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# A BILL FOR AN ACT

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RELATING TO NON-GENERAL FUNDS.

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

PART I. INTRODUCTION

SECTION 1. The coronavirus disease 2019 pandemic has swept across the nation and many parts of the world with unanticipated force and brought with it enormous challenges for governments at all levels. These challenges provide opportunities to restructure.

The legislature finds that, fundamentally, non-general funds must be reviewed and scrutinized just as much as general funds to determine if resources are being deployed effectively and efficiently.

The purpose of this Act is to trigger a full accounting of various non-general funded program objectives, performance, and results by repealing or abolishing those non-general funds and transferring any unencumbered balances to the general fund.

PART II. DEPARTMENT OF AGRICULTURE

SECTION 2. Section 145-38, Hawaii Revised Statutes, is amended to read as follows:



1        "[~~§~~145-38~~§~~]   **Civil penalty.**   Any person who violates any  
2   provision of this part or rule adopted pursuant to section  
3   145-39 shall be subject to a civil penalty in an amount not to  
4   exceed \$1,000 per violation.   In determining the amount of any  
5   civil penalty, the board of agriculture shall give due  
6   consideration to:

7        (1)   The history of the person's previous violations;

8        (2)   The seriousness of the violation; and

9        (3)   The demonstrated good faith of the person charged in  
10   attempting to achieve compliance with this part after  
11   being notified of the violation.

12   The penalty shall be collected by the department, and the  
13   proceeds shall be deposited into the [~~agricultural development~~  
14   ~~and food security special fund established pursuant to section~~  
15   ~~141-10.~~] general fund."

16        SECTION 3.   Section 155-4, Hawaii Revised Statutes, is  
17   amended to read as follows:

18        "**§155-4   Powers and duties of the department.**   The  
19   department of agriculture shall have the following powers:

20        (1)   Employ a secretary, who may be exempt from chapter 76,  
21   and other full-time and part-time employees, subject



1 to chapter 76, as are necessary to effectuate the  
2 purposes of this chapter[, ~~subject further to the~~  
3 ~~limitation of funds in the agricultural loan reserve~~  
4 ~~fund~~];

5 (2) Designate agents throughout the State as may be  
6 necessary for property appraisal, the consideration of  
7 loan applications, and the supervision of farming  
8 operations of borrowers. The agents may be  
9 compensated for their services at rates the department  
10 in its discretion may fix;

11 (3) Initiate and carry on a continuing research and  
12 education program, utilizing and coordinating the  
13 services and facilities of other government agencies  
14 and private lenders to the maximum, to inform  
15 qualified farmers concerning procedures for obtaining  
16 loans and to inform private lenders concerning the  
17 advantages of making loans to qualified farmers;

18 (4) Cooperate with private and federal government farm  
19 loan sources to increase the amount of loan funds  
20 available to qualified farmers in the State;



- 1 (5) Assist individual qualified farmers in obtaining loans  
2 from other sources. Insofar as available funds and  
3 staff permit, counsel and assist individual farmers in  
4 establishing and maintaining proper records to prove  
5 their farming ability for loan purposes;
- 6 (6) Insure loans made to qualified farmers and food  
7 manufacturers by private lenders under section 155-5;
- 8 (7) Participate in loans made to qualified farmers and  
9 food manufacturers by private lenders under section  
10 155-6;
- 11 (8) Make direct loans to qualified farmers and food  
12 manufacturers under section 155-8;
- 13 (9) Borrow money for loan purposes;
- 14 (10) Assign and sell mortgages;
- 15 (11) Hold title to, maintain, use, manage, operate, sell,  
16 lease, or otherwise dispose of personal and real  
17 property acquired by way of foreclosure, voluntary  
18 surrender, or otherwise, to recover moneys loaned;
- 19 (12) Sue and be sued in the name of the "State of Hawaii";



1 (13) Exercise incidental powers as are deemed necessary or  
2 requisite to fulfill its duty in carrying out the  
3 purposes of this chapter;

4 (14) Delegate authority to its chairperson to approve  
5 loans, where the requested amount plus any principal  
6 balance on existing loans to the applicant, does not  
7 exceed \$25,000 of state funds; and

8 (15) Adopt rules pursuant to chapter 91 necessary for the  
9 purpose of this chapter."

10 SECTION 4. Section 155-14, Hawaii Revised Statutes, is  
11 amended by amending subsection (b) to read as follows:

12 "(b) ~~[All interest and fees collected by the department~~  
13 ~~shall be deposited in the agricultural loan reserve fund to the~~  
14 ~~extent needed to carry on the operations of the department~~  
15 ~~including payments for consultative services that would~~  
16 ~~strengthen the agriculture loan program; any moneys surplus to~~  
17 ~~these needs shall be transferred to the agricultural loan~~  
18 ~~revolving fund at the discretion of the department.] All~~  
19 payments received on account of principal shall be credited to  
20 the agricultural loan revolving fund."



SECTION 5. Section 155-31, Hawaii Revised Statutes, is amended by deleting the definition of "water infrastructure special fund".

~~["Water infrastructure special fund" means the special fund created pursuant to section 155-34-"]~~

SECTION 6. Section 155-33, Hawaii Revised Statutes, is amended to read as follows:

**"§155-33 Powers of the department.** The department shall have the following powers:

(1) Make loans and expend funds to finance the purchase or installation of water infrastructure equipment for dams, reservoirs, hydroelectric pumping, storm water reclamation, ditch maintenance, spillways, wells, water ducts, water distribution systems, and water tanks;

~~[(2) Hold and invest moneys in the water infrastructure special fund in investments as permitted by law;~~

~~-(3)-~~ (2) Hire employees necessary to perform its duties;

~~-(4)-~~ (3) Enter into contracts for the service of consultants for rendering professional and technical assistance and advice, and any other contracts that



1 are necessary and proper for the implementation of the  
2 loan program;

3 ~~[(+5)]~~ (4) Enter into contracts for the administration of  
4 the loan program, in accordance with chapter 103D;

5 ~~[(+6)]~~ (5) Establish loan program guidelines to carry out  
6 the purposes of this part;

7 ~~[(+7)]~~ (6) Perform all functions necessary to effectuate the  
8 purposes of this part;

9 ~~[(+8)]~~ (7) Delegate authority to the chairperson of the  
10 board of agriculture to approve loans where the  
11 requested amount plus any principal balance on  
12 existing loans to the applicant does not exceed  
13 \$25,000 of state funds; and

14 ~~[(+9)]~~ (8) Adopt rules pursuant to chapter 91 necessary for  
15 the purpose of this part."

16 SECTION 7. Section 243-3.5, Hawaii Revised Statutes, is  
17 amended by amending subsections (a) and (b) to read as follows:

18 "(a) In addition to any other taxes provided by law,  
19 subject to the exemptions set forth in section 243-7, there is  
20 hereby imposed a state environmental response, energy, and food  
21 security tax on each barrel or fractional part of a barrel of



1 petroleum product sold by a distributor to any retail dealer or  
2 end user of petroleum product, other than a refiner. The tax  
3 shall be \$1.05 on each barrel or fractional part of a barrel of  
4 petroleum product that is not aviation fuel; provided that of  
5 the tax collected pursuant to this subsection:

6 (1) 5 cents of the tax on each barrel shall be deposited  
7 into the environmental response revolving fund  
8 established under section 128D-2;

9 (2) 5 cents of the tax on each barrel shall be deposited  
10 into the energy security special fund established  
11 under section 201-12.8; and

12 (3) 10 cents of the tax on each barrel shall be deposited  
13 into the energy systems development special fund  
14 established under section 304A-2169.1[~~7~~ and

15 ~~(4) 15 cents of the tax on each barrel shall be deposited~~  
16 ~~into the agricultural development and food security~~  
17 ~~special fund established under section 141-10].~~

18 The tax imposed by this subsection shall be paid by the  
19 distributor of the petroleum product.

20 (b) In addition to subsection (a), the tax shall also be  
21 imposed on each one million British thermal units of fossil fuel





1 sold by a distributor to any retail dealer or end user, other  
2 than a refiner, of fossil fuel. The tax shall be 19 cents on  
3 each one million British thermal units of fossil fuel; provided  
4 that of the tax collected pursuant to this subsection:

5 (1) 4.8 per cent of the tax on each one million British  
6 thermal units shall be deposited into the  
7 environmental response revolving fund established  
8 under section 128D-2;

9 (2) 14.3 per cent of the tax on each one million British  
10 thermal units shall be deposited into the energy  
11 security special fund established under section 201-  
12 12.8; and

13 (3) 9.5 per cent of the tax on each one million British  
14 thermal units shall be deposited into the energy  
15 systems development special fund established under  
16 section 304A-2169.1[~~and~~

17 ~~(4) 14.3 per cent of the tax on each one million British~~  
18 ~~thermal units shall be deposited into the agricultural~~  
19 ~~development and food security special fund established~~  
20 ~~under section 141-10].~~



1       The tax imposed by this subsection shall be paid by the  
2 distributor of the fossil fuel."

3       SECTION 8. Section 141-10, Hawaii Revised Statutes, is  
4 repealed.

5       [ "~~§141-10 Agricultural development and food security~~  
6 ~~special fund; establishment.~~ (a) There is established within  
7 the state treasury the agricultural development and food  
8 security special fund.

