Statutes, is  
10 amended to read as follows:

11 "~~§~~132C-9~~§~~ **Reduced ignition propensity cigarette**  
12 **program special fund.** (a) There is established in the state  
13 treasury a reduced ignition propensity cigarette program special  
14 fund, into which shall be deposited all moneys collected by the  
15 state fire council from the reduced ignition propensity  
16 cigarette program pursuant to section 132C-4. All interest  
17 earned or accrued on moneys deposited in the fund shall become  
18 part of the fund.

19 (b) Moneys in the reduced ignition propensity cigarette  
20 program special fund shall be administered and expended by the  
21 state fire council to defray the actual cost of activities and



1 requirements of section 132C-4, including employing one full-  
2 time administrator and one full-time assistant whose duties  
3 include:

4 (1) Adopting administrative rules for program  
5 implementation, establishing compliance inspections,  
6 and approving forms and enforcement procedures and  
7 guidelines;

8 (2) Receiving certifications for approximately six hundred  
9 different brands and styles of cigarettes from the  
10 manufacturers;

11 (3) Compiling a list of the cigarette brands and styles  
12 for which manufacturers have submitted certifications,  
13 verifying tax stamp compliance with the department of  
14 the attorney general, and posting the list of  
15 certified brands and styles on a state website for  
16 informational purposes only;

17 (4) Reviewing and approving, as needed, any alternative  
18 test methods or fire standard compliance markings  
19 submitted by the manufacturer; and



1 (5) If needed, submitting certified cigarettes to an  
2 accredited laboratory for testing to verify that  
3 performance standards have been met.

4 (c) All moneys in excess of \$200,000 remaining on balance  
5 in the reduced ignition propensity cigarette program special  
6 fund on June 30 of each year shall lapse to the credit of the  
7 general fund."

8 SECTION 15. Section 383-127, Hawaii Revised Statutes, is  
9 amended to read as follows:

10 **"[+]§383-127[+] Special unemployment insurance**  
11 **administration fund.** (a) There is created in the state  
12 treasury a special fund to be known as the special unemployment  
13 insurance administration fund. All interest, fines, and  
14 penalties collected under this chapter on and after October 1,  
15 1987, shall be paid into this fund and shall not be commingled  
16 with other state funds but shall be maintained in a separate  
17 account on the books of the depository. Interest earned upon  
18 moneys in the administration fund shall be deposited and  
19 credited to the administration fund.

20 All moneys payable to the administration fund shall be  
21 transferred immediately into the administration fund from the



1 clearing account of the unemployment compensation fund. The  
2 director of finance shall be the treasurer and custodian of the  
3 administration fund and shall administer the fund in accordance  
4 with directions by the director of labor and industrial  
5 relations. The director of finance shall be liable on the  
6 director's official bond for the faithful performance of all  
7 duties in connection with the administration fund. All sums  
8 recovered on such surety bond for losses sustained by the  
9 administration fund shall be deposited into the fund.

10 (b) Notwithstanding any other provisions of this section  
11 to the contrary, the moneys in the administration fund shall be  
12 used for the payment of the following expenses and obligations  
13 relating to the administration of the unemployment insurance  
14 program:

- 15 (1) Refunds or adjustments of interest on delinquent  
16 contributions and penalties or fines erroneously  
17 collected under this chapter;
- 18 (2) Expenses for which allocation of federal funds have  
19 been duly requested but not yet received, subject to  
20 the reimbursement of the expenditures against the  
21 funds received;



1           (3) Expenditures deemed necessary by the director in the  
2           administration of this chapter for which no  
3           allocations of federal administration funds have been  
4           made; and

5           (4) Interest due under the provisions of section 1202(b)  
6           of the Social Security Act, as amended, for advances  
7           made to the unemployment compensation fund.

8           (c) No moneys in the administration fund shall be expended  
9           for any purpose for which federal funds would otherwise be  
10          available.

11          (d) All expenditures from the administration fund, except  
12          for refunds of penalties and interest erroneously collected,  
13          shall be approved by the director.

14          (e) All moneys deposited or paid into the administration  
15          fund shall be continuously available to the director for  
16          expenditures consistent with this section and shall not lapse at  
17          any time. The director may transfer moneys deposited in the  
18          administration fund to the unemployment compensation fund as the  
19          director deems necessary.

