

JAN 24 2024

A BILL FOR AN ACT

RELATING TO THE HURRICANE RESERVE TRUST FUND.

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

1 SECTION 1. Section 237-31, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§237-31 Remittances. All remittances of taxes imposed by
4 this chapter shall be made by money, bank draft, check,
5 cashier's check, money order, or certificate of deposit to the
6 office of the department of taxation to which the return was
7 transmitted. The department shall issue its receipts therefor
8 to the taxpayer and shall pay the moneys into the state treasury
9 as a state realization, to be kept and accounted for as provided
10 by law; provided that[+

11 ~~(1)~~ A] a sum, not to exceed \$5,000,000, from all general
12 excise tax revenues realized by the State shall be
13 deposited in the state treasury in each fiscal year to
14 the credit of the compound interest bond reserve
15 fund[+

16 ~~(2)~~ A sum from all general excise tax revenues realized by
17 the State that is equal to one half of the total
18 amount of funds appropriated or transferred out of the

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1 ~~hurricane reserve trust fund under sections 4 and 5 of~~
2 ~~Act 62, Session Laws of Hawaii 2011, shall be~~
3 ~~deposited into the hurricane reserve trust fund in~~
4 ~~fiscal year 2013-2014 and in fiscal year 2014-2015,~~
5 ~~provided that the deposit required in each fiscal year~~
6 ~~shall be made by October 1 of that fiscal year; and~~
7 (3) ~~Commencing with fiscal year 2018-2019, a sum from all~~
8 ~~general excise tax revenues realized by the State that~~
9 ~~represents the difference between the state public~~
10 ~~employer's annual required contribution for the~~
11 ~~separate trust fund established under section 87A-42~~
12 ~~and the amount of the state public employer's~~
13 ~~contributions into that trust fund shall be deposited~~
14 ~~to the credit of the State's annual required~~
15 ~~contribution into that trust fund in each fiscal year,~~
16 ~~as provided in section 87A-42]."~~

17 SECTION 2. Section 431P-16, Hawaii Revised Statutes, is
18 amended by amending subsection (a) to read as follows:

19 "(a) The fund shall establish [~~outside the state treasury~~]
20 a hurricane reserve trust fund and any accounts thereunder and
21 any other trust fund or account necessary to carry out the
22 purposes of this chapter. Moneys deposited in the hurricane

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1 reserve trust fund and any accounts thereunder or any other
2 trust fund or account shall be held by the fund, as trustee, in
3 a depository as defined in section 38-1 or according to a
4 similar arrangement at the discretion of the board, including,
5 but not limited to, trust or custodial accounts created for the
6 benefit of the fund's secured parties under contractual claims
7 financing arrangements. These moneys may be invested and
8 reinvested in accordance with the plan of operation.
9 Disbursements from the trust funds shall not be subject to
10 chapter 103D and shall be made in accordance with procedures
11 adopted by the board."

12 SECTION 3. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 4. This Act shall take effect upon its approval.

15

16

INTRODUCED BY: 

17

BY REQUEST

S.B. NO. 3067

Report Title:

Hurricane Reserve Trust Fund; State Treasury

Description:

Moves the Hurricane Reserve Trust Fund into the State Treasury and makes other housekeeping amendments relating to the Fund.

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

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE HURRICANE RESERVE TRUST FUND.

PURPOSE: To facilitate the State's investment objectives by moving the Hurricane Reserve Trust Fund into the state treasury.

MEANS: Amend sections 237-31 and 431P-16, Hawaii Revised Statutes (HRS).

JUSTIFICATION: The state treasury maintains an investment pool consisting of participating state accounts. Funds within the state treasury are prudently managed to achieve the investment objectives of safety, liquidity, and yield, in priority order. The investment pool also enables the achievement of economies of scale for the effective and efficient management of funds and enhances the State's liquidity position.

Under section 431P-16, HRS, the Hurricane Reserve Trust Fund is established outside the state treasury under the direction of a board. Although established outside the state treasury, interest earned from the principal in the Hurricane Reserve Trust Fund is transferred and deposited into the general fund each year.

The amount of interest earned from the principal in the Hurricane Reserve Trust Fund and deposited to the general fund has fluctuated. To better facilitate the achievement of state treasury investment objectives, it is in the State's interests to place the Hurricane Reserve Trust Fund within the state treasury. The transfer will also align investment objectives as the interest on the principal belongs to the general fund.

This measure also makes a housekeeping amendment to repeal an obsolete portion of section 237-31, HRS, that related to the replenishment of funds transferred from the Hurricane Reserve Trust Fund in 2011.

Impact on the public: Improves the efficient management of state funds.

Impact on the department and other agencies: Improves the efficient management of state funds.

GENERAL FUND: Minimal.

OTHER FUNDS: Not applicable.

PPBS PROGRAM
DESIGNATION: BUF115.

OTHER AFFECTED
AGENCIES: Department of Commerce and Consumer Affairs,
Department of Taxation.

EFFECTIVE DATE: Upon approval.