9       ~~(b) The following moneys shall be deposited into the~~  
10 ~~special fund:~~

11       ~~(1) The portion of the environmental response, energy, and~~  
12       ~~food security tax specified under section 243-3.5;~~

13       ~~(2) Any appropriation by the legislature into the special~~  
14       ~~fund;~~

15       ~~(3) Any grant or donation made to the special fund; and~~

16       ~~(4) Any interest earned on the balance of the special~~  
17       ~~fund.~~

18       ~~(c) Subject to legislative appropriation, moneys in the~~  
19 ~~special fund may be expended for the following purposes:~~

20       ~~(1) The awarding of grants to farmers for agricultural~~  
21       ~~production or processing activity;~~



- 1       ~~(2) The acquisition of real property for agricultural~~  
2       ~~production or processing activity;~~
- 3       ~~(3) The improvement of real property, dams, reservoirs,~~  
4       ~~irrigation systems, and transportation networks~~  
5       ~~necessary to promote agricultural production or~~  
6       ~~processing activity, including investigative studies~~  
7       ~~to identify and assess necessary improvements to dams,~~  
8       ~~reservoirs, irrigation systems, and transportation~~  
9       ~~networks;~~
- 10       ~~(4) The purchase of equipment necessary for agricultural~~  
11       ~~production or processing activity;~~
- 12       ~~(5) The conduct of research on and testing of agricultural~~  
13       ~~products and markets;~~
- 14       ~~(6) The funding of agricultural inspector positions within~~  
15       ~~the department of agriculture;~~
- 16       ~~(7) The promotion and marketing of agricultural products~~  
17       ~~grown or raised in the State;~~
- 18       ~~(8) Water quality testing and improvement; and~~
- 19       ~~(9) Any other activity intended to increase agricultural~~  
20       ~~production or processing that may lead to reduced~~



1 ~~importation of food, fodder, or feed from outside the~~  
2 ~~State.~~

3 ~~(d) The department of agriculture shall submit a report to~~  
4 ~~the legislature no later than twenty days prior to the convening~~  
5 ~~of each regular session on the status and progress of existing~~  
6 ~~programs and activities and the status of new programs and~~  
7 ~~activities funded under the agricultural development and food~~  
8 ~~security special fund. The report shall also include:~~

9 ~~(1) The spending plan of the agricultural development and~~  
10 ~~food security special fund;~~

11 ~~(2) All expenditures of agricultural development and food~~  
12 ~~security special fund moneys;~~

13 ~~(3) The targeted markets of the expenditures, including~~  
14 ~~the reason for selecting those markets;~~

15 ~~(4) The persons to be served using the expenditures; and~~

16 ~~(5) The specific objectives of the expenditures, including~~  
17 ~~measurable outcomes." ]~~

18 SECTION 9. Section 155-34, Hawaii Revised Statutes, is  
19 repealed.



1       ~~["§155-34] Hawaii water infrastructure special fund. (a)~~

2       ~~There is established the Hawaii water infrastructure special~~  
3       ~~fund into which shall be deposited.~~

4       ~~(1) Water infrastructure charges received for the use and~~  
5       ~~services of the loan program, including the repayment~~  
6       ~~of loans made under the loan program;~~

7       ~~(2) All other funds received by the department and legally~~  
8       ~~available for the purposes of the water infrastructure~~  
9       ~~special fund;~~

10       ~~(3) Interest earnings on all amounts in the water~~  
11       ~~infrastructure special fund; and~~

12       ~~(4) Any other moneys permitted by the board of~~  
13       ~~agriculture.~~

14       ~~(b) Moneys in the water infrastructure special fund may be~~  
15       ~~used for the purposes of:~~

16       ~~(1) Making water infrastructure loans;~~

17       ~~(2) Paying administrative costs of the loan program; or~~

18       ~~(3) Paying any other costs related to the loan program." ]~~

19       SECTION 10. Section 157-29, Hawaii Revised Statutes, is  
20       repealed.



1       ~~["§157-29 Milk control special fund. There is established~~  
2       ~~the milk control special fund to be administered by the board of~~  
3       ~~agriculture. All moneys received by the board of agriculture as~~  
4       ~~application fees and for licenses or otherwise under this~~  
5       ~~chapter, and any state appropriations or other moneys made~~  
6       ~~available to carry out the purposes of this chapter, shall be~~  
7       ~~deposited into the special fund. All interest earned or accrued~~  
8       ~~on moneys deposited in the special fund shall become part of the~~  
9       ~~special fund. Moneys in the special fund shall be expended to~~  
10       ~~cover all costs of administering this chapter including but not~~  
11       ~~limited to the costs of salaries, fringe benefits, operating~~  
12       ~~expenses, equipment, motor vehicles, contracts for services, and~~  
13       ~~promotional expenses. Moneys in the special fund may be~~  
14       ~~transferred to the general fund for salaries and fringe benefits~~  
15       ~~of other state employees assisting in administering this chapter~~  
16       ~~and other related costs. A reserve in an amount of not less~~  
17       ~~than \$300,000 shall be maintained in the special fund to cover~~  
18       ~~contingency costs including but not limited to accrued vacation~~  
19       ~~leave, audits, unemployment insurance, and workers'~~  
20       ~~compensation." ]~~



SECTION 11. Section 155-6.5(a), Hawaii Revised Statutes, is amended by substituting the words "general fund" or similar term wherever the words "agricultural loan reserve fund" or similar term appears, as the context requires.

SECTION 12. The following funds (account code) are abolished:

- (1) Measurement standards (S-309-A);
  - (2) Biosecurity program (S-312-A);
  - (3) General administration for agriculture (S-319-A);
  - (4) Agr dev/food security - add (S-321-A);
  - (5) Agr dev/food security - pi (S-333-A);
  - (6) Agr dev/food security - arm (S-335-A);
  - (7) Agribusiness development & research (S-337-A); and
  - (8) Agricultural dev & food security spec fd (S-352-A),
- and any unencumbered balances shall lapse to the credit of the general fund.

PART III. DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

SECTION 13. The Leeward coast homeless project fund, account code S-335M, is abolished and any unencumbered balance shall lapse to the credit of the general fund.



PART IV. DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND  
TOURISM

SECTION 14. The hydrogen investment capital special fund, account code S-308-B, is abolished and any unencumbered balance shall lapse to the credit of the general fund.

PART V. DEPARTMENT OF EDUCATION

SECTION 15. Section 302A-425, Hawaii Revised Statutes, is amended by amending subsection (f) to read as follows:

"(f) Fees collected pursuant to this section shall be deposited into the [~~private trade, vocational, and technical school licensure special~~] general fund."

SECTION 16. Section 302A-425.5, Hawaii Revised Statutes, is repealed.

~~["~~§302A-425.5~~ Private trade, vocational, and technical school licensure special fund. There is created in the state treasury a special fund to be designated as the private trade, vocational, and technical school licensure special fund into which shall be deposited:~~

~~(1) All revenues and fees collected by the department pursuant to section 302A-425; and~~

~~(2) Appropriations from the general fund of the State.~~





~~Moneys in the private trade, vocational, and technical school licensure special fund shall be used to fund activities related to the licensure requirements established under section 302A-425, including funding for permanent staff positions and administrative and operational costs." ]~~

SECTION 17. The Hawaii teacher standards board special fund, account code S-321-E, is abolished and any unencumbered balance shall lapse to the credit of the general fund.

PART VI. DEPARTMENT OF HEALTH

SECTION 18. Section 448B-10, Hawaii Revised Statutes, is repealed.

~~["**§448B-10 Dietitian licensure special fund.** (a) There is established in the state treasury a special fund to be known as the dietitian licensure special fund to be administered by the department. Fees collected under section 448B-9 shall be deposited in the dietitian licensure special fund and may be expended for costs associated with administering the licensure program, including but not limited to education.~~

~~(b) Not more than \$30,000 of the dietitian licensure special fund may be used during any fiscal year for activities~~



1 ~~associated with administering the licensure program including~~  
2 ~~the costs associated with administering the licensure program.~~

3 ~~(c) Any amount in the dietitian licensure special fund in~~  
4 ~~excess of \$35,000 on June 30 of each fiscal year shall be~~  
5 ~~deposited into the general fund.~~

6 ~~(d) The department shall submit a report to the~~  
7 ~~legislature concerning the status of the dietitian licensure~~  
8 ~~special fund, including deposits to and expenditures from the~~  
9 ~~dietitian licensure special fund and the sources of receipts and~~  
10 ~~uses of expenditures, no later than twenty days prior to the~~  
11 ~~convening of each regular session." ]~~

12 PART VII. DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

13 SECTION 19. Section 396-20, Hawaii Revised Statutes, is  
14 repealed.

15 [ "~~§396-20 Hoisting machine operators' certification~~  
16 ~~revolving fund.~~ (a) ~~There is established in the state treasury~~  
17 ~~a revolving fund to be known as the hoisting machine operators'~~  
18 ~~certification revolving fund into which shall be deposited all~~  
19 ~~fees, penalties, fines, and interest collected from:~~

20 ~~(1) Certification of hoisting machine operators,~~



~~(2) Interest and investment moneys earned on any moneys in the fund; and~~

~~(3) All moneys received for the fund from any source.~~

~~The moneys in the fund may be used to carry out the purposes of this section. The director of finance shall disburse the moneys in the fund in accordance with instructions from the director.~~

~~(b) The fund may be used for:~~

~~(1) Personnel and operating expenses, including consultants as necessary, for the hoisting machine operators advisory board;~~

~~(2) All necessary board costs and reimbursements;~~

~~(3) Preparation and dissemination of public information on hoisting machine operators' certification and training;~~

~~(4) Preparation of annual reports on certification program activities and accomplishments and on the fund; and~~

~~(5) Any reimbursements to the state general fund for funds appropriated by the legislature to establish the revolving fund.~~

~~(c) The director shall submit an annual report to the legislature on the status of the fund, including expenditures~~



~~and program results, not less than twenty days prior to the  
convening of each regular session." ]~~

PART VIII. DEPARTMENT OF LAND AND NATURAL RESOURCES

SECTION 20. The iucn - sldf fund, account code S-371-C, is  
abolished and any unencumbered balance shall lapse to the credit  
of the general fund.