20          (f) Twenty days before the convening of the legislature in  
21          regular session each year, the director shall submit a report to





1 the legislature on the financial status of the special  
2 unemployment insurance administration fund.

3 (g) All moneys in excess of \$3,000,000 remaining on  
4 balance in the special unemployment insurance administration  
5 fund on June 30 of each year shall lapse to the credit of the  
6 general fund."

7 SECTION 16. Section 392-61, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 **"§392-61 Establishment of trust fund for disability**  
10 **benefits.** (a) There is established in the treasury of the  
11 State, separate and apart from all public moneys or funds of the  
12 State, a trust fund for disability benefits which shall be  
13 administered by the director exclusively for the purposes of  
14 this chapter; and for the establishment and maintenance of a  
15 family leave data collection system under section 398-9.5. All  
16 contributions pursuant to this part shall be paid into the fund  
17 and all benefits payable under this part shall be paid from the  
18 fund. The fund shall consist of[+]:[+]

19 (1) All contributions collected pursuant to this part,  
20 together with any interest thereon;



- 1 (2) All fines and penalties for the fund pursuant to this
- 2 chapter;
- 3 (3) All moneys collected by way of subrogation;
- 4 (4) Interest earned on any moneys in the fund;
- 5 (5) Any property or securities acquired through the use of
- 6 moneys belonging to the fund;
- 7 (6) All earnings of such property and securities; and
- 8 (7) All other moneys received for the fund from any
- 9 source.

10 (b) All moneys in excess of \$1,000,000 remaining on  
 11 balance in the trust fund for disability benefits on June 30 of  
 12 each year shall lapse to the credit of the general fund."

13 SECTION 17. Section 431:2-214, Hawaii Revised Statutes, is  
 14 amended to read as follows:

15 **"§431:2-214 The commissioner's education and training**

16 **fund.** (a) The commissioner may establish a separate fund  
 17 designated as the commissioner's education and training fund.

18 (b) This fund may be used to compensate or reimburse staff  
 19 and personnel of the insurance division for education and  
 20 training. Upon approval by the commissioner, staff and  
 21 personnel may be compensated or reimbursed for:



- 1 (1) Actual travel expenses in amounts customary for these  
2 expenses;
- 3 (2) A reasonable living expense allowance at a rate  
4 customary for these expenses;
- 5 (3) Per diem compensation at a customary rate; and
- 6 (4) Any fees or charges necessary to attend educational  
7 and training conferences, workshops, seminars, and any  
8 other event of this nature.
- 9 (c) Any person receiving reimbursement or compensation  
10 from the commissioner's education and training fund shall submit  
11 to the commissioner, for approval, a detailed account of all  
12 expenses and compensation necessarily incurred on account of any  
13 education and training for the insurance division.
- 14 (d) The commissioner's education and training fund may be  
15 used to pay the cost of consumer education and information,  
16 including publication of information, brochures, and consumer  
17 guides and costs related to conferences, workshops, seminars,  
18 and any other event of this nature which the commissioner  
19 sponsors or in which the commissioner or insurance division  
20 staff participates.



1       (e) All moneys in excess of \$500,000 remaining on balance  
2 in the commissioner's education and training fund on June 30 of  
3 each year shall lapse to the credit of the general fund."

4       SECTION 18. Section 431:10C-115, Hawaii Revised Statutes,  
5 is amended to read as follows:

6       **"§431:10C-115 Drivers education fund underwriters fee.**

7       (a) The commissioner shall assess and levy upon each insurer,  
8 and self-insurer, a drivers education fund underwriters fee of  
9 \$3 a year on each motor vehicle insured by each insurer or self-  
10 insurer. This fee is due and payable on an annual basis by  
11 means and at a time to be determined by the commissioner.

12       (b) The commissioner shall deposit the fees into a special  
13 drivers education fund account.

14       (c) The commissioner shall allocate the fees deposited for  
15 each fiscal year in the following manner:

16       (1) \$1 per registration to the commissioner to be expended  
17 for the operation of the drivers education program  
18 provided in section 286-128(d); and

19       (2) \$2 per registration to the director of commerce and  
20 consumer affairs for:



1 (A) The drivers education program administered by the  
2 department of education for high school students;  
3 and

4 (B) The traffic safety education program established  
5 and administered by the department of education  
6 pursuant to section 302A-417.

7 (d) Motor vehicles insured under the joint underwriting  
8 plan shall be excluded from the drivers education fund  
9 assessment.

10 (e) The commissioner shall adopt rules in accordance with  
11 chapter 91 for the execution of this section and the  
12 distribution of this fund.

13 (f) All unencumbered and unexpended moneys remaining on  
14 balance in the special drivers education fund account at the  
15 close of June 30 of each year shall lapse to the credit of the  
16 general fund."

17 SECTION 19. Section 431:19-101.8, Hawaii Revised Statutes,  
18 is amended by amending subsection (e) to read as follows:

19 "(e) [~~Moneys deposited by the commissioner in the fund~~  
20 ~~shall not revert to~~] All moneys in excess of \$3,000,000  
21 remaining on balance in the captive insurance administrative



1 fund on June 30 of each year shall lapse to the credit of the  
2 general fund."

3 SECTION 20. Section 444-26, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 **"§444-26 Contractors recovery fund; use of fund; person**  
6 **injured; fees.** (a) The board is authorized to establish and  
7 maintain a contractors recovery fund from which any person  
8 injured by an act, representation, transaction, or conduct of a  
9 duly licensed contractor, which is in violation of this chapter  
10 or the rules adopted pursuant thereto, may recover by order of  
11 the circuit court or district court of the judicial circuit  
12 where the violation occurred, an amount of not more than \$12,500  
13 per contract, regardless of the number of persons injured under  
14 the contract, for damages sustained by the act, representation,  
15 transaction, or conduct. Recovery from the fund shall be  
16 limited to the actual damages suffered by the claimant,  
17 including court costs and fees as set by law, and reasonable  
18 attorney fees as determined by the court; provided that recovery  
19 from the fund shall not be awarded to persons injured by an act,  
20 representation, transaction, or conduct of a contractor whose  
21 license was suspended, revoked, forfeited, terminated, or in an



1 inactive status at the time the claimant entered into the  
2 contract with the contractor.

3 (b) For purposes of this chapter, "person injured" or  
4 "injured person" means and is limited to owners or lessees of  
5 private residences, including condominium or cooperative units,  
6 who have contracted with a duly licensed contractor for the  
7 construction of improvements or alterations to the owners' or  
8 lessees' own private residences and owners or lessees of real  
9 property who have contracted with a duly licensed contractor for  
10 the construction of the owners' or lessees' own private  
11 residences on the owners' or lessees' real property.

12 (c) When any person applies for a contractors license, the  
13 person shall pay, in addition to the person's original license  
14 fee, a fee of \$150 for deposit in the contractors recovery fund,  
15 and a fee for deposit in the contractors education fund as  
16 provided in rules adopted by the director pursuant to chapter  
17 91. In the event that the board does not issue the license,  
18 these fees shall be returned to the applicant.

19 (d) All moneys in excess of \$500,000 remaining on balance  
20 in the contractors recovery fund on June 30 of each year shall  
21 lapse to the credit of the general fund."



1 SECTION 21. Section 444-29, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "~~[f]~~**§444-29**~~[t]~~ **Management of fund.** (a) The sums received  
4 by the contractors license board for deposit in the contractors  
5 recovery fund shall be held by the contractors license board in  
6 trust for carrying out the purposes of the contractors recovery  
7 fund. The contractors license board, as trustee of the recovery  
8 fund, shall be authorized to retain private legal counsel to  
9 represent the board in any action ~~[which]~~ that may result in  
10 collection from the contractors recovery fund. These funds may  
11 be invested and reinvested in the same manner as funds of the  
12 state employees' retirement system, and the interest from these  
13 investments shall be deposited to the credit of the contractors  
14 education fund, ~~[and]~~ which is hereby created, and shall be  
15 available to the contractors license board for educational  
16 purposes~~[, which is hereby created].~~

17 (b) All moneys in excess of \$100,000 remaining on balance  
18 in the contractors education fund on June 30 of each year shall  
19 lapse to the credit of the general fund."

20 SECTION 22. Section 454F-41, Hawaii Revised Statutes, is  
21 amended to read as follows:





1        **"§454F-41 Mortgage loan recovery fund; use of fund; fees.**

2        (a) The commissioner shall establish and maintain a fund that  
3 shall be known as the mortgage loan recovery fund from which any  
4 person aggrieved by an act, representation, transaction, or  
5 conduct of a licensee involving fraud, misrepresentation, or  
6 deceit may recover by order of the circuit court or district  
7 court of the county where the violation occurred, an amount of  
8 not more than \$25,000 per transaction, including court costs and  
9 fees as set by law and reasonable attorney fees as determined by  
10 the court, for damages sustained by the fraud,  
11 misrepresentation, or deceit of a licensee.