PART IX. DEPARTMENT OF PUBLIC SAFETY

SECTION 21. The drug law enforcement equipment procurement  
fund, account code T-905-V1, is abolished and any unencumbered  
balance shall lapse to the credit of the general fund.

PART X. AUDITOR'S REPORT NO. 20-01, DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT, AND TOURISM

SECTION 22. The purpose of this part is to reclassify,  
repeal, or abolish various non-general funds, including  
accounts of the department of business, economic development,  
and tourism pursuant to the recommendations made by the auditor  
in auditor's report no. 20-01 and to transfer the unencumbered  
balances to the general fund.

SECTION 23. Section 206E-6, Hawaii Revised Statutes, is  
amended as follows:

1. By amending subsection (e) to read:



1       "(e) The authority shall adopt rules pursuant to chapter  
2 91, and may amend the rules from time to time, providing for the  
3 method of undertaking and financing public facilities in an  
4 assessment area or an entire community development district.  
5 The rules adopted pursuant to this section shall include, but  
6 are not limited to, the following: methods by which the  
7 authority shall establish assessment areas; the method of  
8 assessment of real properties specially benefited; the costs to  
9 be borne by the authority, the county in which the public  
10 facilities are situated, and the property owners; the procedures  
11 before the authority relating to the creation of the assessment  
12 areas by the owners of real property therein, including  
13 provisions for petitions, bids, contracts, bonds, and notices;  
14 provisions relating to assessments; provisions relating to  
15 financing, such as bonds, [~~revolving~~] special funds, advances  
16 from available funds, special funds for payment of bonds,  
17 payment of principal and interest, and sale and use of bonds;  
18 provisions relating to funds and refunding of outstanding debts;  
19 and provisions relating to limitations on time to sue, and other  
20 related provisions."

21       2. By amending subsection (g) to read:



1       "(g) All sums collected under this section shall be  
2 deposited in the Hawaii community development [~~revolving~~]  
3 special fund established by section 206E-16; except that  
4 notwithstanding section 206E-16, all moneys collected on account  
5 of assessments and interest thereon for any specific public  
6 facilities financed by the issuance of bonds shall be set apart  
7 in a separate special fund and applied solely to the payment of  
8 the principal and interest on these bonds, the cost of  
9 administering, operating, and maintaining the program, the  
10 establishment of reserves, and other purposes as may be  
11 authorized in the proceedings providing for the issuance of the  
12 bonds. If any surplus remains in any special fund after the  
13 payment of the bonds chargeable against [~~such~~] that fund, it  
14 shall be credited to and become a part of the Hawaii community  
15 development [~~revolving~~] special fund. Moneys in the Hawaii  
16 community development [~~revolving~~] special fund may be used to  
17 make up any deficiencies in the special fund."

18       SECTION 24. Section 206E-16, Hawaii Revised Statutes, is  
19 amended to read as follows:

20       "~~[+]§206E-16[+]~~ **Hawaii community development [~~revolving~~]**  
21 **special fund.** There is created the Hawaii community development



1 ~~[revolving]~~ special fund into which all receipts and revenues of  
2 the authority shall be deposited. Proceeds from the fund shall  
3 be used for the purposes of this chapter."

4 SECTION 25. Section 206E-16.5, Hawaii Revised Statutes, is  
5 amended to read as follows:

6 " ~~[+]~~ **\$206E-16.5** ~~[+]~~ **Expenditures of ~~[revolving]~~ special**  
7 **funds under the authority exempt from appropriation and**  
8 **allotment.** Except as to administrative expenditures, and except  
9 as otherwise provided by law, expenditures from any ~~[revolving]~~  
10 special fund administered by the authority may be made by the  
11 authority without appropriation or allotment of the legislature;  
12 provided that no expenditure shall be made from and no  
13 obligation shall be incurred against any ~~[revolving]~~ special  
14 fund in excess of the amount standing to the credit of the fund  
15 or for any purpose for which the fund may not lawfully be  
16 expended. Nothing in sections 37-31 to 37-41 shall require the  
17 proceeds of any ~~[revolving]~~ special fund administered by the  
18 authority to be reappropriated annually."

19 SECTION 26. Section 206E-184, Hawaii Revised Statutes, is  
20 amended by amending subsection (a) to read as follows:



1       "(a) In addition to the conditions and terms set forth in  
2 this part, any special facility lease entered into by the  
3 authority shall at least contain provisions obligating the other  
4 person to the special facility lease:

5       (1) To pay to the authority during the initial term of the  
6 special facility lease, whether the special facility  
7 is capable of being used or occupied or is being used  
8 or occupied by the other person, a rental or rentals  
9 at the time or times and in the amount or amounts that  
10 will be sufficient:

11       (A) To pay the principal and interest on all special  
12 facility revenue bonds issued for the special  
13 facility;

14       (B) To establish or maintain any reserves for these  
15 payments; and

16       (C) To pay all fees and expenses of the trustees,  
17 paying agents, transfer agents, and other fiscal  
18 agents for the special facility revenue bonds  
19 issued for the special facility;

20       (2) To pay to the authority:





1 (A) A ground rental, as determined by the authority,  
2 if the land on which the special facility is  
3 located was not acquired from the proceeds of the  
4 special facility revenue bonds; or

5 (B) A properly allocable share of the administrative  
6 costs of the authority in carrying out the  
7 special facility lease and administering the  
8 special facility revenue bonds issued for the  
9 special facility, if the land was acquired from  
10 the proceeds of the special facility revenue  
11 bonds;

12 (3) To either operate, maintain, and repair the special  
13 facility and pay the costs thereof or to pay to the  
14 authority all costs of operation, maintenance, and  
15 repair of the special facility;

16 (4) To:

17 (A) Insure, or cause to be insured, the special  
18 facility under builder's risk insurance (or  
19 similar insurance) in the amount of the cost of  
20 construction of the special facility to be



1 financed from the proceeds of the special  
2 facility revenue bonds;

3 (B) Procure and maintain, or cause to be procured or  
4 maintained, to the extent commercially available,  
5 a comprehensive insurance policy providing  
6 protection and insuring the authority and its  
7 officers, agents, servants, and employees (and so  
8 long as special facility revenue bonds are  
9 outstanding, the trustee) against all direct or  
10 contingent loss or liability for damages for  
11 personal injury or death or damage to property,  
12 including loss of use thereof, occurring on or in  
13 any way related to the special facility or  
14 occasioned by reason of occupancy by and the  
15 operations of the other person upon, in, and  
16 around the special facility;

17 (C) Provide all risk casualty insurance, including  
18 insurance against loss or damage by fire,  
19 lightning, flood, earthquake, typhoon, or  
20 hurricane, with standard extended coverage and



1 standard vandalism and other malicious mischief

2 endorsements; and

3 (D) Provide insurance for workers' compensation and  
4 employer's liability for personal injury or death  
5 or damage to property (the other party may self-  
6 insure for workers' compensation if permitted by  
7 law);

8 provided that all policies with respect to loss or  
9 damage of property including fire or other casualty  
10 and extended coverage and builder's risk shall provide  
11 for payments of the losses to the authority, the other  
12 person, or the trustee as their respective interests  
13 may appear; and provided further that the insurance  
14 may be procured and maintained as part of or in  
15 conjunction with other policies carried by the other  
16 person; and provided further that the insurance shall  
17 name the authority, and so long as any special  
18 facility revenue bonds are outstanding, the trustee,  
19 as additional insured; and

20 (5) To indemnify, save, and hold the authority, the  
21 trustee and their respective agents, officers,



1 members, and employees harmless from and against all  
2 claims and actions and all costs and expenses  
3 incidental to the investigation and defense thereof,  
4 by or on behalf of any person, firm, or corporation,  
5 based upon or arising out of the special facility or  
6 the other person's use and occupancy thereof,  
7 including, without limitation, from and against all  
8 claims and actions based upon and arising from any:

- 9 (A) Condition of the special facility;
- 10 (B) Breach or default on the part of the other person  
11 in the performance of any of the person's  
12 obligations under the special facility lease;
- 13 (C) Fault or act of negligence of the other person or  
14 the person's agents, contractors, servants,  
15 employees, or licensees; or
- 16 (D) Accident to, or injury or death of, any person or  
17 loss of, or damage to any property occurring in  
18 or about the special facility, including any  
19 claims or actions based upon or arising by reason  
20 of the negligence or any act of the other person.