12        (b) In addition to application fees and any fees required  
13 by NMLS, a licensee shall pay to the division a mortgage loan  
14 recovery fund fee as follows for deposit in the mortgage loan  
15 recovery fund:

- 16            (1) The sum of \$300 for each principal office location of  
17                a mortgage loan originator company;
- 18            (2) The sum of \$250 for each branch office location of a  
19                mortgage loan originator company; and
- 20            (3) The sum of \$200 for each mortgage loan originator.



1 (c) Upon application for renewal of a license under this  
2 chapter, a licensee shall pay, in addition to the licensee's  
3 license renewal fee and fees required by NMLS, a mortgage loan  
4 recovery fund fee as follows for deposit in the mortgage loan  
5 recovery fund:

6 (1) The sum of \$200 for each principal office location of  
7 a mortgage loan originator company;

8 (2) The sum of \$100 for each branch office location of a  
9 mortgage loan originator company; and

10 (3) The sum of \$100 for each mortgage loan originator.

11 Mortgage loan recovery fund fees collected pursuant to this  
12 subsection shall be refundable upon the denial of a license  
13 renewal by the commissioner.

14 (d) When the mortgage loan recovery fund attains a funding  
15 level of \$750,000, the commissioner may make a finding to adjust  
16 the fees generated by renewals or may determine that payments  
17 made by renewing licensees shall cease. If the funding level  
18 falls below \$250,000 after the first five years of the  
19 establishment of the fund, the commissioner may adjust the fees  
20 to a reasonable level for the purpose of attaining a funding  
21 level of \$750,000.



1 (e) The commissioner or the commissioner's designee, as  
2 the manager of the mortgage loan recovery fund, shall be  
3 authorized to expend moneys in the mortgage loan recovery fund  
4 to:

- 5 (1) Retain private legal counsel to represent the  
6 commissioner or the division in any action that  
7 involves or may result in payment from the mortgage  
8 loan recovery fund;
- 9 (2) Retain a certified public accountant for accounting  
10 and auditing of the mortgage loan recovery fund;
- 11 (3) Employ necessary personnel, not subject to chapter 76,  
12 to assist the commissioner in exercising the  
13 commissioner's powers and duties with respect to the  
14 mortgage loan recovery fund; and
- 15 (4) Retain a consultant to recover and collect any  
16 payments from the mortgage loan recovery fund plus  
17 interest from the judgment debtor.

18 (f) All moneys in excess of \$1,000,000 remaining on  
19 balance in the mortgage loan recovery fund on June 30 of each  
20 year shall lapse to the credit of the general fund."



1 SECTION 23. Section 467-16, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 **"§467-16 Real estate recovery fund; use of fund; fees.**

4 (a) The commission shall establish and maintain a trust fund  
5 which shall be known as the real estate recovery fund from which  
6 any person aggrieved by an act, representation, transaction, or  
7 conduct of a duly licensed real estate broker, or real estate  
8 salesperson, upon the grounds of fraud, misrepresentation, or  
9 deceit, may recover upon the commission's settlement of a claim  
10 or by order of the circuit court or district court of the county  
11 where the violation occurred, an amount of not more than \$25,000  
12 per transaction for damages sustained by the fraud,  
13 misrepresentation, or deceit, including court costs and fees as  
14 set by law, and reasonable attorney fees as determined by the  
15 court.

16 (b) When any person makes application for an original  
17 license to practice as a real estate broker or salesperson the  
18 person shall pay, in addition to the person's original license  
19 fee, a real estate recovery fund fee as provided in rules  
20 adopted by the director of commerce and consumer affairs  
21 pursuant to chapter 91 for deposit in the real estate recovery



1 fund. If the commission does not issue the license, this fee  
2 shall be returned to the applicant.

3 (c) The commission, as the trustee of the real estate  
4 recovery fund, shall be authorized to expend the funds to:

- 5 (1) Retain private legal counsel to represent the  
6 commission in any action involving or which may result  
7 in payment from the real estate recovery fund;
- 8 (2) Retain a certified public accountant for accounting  
9 and auditing of the real estate recovery fund;
- 10 (3) Employ necessary personnel, not subject to chapter 76,  
11 to assist the commission in exercising its powers and  
12 duties with respect to the real estate recovery fund;  
13 and
- 14 (4) Retain a consultant to recover and collect any  
15 payments from the real estate recovery fund plus  
16 interest from the judgment debtor.

17 (d) All moneys in excess of \$500,000 remaining on balance  
18 in the real estate recovery fund on June 30 of each year shall  
19 lapse to the credit of the general fund."

20 SECTION 24. Section 467-19, Hawaii Revised Statutes, is  
21 amended to read as follows:



1           **"§467-19 Management of fund.** (a) The sums received by  
2 the real estate commission for deposit in the real estate  
3 recovery fund shall be held by the commission in trust for  
4 carrying out the purpose of the real estate recovery fund. The  
5 real estate commission, as the trustee of the recovery fund,  
6 shall be authorized to expend the funds to retain private legal  
7 counsel to represent the commission in any action involving the  
8 real estate recovery fund. These funds may be invested and  
9 reinvested in the same manner as funds of the state employees'  
10 retirement system, and the interest from these investments shall  
11 be deposited to the credit of the real estate education fund,  
12 which is hereby created, and [~~which~~] shall be available to the  
13 commission for educational purposes[~~, which is hereby created~~].  
14 The real estate commission, as trustee of the real estate  
15 education fund, may invest and reinvest the real estate  
16 education fund in the same manner as funds of the state  
17 employees' retirement system. The commission for investment  
18 purposes, may combine the real estate education and recovery  
19 funds and invest and reinvest the combined funds in the same  
20 manner as funds of the state employees' retirement system. The



1 commission shall keep separate accounting records for the two  
2 funds.

3 (b) Educational purposes as used in subsection (a) shall  
4 include those purposes to promote the advancement of education  
5 and research in the field of real estate for the benefit of the  
6 public and those licensed under the provisions of this chapter  
7 and the improvement and more efficient administration of the  
8 real estate industry. The commission, in its discretion, may  
9 use any and all moneys in the real estate education fund  
10 consistent with the above. The commission and the director of  
11 commerce and consumer affairs may also use moneys in the  
12 education fund to employ necessary personnel, not subject to  
13 chapter 76, to fully effectuate [~~subsection (b)~~] this section  
14 and carry out its purpose.

15 (c) All moneys in excess of \$1,000,000 remaining on  
16 balance in the real estate education fund on June 30 of each  
17 year shall lapse to the credit of the general fund."

18 SECTION 25. Section 481I-4, Hawaii Revised Statutes, is  
19 amended to read as follows:

20 **"§481I-4 Arbitration mechanism.** (a) The department of  
21 commerce and consumer affairs shall establish and monitor a



1 state certified arbitration program which is in substantial  
2 compliance with [~~Title~~] title 16, Code of Federal Regulations,  
3 part 703, as may be modified by this section, and shall adopt  
4 appropriate rules governing its operation.

5 (b) The director of commerce and consumer affairs may  
6 contract with an independent arbitration organization for annual  
7 term appointments to screen, hear, and resolve consumer  
8 complaints which have been initiated pursuant to section 481I-3.

9 The following criteria shall be considered in evaluating  
10 the suitability of independent arbitration mechanisms:  
11 capability, objectivity, experience, nonaffiliation with  
12 manufacturers of or dealers in new motor vehicles, reliability,  
13 financial stability, and fee structure.

14 (c) If a consumer agrees to participate in and be bound by  
15 the operation and decision of the state certified arbitration  
16 program, then all parties shall also participate in, and be  
17 bound by, the operation and decision of the state certified  
18 arbitration program. The prevailing party of an arbitration  
19 decision made pursuant to this section may be allowed reasonable  
20 attorney's fees.





1 (d) The submission of any dispute to arbitration in which  
2 the consumer elects nonbinding arbitration shall not limit the  
3 right of any party to a subsequent trial de novo upon written  
4 demand made upon the opposing party to the arbitration within  
5 thirty calendar days after service of the arbitration award, and  
6 the award shall not be admissible as evidence at that trial. If  
7 the party demanding a trial de novo does not improve its  
8 position as a result of the trial by at least twenty-five per  
9 cent, then the court shall order that all of the reasonable  
10 costs of trial, consultation, and attorney's fees be paid for by  
11 the party making the demand.