1 Any moneys received by the authority pursuant to paragraphs  
2 (2) and (3) shall be paid into the Hawaii community development  
3 ~~[revolving]~~ special fund and shall not be nor be deemed to be  
4 revenues of the special facility."

5 SECTION 27. Section 206E-185, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "**§206E-185 Special facility revenue bonds.** All special  
8 facility revenue bonds authorized to be issued in principal  
9 amounts not to exceed the total amount of bonds authorized by  
10 the legislature shall be issued pursuant to part III of  
11 chapter 39, except as follows:

12 (1) No revenue bonds shall be issued unless at the time of  
13 issuance the authority shall have entered into a  
14 special facility lease with respect to the special  
15 facility for which the revenue bonds are to be issued;

16 (2) The revenue bonds shall be issued in the name of the  
17 authority, and not in the name of the State;

18 (3) The revenue bonds shall be payable solely from and  
19 secured solely by the revenues derived by the  
20 authority from the special facility for which they are  
21 issued;



1 (4) The final maturity date of the revenue bonds shall not  
2 be later than either the estimated life of the special  
3 facility for which they are issued or the initial term  
4 of the special facility lease;

5 (5) If deemed necessary or advisable by the authority, or  
6 to permit the obligations of the other person to the  
7 special facility lease to be registered under the U.S.  
8 Securities Act of 1933, the authority, with the  
9 approval of the director of finance, may appoint a  
10 national or state bank within or without the State to  
11 serve as trustee for the holders of the revenue bonds  
12 and may enter into a trust indenture or trust  
13 agreement with the trustee. The trustee may be  
14 authorized by the authority to collect, hold, and  
15 administer the revenues derived from the special  
16 facility for which the revenue bonds are issued and to  
17 apply the revenues to the payment of the principal and  
18 interest on the revenue bonds. If any trustee shall  
19 be appointed, any trust indenture or agreement entered  
20 into by the authority with the trustee may contain the  
21 covenants and provisions authorized by part III of



1 chapter 39 to be inserted in a resolution adopted or  
2 certificate issued, as though the words "resolution"  
3 or "certificate" as used in that part read "trust  
4 indenture or agreement". The covenants and provisions  
5 shall not be required to be included in the resolution  
6 or certificate authorizing the issuance of the revenue  
7 bonds if included in the trust agreement or indenture.  
8 Any resolution or certificate, trust indenture, or  
9 trust agreement adopted, issued, or entered into by  
10 the authority pursuant to this part may also contain  
11 any provisions required for the qualification thereof  
12 under the U.S. Trust Indenture Act of 1939. The  
13 authority may pledge and assign to the trustee the  
14 special facility lease and the rights of the authority  
15 including the revenues thereunder;

- 16 (6) If the authority, with the approval of the director of  
17 finance, shall have appointed or shall appoint a  
18 trustee for the holders of the revenue bonds, then  
19 notwithstanding the provisions of the second sentence  
20 of section 39-68, the director of finance may elect  
21 not to serve as fiscal agent for the payment of the



1 principal and interest, and for the purchase,  
2 registration, transfer, exchange, and redemption, of  
3 the revenue bonds, or may elect to limit the functions  
4 the director of finance shall perform as the fiscal  
5 agent. The authority, with the approval of the  
6 director of finance, may appoint the trustee to serve  
7 as the fiscal agent, and may authorize and empower the  
8 trustee to perform the functions with respect to  
9 payment, purchase, registration, transfer, exchange,  
10 and redemption, that the authority may deem necessary,  
11 advisable, or expedient, including, without  
12 limitation, the holding of the revenue bonds and  
13 coupons which have been paid and the supervision and  
14 conduction of the destruction thereof in accordance  
15 with sections 40-10 and 40-11. Nothing in this  
16 paragraph shall be a limitation upon or construed as a  
17 limitation upon the powers granted in the preceding  
18 paragraph to the authority, with the approval of the  
19 director of finance, to appoint the trustee, or  
20 granted in sections 36-3 and 39-13 and the third  
21 sentence of section 39-68 to the director of finance





1 to appoint the trustee or others, as fiscal agents,  
2 paying agents, and registrars for the revenue bonds or  
3 to authorize and empower the fiscal agents, paying  
4 agents, and registrars to perform the functions  
5 referred to in that paragraph and sections, it being  
6 the intent of this paragraph to confirm that the  
7 director of finance as aforesaid may elect not to  
8 serve as fiscal agent for the revenue bonds or may  
9 elect to limit the functions the director of finance  
10 shall perform as the fiscal agent, that the director  
11 of finance may deem necessary, advisable, or  
12 expedient;

13 (7) The authority may sell the revenue bonds either at  
14 public or private sale;

15 (8) If no trustee shall be appointed to collect, hold, and  
16 administer the revenues derived from the special  
17 facility for which the revenue bonds are issued, the  
18 revenues shall be held in a separate account in the  
19 treasury of the State, separate and apart from the  
20 Hawaii community development [~~revolving~~] special fund,  
21 to be applied solely to the carrying out of the



1 resolution, certificate, trust indenture, or trust  
2 agreement authorizing or securing the revenue bonds;

3 (9) If the resolution, certificate, trust indenture, or  
4 trust agreement shall provide that no revenue bonds  
5 issued thereunder shall be valid or obligatory for any  
6 purpose unless certified or authenticated by the  
7 trustee for the holders of the revenue bonds,  
8 signatures of the officers of the State upon the bonds  
9 required by section 39-56 may be facsimiles of their  
10 signatures;

11 (10) Proceeds of the revenue bonds may be used and applied  
12 by the authority to reimburse the other person to the  
13 special facility lease for all preliminary costs and  
14 expenses, including architectural and legal costs; and

15 (11) If the special facility lease shall require the other  
16 person to operate, maintain, and repair the special  
17 facility which is the subject of the lease, at the  
18 other person's expense, the requirement shall  
19 constitute compliance by the authority with  
20 section 39-61(a)(2), and none of the revenues derived  
21 by the authority from the special facility shall be



1 required to be applied to the purposes of  
2 section 39-62(2). Sections 39-62(4), 39-62(5), and  
3 39-62(6) shall not apply to the revenues derived from  
4 a special facility lease."

5 SECTION 28. Section 206E-195, Hawaii Revised Statutes, is  
6 amended by amending its title and subsections (a) and (b) to  
7 read as follows:

8 "[~~+~~]**\$206E-195**[~~+~~] **Kalaeloa community development**  
9 **[~~revolving~~] special fund.** (a) There is established in the  
10 state treasury the Kalaeloa community development [~~revolving~~]  
11 special fund, into which shall be deposited:

12 (1) All revenues, income, and receipts of the authority  
13 for the Kalaeloa community development district,  
14 notwithstanding any other law to the contrary,  
15 including section 206E-16;

16 (2) Moneys directed, allocated, or disbursed to the  
17 Kalaeloa community development district from  
18 government agencies or private individuals or  
19 organizations, including grants, gifts, awards,  
20 donations, and assessments of landowners for costs to



1 administer and operate the Kalaeloa community  
2 development district; and  
3 (3) Moneys appropriated to the fund by the legislature.  
4 (b) Moneys in the Kalaeloa community development  
5 ~~[revolving]~~ special fund shall be used for the purposes of this  
6 part."

7 SECTION 29. Section 206E-201, Hawaii Revised Statutes, is  
8 amended by amending the definition of "fund" to read as follows:

9 "Fund" means the Heeia community development ~~[revolving]~~  
10 special fund."

11 SECTION 30. Section 206E-204, Hawaii Revised Statutes, is  
12 amended by amending its title and subsection (a) to read as  
13 follows:

14 "[+]§206E-204[+] Heeia community development ~~[revolving]~~  
15 special fund. (a) There is established in the state treasury  
16 the Heeia community development ~~[revolving]~~ special fund, into  
17 which shall be deposited:

18 (1) All revenues, income, and receipts of the authority  
19 for the district, notwithstanding any other law to the  
20 contrary, including section 206E-16;



- 1 (2) Moneys directed, allocated, or disbursed to the  
2 district from government agencies or private  
3 individuals or organizations, including grants, gifts,  
4 awards, donations, and assessments of landowners for  
5 costs to administer and operate the district; and  
6 (3) Moneys appropriated to the fund by the legislature."

7 SECTION 31. Section 206M-15.2, Hawaii Revised Statutes, is  
8 amended by amending subsection (b) to read as follows:

9 "(b) Subject to available funds, the research and  
10 development program shall:

- 11 (1) Apply [~~the research and development special fund~~]  
12 funds to support product development, technology  
13 transfer, and commercialization;  
14 (2) Provide capital to support accelerated  
15 commercialization activities for qualified Hawaii-  
16 based small businesses;  
17 (3) Provide capital to sustain high-potential  
18 infrastructure development to assist qualified Hawaii-  
19 based small businesses towards commercial success;  
20 (4) Promote efforts that reverse the loss of qualified  
21 workers to other states by providing jobs to retain



1 existing Hawaii technology employees and enable highly  
2 qualified scientists and engineers to return to  
3 living-wage jobs in Hawaii;

4 (5) Promote efforts that keep technology companies in  
5 Hawaii by limiting the need to seek out-of-state  
6 venture capital, which dilutes local ownership and  
7 increases the probability of high-potential technology  
8 companies moving from Hawaii; and

9 (6) Provide grants of up to \$300,000 for critical product  
10 development that enables a qualified Hawaii-based  
11 small business to achieve significant product  
12 development and technical milestones."

13 SECTION 32. Section 210D-4, Hawaii Revised Statutes, is  
14 amended to read as follows:

15 "**§210D-4 Hawaii community-based economic development**  
16 **[repealing] special fund; established.** There is established a  
17 **[repealing] special fund** to be known as the Hawaii community-  
18 based economic development **[repealing] special fund** from which  
19 moneys shall be loaned or granted by the department under this  
20 chapter. All moneys appropriated to the fund by the  
21 legislature, received as repayments of loans, payments of



1 interest or fees, and all other moneys received by the fund from  
2 any other source shall be deposited into the [~~revolving~~] special  
3 fund and used for the purposes of this chapter. The department  
4 may deposit moneys it receives from the repayments of loans and  
5 payments of interest or fees from the Hawaii capital loan  
6 program established by chapter 210, the Hawaii large fishing  
7 vessel purchase, construction, renovation, maintenance, and  
8 repair loan program established by part II of chapter 189, and  
9 the Hawaii small fishing vessel loan program established by  
10 part IV of chapter 189, into the Hawaii community-based economic  
11 development [~~revolving~~] special fund to be used for the purposes  
12 of this chapter. The department may use all appropriations and  
13 other moneys in the [~~revolving~~] special fund not appropriated  
14 for a designated purpose to make grants or loans."

15 SECTION 33. Section 210D-8, Hawaii Revised Statutes, is  
16 amended to read as follows:

17 "**§210D-8 Powers and duties.** The department shall have the  
18 necessary powers to carry out the purposes of this chapter,  
19 including the following:



- 1       (1) With advice from the council, prescribe the  
2           qualifications for eligibility of applicants for loans  
3           and grants;
- 4       (2) With advice from the council, establish preferences  
5           and priorities in determining eligibility for  
6           financial assistance;
- 7       (3) Establish the conditions, consistent with the purpose  
8           of this chapter, for the awarding of financial  
9           assistance;
- 10      (4) Provide for inspection at reasonable hours of  
11          facilities, books, and records of a community-based  
12          organization that has applied for or has been awarded  
13          financial assistance and require the submission of  
14          progress and final reports;
- 15      (5) Provide loans and grants for community-based economic  
16          development activities and community-based enterprises  
17          for purposes consistent with this chapter;
- 18      (6) Determine the necessity for and the extent of security  
19          required in a loan;
- 20      (7) Prescribe and provide appropriate management  
21          counseling and monitoring of business activities;





(8) Administer the Hawaii community-based economic development ~~[revolving]~~ special fund;

(9) Include in its budget for subsequent fiscal periods amounts necessary to effectuate the purposes of this chapter;

(10) Participate in loans made to qualified persons by private lenders;

(11) Establish interest rates chargeable by the State for direct and participation loans; and

(12) Adopt rules pursuant to chapter 91 to implement this chapter."

SECTION 34. Section 206M-15.3, Hawaii Revised Statutes, is repealed.

~~["~~**\$206M-15.3**~~ ~~**Research and development special fund,**~~ ~~**established.**~~ There is established in the treasury of the State of Hawaii the research and development special fund to be administered by the development corporation pursuant to section 206M-15.2-"]~~

SECTION 35. Section 206M-15.6, Hawaii Revised Statutes, is repealed.



1       ~~["§206M-15.6] Hawaii technology loan revolving fund.~~

2       ~~There is established the Hawaii technology loan revolving fund~~  
3       ~~for the purpose of investing in technology development in~~  
4       ~~Hawaii. The following shall be deposited into the Hawaii~~  
5       ~~technology loan revolving fund.~~

6           ~~(1) Appropriations from the legislature;~~

7           ~~(2) Moneys received as repayments of loans;~~

8           ~~(3) Investment earnings;~~

9           ~~(4) Royalties;~~

10          ~~(5) Premiums, or fees or equity charged by the~~

11           ~~corporation, or otherwise received by the corporation;~~

12           ~~and~~

13          ~~(6) Loans that are convertible to equity;~~

14       ~~provided that the total amount of moneys in the fund shall not~~  
15       ~~exceed \$2,000,000 at the end of any fiscal year." ]~~

16       SECTION 36. The Kalaeloa facilities trust account  
17       administratively established in 2018 is reclassified as a  
18       special fund.

19       SECTION 37. The energy audits - recipients' share of cost  
20       trust account administratively established in 2012 is abolished



1 and any unencumbered balance shall lapse to the credit of the  
2 general fund.

3 PART XI. AUDITOR'S REPORT NO. 20-18, DEPARTMENT OF COMMERCE AND  
4 CONSUMER AFFAIRS

5 SECTION 38. The purpose of this part is to abolish or  
6 reclassify various non-general funds pursuant to the  
7 recommendations by the auditor in auditor's report no. 20-18 and  
8 to transfer the unencumbered balances to other appropriate non-  
9 general funds.

10 SECTION 39. The compliance resolution fund--appraisal  
11 management registration program special fund administratively  
12 established in 2017 is abolished and any remaining unencumbered  
13 balance shall lapse to the credit of the compliance resolution  
14 fund established pursuant to section 26-9(o), Hawaii Revised  
15 Statutes.

16 SECTION 40. The electrical vehicle charging system rebate  
17 program special fund administratively established in 2019 is  
18 abolished and any remaining unencumbered balance shall lapse to  
19 the credit of the public utilities commission special fund  
20 established pursuant to section 269-33, Hawaii Revised Statutes.



1 SECTION 41. The service contract provider's financial  
2 security deposit trust account is reclassified as a trust fund.

3 PART XII. AUDITOR'S REPORT NO. 20-16, DEPARTMENT OF HAWAIIAN  
4 HOME LANDS

5 SECTION 42. The legislature finds that section 213(g) of  
6 the Hawaiian Homes Commission Act established the Hawaiian home  
7 receipts fund but did not specify whether the fund should be  
8 classified as a special fund, revolving fund, trust fund, or  
9 trust account. The department of Hawaiian home lands has  
10 classified the fund as a trust fund. However, the auditor, in  
11 auditor report no. 20-16, found that the fund does not meet all  
12 the criteria for a trust fund because it functions more like a  
13 trust account. Accordingly, the auditor recommended that the  
14 fund should be reclassified as a trust account.

15 The purpose of this part is to reclassify the Hawaiian home  
16 receipts fund as a trust account as recommended by the auditor.

17 SECTION 43. The Hawaiian home receipts fund established  
18 pursuant to the section 213(g) of the Hawaiian Homes Commission  
19 Act, 1920, as amended, is reclassified as a trust account.



## 1           PART XIII.   AUDITOR'S REPORT NO. 20-17, JUDICIARY

2           SECTION 44.   The purpose of this part is to repeal the  
3   probation services special fund as recommended by the auditor in  
4   auditor report no. 20-17.

5           SECTION 45.   Section 353B-6, Hawaii Revised Statutes, is  
6   amended to read as follows:

7           "**§353B-6 Interstate transfer fee.**   The judiciary may  
8   assess a fee not to exceed \$200 for each application made by a  
9   parolee or probationer for a transfer out of the State[+  
10 ~~provided that the fees collected shall be deposited into the~~  
11 ~~probation services special fund established in section~~  
12 ~~706-649].~~"

13          SECTION 46.   Section 706-648, Hawaii Revised Statutes, is  
14 amended by amending subsection (4) to read as follows:

15          "(4)   The defendant shall pay the fee to the clerk of the  
16 court.   ~~[The fee shall be deposited with the director of finance~~  
17 ~~who shall transmit the fee to the probation services special~~  
18 ~~fund pursuant to section 706-649.]~~"

19          SECTION 47.   Section 706-649, Hawaii Revised Statutes, is  
20 repealed.



1       ~~["§706-649 Probation services special fund. (1) There is~~  
2 ~~established in the state treasury a special fund to be known as~~  
3 ~~the probation services special fund. All probation services~~  
4 ~~fees collected under section 706-648 shall be deposited into~~  
5 ~~this fund.~~

6       ~~(2) Moneys in the probation services special fund shall be~~  
7 ~~used by the judiciary to:~~

8       ~~(a) Monitor and enforce compliance with the terms and~~  
9       ~~conditions of probation and other supervision programs~~  
10       ~~for defendants; and~~

11       ~~(b) Support other duties and activities related to the~~  
12       ~~supervision of defendants." ]~~

13       PART XIV. AUDITOR'S REPORT NO. 20-03, UNIVERSITY OF HAWAII

14       SECTION 48. The purpose of this part is to repeal or  
15 reclassify certain non-general funds of the University of Hawaii  
16 pursuant to the recommendations of the auditor in auditor's  
17 report no. 20-03.