12 If neither party to a nonbinding arbitration demands a  
13 trial de novo within thirty days after service of the  
14 arbitration award, the arbitrator's decision shall become  
15 binding on both parties upon the expiration of the thirty-day  
16 period.

17 (e) Funding of the state certified arbitration program  
18 shall be provided through an initial filing fee of \$200 to be  
19 paid by the manufacturer and \$50 to be paid by the consumer upon  
20 initiating a case for arbitration under this section. Every  
21 final decision in favor of the consumer issued by the



1 independent arbitration mechanism shall include within its  
2 relief the return of the \$50 filing fee to the consumer. The  
3 director of commerce and consumer affairs may establish a trust  
4 fund for the purpose of administering fees and costs associated  
5 with the state certified arbitration program.

6 (f) The failure of a manufacturer to timely comply with a  
7 binding decision of a state certified arbitration program shall  
8 be prima facie evidence of an unfair or deceptive act or  
9 practice under chapter 480 unless the manufacturer can prove  
10 that it attempted in "good faith" to comply, or that the failure  
11 was beyond the manufacturer's control, the result of a written  
12 agreement with the consumer, or based on an appeal filed under  
13 chapter 658A.

14 (g) All moneys in excess of \$25,000 remaining on balance  
15 in the trust fund for the purpose of administering fees and  
16 costs associated with the state certified arbitration program on  
17 June 30 of each year shall lapse to the credit of the general  
18 fund."

19 SECTION 26. Section 514B-71, Hawaii Revised Statutes, is  
20 amended to read as follows:



1           **"§514B-71 Condominium education trust fund.** (a) The  
2 commission shall establish a condominium education trust fund  
3 that the commission shall use for educational purposes.  
4 Educational purposes shall include financing or promoting:  
5           (1) Education and research in the field of condominium  
6           management, condominium project registration, and real  
7           estate, for the benefit of the public and those  
8           required to be registered under this chapter;  
9           (2) The improvement and more efficient administration of  
10           associations;  
11           (3) Expeditious and inexpensive procedures for resolving  
12           association disputes; and  
13           (4) Support for mediation of condominium related disputes.  
14           (b) The commission shall use all moneys in the condominium  
15 education trust fund for purposes consistent with subsection  
16 (a).  
17           (c) All moneys in excess of \$1,000,000 remaining on  
18 balance in the condominium education trust fund on June 30 of  
19 each year shall lapse to the credit of the general fund."  
20           SECTION 27. Section 667-86, Hawaii Revised Statutes, is  
21 amended to read as follows:



1           **"§667-86 Mortgage foreclosure dispute resolution special**  
2 **fund.** (a) There is established in the state treasury a special  
3 fund to be known as the mortgage foreclosure dispute resolution  
4 special fund to be administered by the department to implement  
5 and operate the mortgage foreclosure dispute resolution program  
6 established by this part. Moneys collected as fees or fines  
7 under sections 454M-10, 667-76, 667-78, 667-79, and 667-53, for  
8 the mortgage dispute resolution program and contributions from  
9 the sources identified under subsection (b) shall be deposited  
10 in the fund. Interest earned from the balance of the fund shall  
11 become a part of the fund.

12           (b) All persons who record an affidavit in the office of  
13 the assistant registrar of the land court, pursuant to section  
14 501-118, or who record a conveyance document in the bureau of  
15 conveyances for an owner-occupied property subject to a  
16 nonjudicial power of sale foreclosure shall pay a fee of \$100,  
17 which shall be deposited into the mortgage foreclosure dispute  
18 resolution special fund on a quarterly basis.

19           (c) All moneys in excess of \$25,000 remaining on balance  
20 in the mortgage foreclosure dispute resolution special fund on



1 June 30 of each year shall lapse to the credit of the general  
2 fund."

3 PART V

4 SECTION 28. The purpose of this part is to increase the  
5 deduction for central service expenses.

6 SECTION 29. Section 36-27, Hawaii Revised Statutes, is  
7 amended by amending subsection (a) to read as follows:

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

- 13 (1) Special out-of-school time instructional program fund  
14 under section 302A-1310;
- 15 (2) School cafeteria special funds of the department of  
16 education;
- 17 (3) Special funds of the University of Hawaii;
- 18 (4) State educational facilities improvement special fund;
- 19 (5) Convention center enterprise special fund under  
20 section 201B-8;
- 21 (6) Special funds established by section 206E-6;