18       SECTION 49. Chapter 304A, Hawaii Revised Statutes, is  
19 amended by adding a new section to part V, subpart D, to be  
20 appropriately designated and to read as follows:



1        "§304A-        Community colleges revolving fund.    (a)

2    Section 304A-2003 notwithstanding, there is established a  
3    community colleges revolving fund to receive, disburse, and  
4    account for funds of programs and activities of the community  
5    colleges, including but not limited to off-campus programs,  
6    summer session programs, overseas programs, evening sessions,  
7    study abroad, exchange programs, cultural enrichment programs,  
8    and consultative services that help make available the resources  
9    of the community colleges to the communities they serve.

10        (b)    The revolving fund may include deposits from:

11        (1)    The University of Hawaii tuition and fees special fund  
12        established in section 304A-2153;

13        (2)    Tuition, fees, and charges for affiliated  
14        instructional, training, and public service courses  
15        and programs; and

16        (3)    Fees, fines, and other money collected for:

17            (A)    Student health;

18            (B)    Transcript and diploma;

19            (C)    Library;

20            (D)    Facility use;

21            (E)    Child care;



1           (F) Auxiliary enterprises;

2           (G) Alumni; and

3           (H) Other related activities."

4           SECTION 50. Section 304A-2156, Hawaii Revised Statutes, is  
5 repealed.

6           ~~["**{§304A-2156}** **University of Hawaii community services**~~  
7 ~~**special fund.** (a) There is established the University of~~  
8 ~~Hawaii community services special fund. Except as otherwise~~  
9 ~~provided by law, all revenues, including interest, derived and~~  
10 ~~collected from the university's provision of public service~~  
11 ~~programs shall be deposited into the University of Hawaii~~  
12 ~~community services special fund. The university may establish~~  
13 ~~and collect fees and charges for public service programs. All~~  
14 ~~revenues deposited into the University of Hawaii community~~  
15 ~~services special fund shall be used exclusively for the costs of~~  
16 ~~providing public service programs. The university may establish~~  
17 ~~accounts under the community services special fund to facilitate~~  
18 ~~the administration of this fund among the various campuses and~~  
19 ~~operating units of the University of Hawaii system. All~~  
20 ~~expenditures from this fund shall be subject to legislative~~  
21 ~~appropriation.~~





1       ~~(b) As used in this section, "public service programs"~~  
2 means:

3       ~~(1) Noncredit educational programs in professional~~  
4       ~~development and training, personal growth, and~~  
5       ~~cultural enrichment; and~~

6       ~~(2) Cooperative extension and consultative services." ]~~

7       SECTION 51. Section 304A-2162, Hawaii Revised Statutes, is  
8 repealed.

9       ~~[ "~~§304A-2162~~ Community colleges special fund. (a)~~  
10 ~~Section [304A-2003] notwithstanding, there is established a~~  
11 ~~community colleges special fund to receive, disburse, and~~  
12 ~~account for funds of programs and activities of the community~~  
13 ~~colleges, including but not limited to off campus programs,~~  
14 ~~summer session programs, overseas programs, evening sessions,~~  
15 ~~study abroad, exchange programs, cultural enrichment programs,~~  
16 ~~and consultative services that help make available the resources~~  
17 ~~of the community colleges to the communities they serve.~~

18       ~~(b) The special fund may include deposits from:~~

19       ~~(1) The University of Hawaii tuition and fees special fund~~  
20       ~~established in section [304A-2153],~~



~~(2) Tuition, fees, and charges for affiliated instructional, training, and public service courses and programs; and~~

~~(3) Fees, fines, and other money collected for:~~

~~(A) Student health;~~

~~(B) Transcript and diploma;~~

~~(C) Library;~~

~~(D) Facility use;~~

~~(E) Child care;~~

~~(F) Auxiliary enterprises;~~

~~(G) Alumni; and~~

~~(H) Other related activities." ]~~

SECTION 52. Section 304A-2277, Hawaii Revised Statutes, is repealed.

~~[ "**{S304A-2277}** Professional student exchange program~~

~~revolving fund. (a) There is established a professional student exchange program revolving fund to be administered and expended by the Hawaii commission.~~

~~(b) The following moneys shall be deposited into the revolving fund:~~



~~(1) Principal and interest payments received as repayment  
of financial support from former or current  
participants of the professional student exchange  
program, pursuant to section 304A 3209; and~~

~~(2) Interest earned or accrued on moneys in the revolving  
fund.~~

~~(c) Moneys in the revolving fund shall be expended to:~~

~~(1) Support the professional student exchange program's  
activities, including the provision of financial  
support to participants at Western Interstate  
Commission for Higher Education receiver institutions,  
and~~

~~(2) Enforce the collection of delinquent obligations." ]~~

SECTION 53. Any unencumbered balance remaining in the  
community colleges special fund repealed by this part shall  
lapse to the credit of the community colleges revolving fund  
established pursuant to this part.

SECTION 54. The university system bond and interest  
sinking fund revolving fund administratively established in 2002  
is reclassified as a trust account.



1 PART XV. AUDITOR'S REPORT NO. 19-16, DEPARTMENT OF THE ATTORNEY

2 GENERAL

3 SECTION 55. The purpose of this part is to reclassify or  
4 abolish certain non-general funds of the department of the  
5 attorney general pursuant to the recommendations by the auditor  
6 in auditor's report no. 19-16 and, for any abolished accounts,  
7 transfer the remaining unencumbered balances to the general  
8 fund.

9 SECTION 56. Section 28-16, Hawaii Revised Statutes, is  
10 amended to read as follows:

11 "~~[+]§28-16[+]~~ **Litigation deposits trust ~~[fund-]~~ account.**

12 (a) There is created in the state treasury the litigation  
13 deposits trust ~~[fund-]~~ account. There shall be deposited into  
14 this ~~[fund]~~ account all moneys received through any civil action  
15 in which the State is a party where the settlement amount is  
16 \$100,000 or higher, except for those actions involving  
17 departments able to procure their own legal services as provided  
18 for by section 28-8.3 and where no other state statute or court  
19 order specifically provides for the deposit of moneys received  
20 through the action.



1 (b) The [~~fund~~] account shall be administered by the  
2 department of the attorney general. The department shall  
3 maintain accounting records of [~~fund~~] account moneys, including  
4 subsidiary records of individual litigation deposits and  
5 disbursements thereof. Moneys in the [~~fund~~] account may be  
6 separated into subsidiary accounts; provided that one subsidiary  
7 account shall not be commingled with moneys from another  
8 subsidiary account except for deposit or investment purposes  
9 under subsection (d).

10 (c) Disbursements from each subsidiary account maintained  
11 under subsection (b) may include attorney's fees and other  
12 necessary expenses that the department determines to be  
13 reasonable and directly related to prosecution of the civil  
14 action for which the subsidiary account is maintained; provided  
15 that in the case of moneys deposited as a result of recoveries  
16 by an agency to which a non-general fund applies, the moneys  
17 shall be held and disbursed intact for deposit to the credit of  
18 the non-general fund. Money deposited in the [~~fund~~] litigation  
19 deposits trust account pursuant to an order of the court shall  
20 be disbursed in accordance with the order of the court. Any  
21 residual funds remaining in [~~an~~] a subsidiary account shall be



1 transferred to the respective non-general or general fund with  
2 which the civil action is associated no later than thirty days  
3 after the civil action for which the subsidiary account is  
4 maintained is closed and all costs of that civil action have  
5 been paid, unless otherwise provided for by statute.

6 (d) Moneys in the [~~fund~~] litigation deposits trust account  
7 may be invested by the department in securities as provided by  
8 section 36-21. Investment earnings shall be deposited in the  
9 general fund.

10 (e) The department shall submit a report to the  
11 legislature no later than twenty days prior to the convening of  
12 each regular session on:

13 (1) The transactions, by subsidiary account, that take  
14 place in the [~~fund~~] litigation deposits trust account  
15 for each fiscal year; and

16 (2) A summary of the collections made in any amount on  
17 behalf of other departments and agencies specifying  
18 the appropriate number of transactions and amount  
19 collected for each department and agency."

20 SECTION 57. Section 456-9, Hawaii Revised Statutes, is  
21 amended by amending subsection (d) to read as follows:



1       "(d) The moneys collected by the attorney general pursuant  
2 to this section shall be deposited into the notaries public  
3 ~~[revolving]~~ special fund established by section 456-9.5, except  
4 that if that fund is terminated, the moneys shall thereafter be  
5 deposited with the director of finance to the credit of the  
6 general fund."

7       SECTION 58. Section 456-9.5, Hawaii Revised Statutes, is  
8 amended to read as follows:

9       "**§456-9.5 Notaries public ~~[revolving]~~ special fund.** (a)

10 There is established in the state treasury the notaries public  
11 ~~[revolving]~~ special fund into which shall be deposited:

- 12       (1) All fees, administrative fines, charges, or other  
13 payments received pursuant to section 456-9;  
14       (2) Penalties and fines for violations of section 456-3 or  
15 456-7;  
16       (3) Appropriations made for deposit into the notaries  
17 public ~~[revolving]~~ special fund; and  
18       (4) Interest earned on money in the notaries public  
19 ~~[revolving]~~ special fund.

20       (b) The notaries public ~~[revolving]~~ special fund shall be  
21 administered by the department of the attorney general.



1 Notwithstanding any law to the contrary, moneys in the notaries  
2 public [~~revolving~~] special fund shall be used for personnel  
3 costs, the acquisition of equipment, and operating and  
4 administrative costs deemed necessary by the department of the  
5 attorney general to administer this chapter. The moneys in the  
6 fund may also be used to train personnel as the attorney general  
7 deems necessary, and for any other activity related to notaries  
8 public."

9 SECTION 59. Section 456-18, Hawaii Revised Statutes, is  
10 amended to read as follows:

11 "**§456-18 Notaries in government service.** Except as  
12 otherwise provided for by law, the head of every department  
13 (which term as used in this chapter includes any department,  
14 board, commission, bureau, or establishment of the United  
15 States, or of the State, or any political subdivision thereof)  
16 may designate one or more of the head of every department's  
17 subordinates to be a notary public who, upon duly qualifying and  
18 receiving a commission as a notary public in government service,  
19 shall perform, without charge, the services of a notary public  
20 in all matters of business pertaining to the State, any  
21 political subdivision thereof, or the United States.





1 Any provision of this chapter to the contrary  
2 notwithstanding, a subordinate so designated and thus qualified  
3 and commissioned as a notary public in government service shall:

4 (1) Be authorized to perform the duties of a notary public  
5 in one or more of the judicial circuits of the State  
6 as the attorney general shall designate;

7 (2) Not be required to:

8 (A) Pay any fee to the clerk of any circuit court for  
9 filing a copy of the notary's commission;

10 (B) Pay any fee to the attorney general for the  
11 issuance of the notary's commission or the  
12 renewal thereof; or

13 (C) Furnish and file an official bond unless that  
14 bond is required by the head of the department in  
15 which the notary is a subordinate, in which  
16 event, the expense of furnishing any such bond  
17 shall be borne by the department concerned; and

18 (3) Not demand or receive any fee for the notary's service  
19 as a notary public; provided that where the occasion,  
20 in the judgment of the head of the department, is  
21 deemed one of urgent necessity and convenience, the



1 notary may, but shall not be compelled to, administer  
2 oaths or take acknowledgments in nongovernmental  
3 matters, for which services the prescribed fees shall  
4 be demanded and received as governmental realizations  
5 and covered into the notaries public [~~revolving~~]  
6 special fund established by section 456-9.5, except  
7 that if that fund is terminated, the fees shall  
8 thereafter be deposited into the general fund of the  
9 State; provided further that with the prior written  
10 approval of the attorney general, the notary public,  
11 upon paying the fees prescribed by law and upon  
12 executing, depositing, and filing at the notary's own  
13 expense, the required official bond, may demand or  
14 receive the fees prescribed by law for services  
15 rendered by the notary in matters not pertaining to  
16 such public business."

17 SECTION 60. Section 712A-16, Hawaii Revised Statutes, is  
18 amended by amending subsection (4) to read as follows:

19 "(4) There is established in the department of the  
20 attorney general a [~~revolving~~] special fund to be known as the  
21 criminal forfeiture fund, hereinafter referred to as the "fund"



1 in which shall be deposited one-half of the proceeds of a  
2 forfeiture and any penalties paid pursuant to section  
3 712A-10(6). All moneys in the fund shall be expended by the  
4 attorney general and are appropriated for the following  
5 purposes:

- 6 (a) The payment of any expenses necessary to seize,  
7 detain, appraise, inventory, safeguard, maintain,  
8 advertise, or sell property seized, detained, or  
9 forfeited pursuant to this chapter or of any other  
10 necessary expenses incident to the seizure, detention,  
11 or forfeiture of such property and such contract  
12 services and payments to reimburse any federal, state,  
13 or county agency for any expenditures made to perform  
14 the foregoing functions;
- 15 (b) The payment of awards for information or assistance  
16 leading to a civil or criminal proceeding;
- 17 (c) The payment of supplemental sums to state and county  
18 agencies for law enforcement purposes;
- 19 (d) The payment of expenses arising in connection with  
20 programs for training and education of law enforcement  
21 officers;



1 (e) The payment of expenses arising in connection with  
2 enforcement pursuant to the drug nuisance abatement  
3 unit in the department of the attorney general; and

4 (f) The payment of expenses arising in connection with the  
5 law enforcement officer independent review board in  
6 the department of the attorney general."

7 SECTION 61. The Hawaii criminal justice commission trust  
8 account established in 1985 pursuant to the authority granted by  
9 section 28-10.6(a)(5), Hawaii Revised Statutes, is abolished and  
10 any remaining unencumbered balance shall lapse to the credit of  
11 the general fund.

12 SECTION 62. The national mortgage settlement trust account  
13 administratively established in 2012 is abolished and any  
14 remaining unencumbered balance shall lapse to the credit of the  
15 general fund.

16 PART XVI. AUDITOR'S REPORT NO. 19-05, DEPARTMENT OF  
17 TRANSPORTATION

18 SECTION 63. The purpose and intent of this part is to  
19 repeal or reclassify certain non-general funds and accounts of  
20 the department of transportation pursuant to the recommendations  
21 or commentary by the auditor in auditor's report no. 19-05 and



1 the accompanying summary and to transfer the unencumbered  
2 balances to the general fund.

3 SECTION 64. Section 264-16, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 " ~~[+]§264-16[+]~~ **State highway clearing accounts.** The  
6 director of transportation may with the prior approval of the  
7 director of finance and comptroller establish the state highway  
8 payroll clearing account, employee benefits clearing account,  
9 construction administration clearing trust account, and any  
10 other necessary clearing account or clearing trust account to  
11 effectively account for program costs and appropriations.

12 The director of transportation may, from time to time, make  
13 advances to the clearing accounts or clearing trust accounts  
14 from the state highway fund or from any moneys appropriated or  
15 otherwise made available to the department. The advances shall  
16 be in such amounts as may be required to meet the obligations of  
17 the department which are authorized by the legislature.

18 As soon as practicable after an expenditure from a clearing  
19 account~~[7]~~ or clearing trust account, a determination shall be  
20 made of the proper fund or appropriation to which the  
21 expenditure should be charged. The fund or account from which



1 funds are advanced shall thereupon be reimbursed out of the  
2 proper fund or appropriation."

3 SECTION 65. Section 291C-3, Hawaii Revised Statutes, is  
4 amended by amending subsection (d) to read as follows:

5 "(d) ~~[The director of transportation, through the safe~~  
6 ~~routes to school program coordinator and in consultation with~~  
7 ~~county safe routes to school program coordinators, shall develop~~  
8 ~~a mechanism to provide funds to county safe routes to school~~  
9 ~~programs from the safe routes to school program special fund~~  
10 ~~established under section 291C-4]~~ The legislature shall  
11 appropriate funds from the safe routes to school program special  
12 fund to the counties to be used for the implementation of county  
13 safe routes to school program projects. No later than twenty  
14 days prior to the convening of each regular session, each county  
15 shall submit to the legislature an annual report on the status  
16 and progress of its county safe routes to school program,  
17 including an accounting of all grants provided through the  
18 program and a timeline for future grant awards."

19 SECTION 66. Section 291C-4, Hawaii Revised Statutes, is  
20 amended to read as follows:



1       " ~~[+]~~§291C-4~~[+]~~ Safe routes to school program special fund;  
2 establishment. ~~[(a)]~~ There is established in the state  
3 treasury the safe routes to school program special fund, into  
4 which shall be deposited:

5       (1) Assessments collected for speeding in a school zone,  
6             pursuant to section 291C-104; and

7       (2) Safe routes to school program surcharges collected in  
8             accordance with sections 291-16 and 291C-5.