- 1 (7) Aloha Tower fund created by section 206J-17;
- 2 (8) Funds of the employees' retirement system created by  
3 section 88-109;
- 4 (9) Hawaii hurricane relief fund established under chapter  
5 431P;
- 6 (10) Hawaii health systems corporation special funds and  
7 the subaccounts of its regional system boards;
- 8 (11) Tourism special fund established under section  
9 201B-11;
- 10 (12) Universal service fund established under section  
11 269-42;
- 12 (13) Emergency and budget reserve fund under section  
13 328L-3;
- 14 (14) Public schools special fees and charges fund under  
15 section 302A-1130;
- 16 (15) Sport fish special fund under section 187A-9.5;
- 17 [+] (16) [+] Neurotrauma special fund under section 321H-4;
- 18 [+] (17) [+] Glass advance disposal fee established by section  
19 342G-82;
- 20 [+] (18) [+] Center for nursing special fund under section  
21 304A-2163;



- 1    [+] (19) [+]    Passenger facility charge special fund established  
2                    by section 261-5.5;
- 3    [+] (20) [+]    Solicitation of funds for charitable purposes  
4                    special fund established by section 467B-15;
- 5    [+] (21) [+]    Land conservation fund established by section  
6                    173A-5;
- 7    [+] (22) [+]    Court interpreting services revolving fund under  
8                    section 607-1.5;
- 9    [+] (23) [+]    Trauma system special fund under section 321-22.5;
- 10   [+] (24) [+]    Hawaii cancer research special fund;
- 11   [+] (25) [+]    Community health centers special fund;
- 12   [+] (26) [+]    Emergency medical services special fund;
- 13   [+] (27) [+]    Rental motor vehicle customer facility charge  
14                    special fund established under section 261-5.6;
- 15   [+] (28) [+]    Shared services technology special fund under  
16                    section 27-43;
- 17   [+] (29) [+]    Automated victim information and notification system  
18                    special fund established under section 353-136;
- 19   [+] (30) [+]    Deposit beverage container deposit special fund  
20                    under section 342G-104;



1    [+] (31) [+] Hospital sustainability program special fund under  
2                    [+] section 346G-4[+];

3    [+] (32) [+] Nursing facility sustainability program special fund  
4                    under [+] section 346F-4[+];

5    [+] (33) [+] Hawaii 3R's school improvement fund under section  
6                    302A-1502.4;

7    [+] (34) [+] After-school plus program revolving fund under  
8                    section 302A-1149.5; and

9    [+] (35) [+] Civil monetary penalty special fund under section  
10                   321-30.2,

11 shall deduct [~~five~~] seven per cent of all receipts of all other  
12 special funds, which deduction shall be transferred to the  
13 general fund of the State and become general realizations of the  
14 State. All officers of the State and other persons having power  
15 to allocate or disburse any special funds shall cooperate with  
16 the director in effecting these transfers. To determine the  
17 proper revenue base upon which the central service assessment is  
18 to be calculated, the director shall adopt rules pursuant to  
19 chapter 91 for the purpose of suspending or limiting the  
20 application of the central service assessment of any fund. No  
21 later than twenty days prior to the convening of each regular





1 session of the legislature, the director shall report all  
2 central service assessments made during the preceding fiscal  
3 year."

4 SECTION 30. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6 SECTION 31. This Act shall take effect on July 1, 2018.



**Report Title:**

Repeal of Non-General Funds; DOTAX; DCCA; DLIR; Fund Ceilings; End of the Year Carryover Balance; Transfer of Balances; Central Services Expenses

**Description:**

Abolishes or repeals the est/adm license and permit tobacco and cigarette special fund, IRS refund intercept trust account, special enforcement section collections trust account, taxes payable to counties - fuel trust accounts, premium taxes paid pending appeal trust account, and premium supplementation trust fund and transfers the unencumbered balances to the general fund. Establishes an end of the fiscal year carryover balance for the reduced ignition propensity cigarette program special fund, special unemployment insurance administration fund, trust fund for disability benefits, commissioner's education and training fund, special drivers education fund account, captive insurance administrative fund, contractors recovery fund, contractors education fund, mortgage loan recovery fund, real estate recovery fund, real estate education fund, trust fund for the purpose of administering fees and costs associated with the state certified arbitration program, condominium education trust fund, and mortgage foreclosure dispute resolution special fund. Increases the deduction for central service expenses. (SD1)

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