9 ~~[Moneys in the fund shall be distributed by the director of~~  
10 ~~transportation to the respective counties to expend.~~

11 ~~(b) The director of transportation shall adopt rules~~  
12 ~~pursuant to chapter 91 to implement this section. The rules~~  
13 ~~shall establish a formula by which the moneys in the fund shall~~  
14 ~~be distributed to each county and provide how the county shall~~  
15 ~~expend the moneys for the purposes under [section] 291C-3 in~~  
16 ~~public school zones.] "~~

17       SECTION 67. Section 264-19, Hawaii Revised Statutes, is  
18 repealed.

19       ~~[" ~~§264-19~~ Transportation improvement special fund. (a)~~  
20 ~~There is created within the state treasury the transportation~~  
21 ~~improvement special fund to fund qualified transportation~~



~~1 projects and to receive reimbursements from private developers~~  
~~2 who have been advanced public funds to fulfill the conditions of~~  
~~3 land use development relating to transportation.~~

~~4 The director may expend from the special fund such sums as~~  
~~5 are necessary to advance transportation projects, including~~  
~~6 administrative expenses, to the extent permissible.~~

~~7 (1) When such projects:~~

~~8 (A) Have been identified in or are consistent with~~  
~~9 the statewide transportation plan adopted~~  
~~10 pursuant to chapter 279A; and~~

~~11 (B) Satisfy all applicable federal and state~~  
~~12 eligibility requirements; or~~

~~13 (2) When the director determines that funds previously~~  
~~14 authorized for the aforementioned projects are~~  
~~15 inadequate or any delay in the completion of such~~  
~~16 projects would unnecessarily increase their cost or~~  
~~17 intensify undesirable transportation conditions.~~

~~18 (b) Expenditures from the special fund shall be made on~~  
~~19 vouchers approved by the director or such other officer as may~~  
~~20 be designated by the director.~~





1       ~~(c) There shall be credited to the special fund all~~  
2       ~~reimbursements and any interest earned or penalty accrued on~~  
3       ~~late payments thereon received from developers who have been~~  
4       ~~advanced public funds to fulfill the conditions of land use~~  
5       ~~development relating to transportation or other transportation~~  
6       ~~requirements imposed upon such developers.~~

7       ~~(d) Expenditures from the special fund may not be made by~~  
8       ~~the director without appropriation by the legislature. No~~  
9       ~~expenditure shall be made from, and no obligation shall be~~  
10       ~~incurred against, the special fund in excess of the amount~~  
11       ~~standing to the credit of the special fund or for any purpose~~  
12       ~~for which moneys from the special fund may not lawfully be~~  
13       ~~expended.~~

14       ~~(e) The department of transportation shall prepare and~~  
15       ~~submit an annual report to the legislature on the use of the~~  
16       ~~transportation improvement special fund which shall include, but~~  
17       ~~not be limited to:~~

18       ~~(1) The [special] fund balance and the expenses made from~~  
19       ~~the [special] fund for the immediately preceding~~  
20       ~~fiscal year; and~~



~~(2) Proposed appropriations from the [special] fund for the next fiscal year.~~

~~This report shall be submitted to the legislature no later than twenty days prior to the convening of each legislative session.~~

~~(f) The director may adopt rules pursuant to chapter 91 necessary to effectuate the purposes of, and to administer, this section.~~

~~(g) As used in this section:~~

~~"Director" means the director of transportation.~~

~~"Special fund" means the transportation improvement special fund." ]~~

SECTION 68. The following revolving funds of the department of transportation airports division are reclassified as trust accounts:

(1) The airport sinking fund for retire term bond revolving fund administratively created in 1969;

(2) The airport system debt service reserve account revolving fund administratively created in 1969;

(3) The airport system interest account revolving fund administratively created in 1969;



- 1 (4) The airport system major maintenance, renewal, and  
2 replacement account revolving fund administratively  
3 created in 1969;
- 4 (5) The airport system serial bond principal account  
5 revolving fund administratively created in 1969;
- 6 (6) The debt service funded coverage revolving fund  
7 administratively created in 1994;
- 8 (7) The reserve for airline rate mitigation revolving fund  
9 administratively created in 1994; and
- 10 (8) The reserve for operating and maintenance expenses  
11 revolving fund administratively created in 1994.

12 SECTION 69. The following revolving funds of the  
13 department of transportation harbors division are reclassified  
14 as trust accounts:

- 15 (1) The 1997 certificate - harbor interest account  
16 revolving fund administratively created in 1997;
- 17 (2) The 1997 certificate - harbor principal account  
18 revolving fund administratively created in 1997;
- 19 (3) The 7th supplemental certificate 2010A debt service  
20 reserve fund principal revolving fund administratively  
21 created in 2010; and



1 (4) The harbor extraordinary renewal/replacement reserve  
2 account revolving fund administratively created in  
3 1997.

4 SECTION 70. The risk management fire and casualty  
5 losses - harbors trust fund administratively created in 2006 is  
6 abolished and any remaining unencumbered balance shall lapse to  
7 the credit of the general fund.

8 SECTION 71. The following revolving funds of the  
9 department of transportation highways division are reclassified  
10 as trust accounts:

11 (1) The highway senior interest account revolving fund  
12 administratively created in 1994;

13 (2) The highway senior principal account revolving fund  
14 administratively created in 1994; and

15 (3) The highways accrued payroll overhead revolving fund  
16 administratively created in 1983.

17 SECTION 72. The special deposits - highways trust account  
18 administratively created in 1979 is reclassified as a trust  
19 fund.

20 SECTION 73. Any unencumbered balance in the highway senior  
21 debt service reserve account revolving fund administratively



1 created in 1994 shall be transferred to the credit of the state  
2 highway fund established by section 248-8, Hawaii Revised  
3 Statutes.

4 SECTION 74. Any unencumbered balance remaining in the  
5 transportation improvement special fund repealed by this part  
6 shall be transferred to the credit of the state highway fund  
7 established by section 248-8, Hawaii Revised Statutes.

8 PART XVII. AUDITOR'S REPORT NO. 21-02, DEPARTMENT OF HUMAN  
9 SERVICES

10 SECTION 75. The purpose of this part is to repeal or  
11 reclassify certain non-general funds of the department of human  
12 services pursuant to the recommendations of the auditor in  
13 auditor report no. 21-02.

14 SECTION 76. The donations for social services trust  
15 account, a trust account that was administratively established  
16 and is administered by the department of human services, is  
17 reclassified as a trust fund.

18 SECTION 77. The Kahikolu Ohana O Waianae project, a trust  
19 fund that was administratively established in 2007 and is  
20 administered by the department of human services, is abolished



1 and any unencumbered balance remaining shall be lapse to the  
2 credit of the general fund.

3 PART XVIII. AUDITOR'S REPORT NO. 21-02, HAWAII PUBLIC HOUSING

4 AUTHORITY

5 SECTION 78. The purpose of this part is to repeal or  
6 reclassify certain non-general funds of the Hawaii public  
7 housing authority pursuant to the recommendations of the auditor  
8 in auditor report no. 21-02.

9 SECTION 79. Section 356D-11, Hawaii Revised Statutes, is  
10 amended by amending subsection (h) to read as follows:

11 "(h) In connection with the development of any public  
12 housing dwelling units under this chapter, the authority may  
13 also develop commercial and industrial properties and sell or  
14 lease other properties if it determines that the uses will be an  
15 integral part of the public housing development or a benefit to  
16 the community in which the properties are situated. The  
17 authority may designate any portions of the public housing  
18 development for commercial, industrial, or other use and shall  
19 have all the powers granted under this chapter with respect  
20 thereto. The authority may use any funding authorized under  
21 this chapter to implement this subsection.



1 The net proceeds of all sales or leases, less costs to the  
2 authority, shall be deposited in the public housing [~~revolving~~]  
3 special fund established by section 356D-28."

4 SECTION 80. Section 356D-28, Hawaii Revised Statutes, is  
5 amended to read as follows:

6 "**§356D-28 Public housing [~~revolving~~] special fund.** (a)  
7 There is established the public housing [~~revolving~~] special fund  
8 to be administered by the authority. Notwithstanding section  
9 36-21, the proceeds in the fund shall be used for long-term and  
10 other special financings of the authority and for necessary  
11 expenses in administering this chapter.

12 (b) All moneys received and collected by the authority,  
13 not otherwise pledged, obligated, or required by law to be  
14 placed in any other special fund, shall be deposited into the  
15 public housing [~~revolving~~] special fund."

16 SECTION 81. The financial assistance for housing special  
17 fund, a special fund that was administratively established in  
18 2001 and administered by the Hawaii public housing authority, is  
19 abolished and any unencumbered balance remaining shall lapse to  
20 the credit of the general fund.



1       SECTION 82. The HPHA administration revolving fund,  
2       administratively established in 1982 and administered by the  
3       Hawaii public housing authority, is abolished and any  
4       unencumbered balance remaining shall lapse to the credit of the  
5       general fund.

6                   PART XIX. MISCELLANEOUS PROVISIONS

7       SECTION 83. Except as otherwise provided in this Act, all  
8       unencumbered balances in the funds repealed by this Act shall  
9       lapse to the credit of the general fund.

10      SECTION 84. Statutory material to be repealed is bracketed  
11      and stricken. New statutory material is underscored.

12      SECTION 85. This Act shall take effect on July 1, 2021;  
13      provided that the amendments made to section 712A-16, Hawaii  
14      Revised Statutes, in section 60 of this Act shall not be  
15      repealed when that section is repealed and reenacted on June 30,  
16      2022, by Act 161, Session Laws of Hawaii 2016.





**Report Title:**

DOA; DAGS; DBEDT; DOE; DOH; DLIR; DLNR; DHS; PSD; DCCA; DHHL;  
UH; AG; DOT; Non-General Funds

**Description:**

Repeals various non-general funds of the Department of Agriculture; Department of Accounting and General Services; Department of Business, Economic Development, and Tourism; Department of Education; Department of Health; Department of Labor and Industrial Relations; Department of Land and Natural Resources; Department of Human Services; Department of Public Safety; Department of Commerce and Consumer Affairs; Department of Hawaiian Home Lands; University of Hawaii; Department of the Attorney General; and Department of Transportation. Implements recommendations of the auditor. Transfers most unencumbered balances to the credit of the general fund. (HB1299 CD1)

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

