

JAN 23 2025

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# A BILL FOR AN ACT

RELATING TO CENTRAL SERVICES ASSESSMENT.

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

SECTION 1. Section 36-28, Hawaii Revised Statutes, is amended to read as follows:

"§36-28 Transfers from state highway fund for central service expenses. (a) Except as hereinafter provided, and notwithstanding any other law to the contrary, there shall be deducted from time to time by the director of finance, for the purpose of defraying the prorated estimate of central service expenses of government in relation to the state highway fund created by section 248-8, five per cent of all receipts and deposits in the fund, after deducting therefrom any amounts pledged, charged, or encumbered for the payment of bonds or interest thereon during the current year, from which receipts or deposits no deduction of five per cent has been previously made, ~~which~~ or \$5,000,000, whichever is less.

(b) Beginning September 30, 2025, and every year thereafter, the director of transportation shall propose to the governor an adjustment to the amount transferred from the state highway fund by calculating a percentage based on the Consumer

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1 Price Index for All Urban Consumers in the Honolulu area, or a  
2 successor index, for the twelve months prior to September 1 of  
3 each year, less food and energy, as calculated by the United  
4 States Bureau of Labor Statistics; provided that, if in any year  
5 the percentage adjustment based on the Urban Honolulu Consumer  
6 Price Index, or a successor index, would result in negative  
7 percentage, the governor can approve a zero per cent adjustment  
8 or no adjustment. Upon governor's approval of the percentage  
9 adjustment, the director of finance shall apply the percentage  
10 adjustment to the amount deducted from the state highway fund  
11 and deduct any additional amounts.

12 (c) The deductions shall be transferred to the general  
13 fund of the State and become general realizations of the State.  
14 The state department of transportation shall cooperate with the  
15 director of finance in effecting these transfers."

16 SECTION 2. Section 36-28.5, Hawaii Revised Statutes, is  
17 amended to read as follows:

18 "[f] §36-28.5 [f] **Transfer from airport revenue fund.** (a)  
19 Any law to the contrary notwithstanding, there shall be deducted  
20 from time to time by the director of finance for the purpose of  
21 defraying the prorated estimate of central service expenses of  
22 government in relation to the airport revenue fund five per cent

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1 of all receipts and deposits in the airport revenue fund after  
2 deducting therefrom any amounts pledged, charged, or encumbered  
3 for the payment of bonds or interest thereon during the current  
4 year, from which receipts or deposits no deduction of five per  
5 cent has previously been made[-], or \$5,000,000, whichever is  
6 less.

7 (b) Beginning September 30, 2025, and every year  
8 thereafter, the director of transportation shall propose to the  
9 governor an adjustment to the amount transferred from the  
10 airport revenue fund by calculating a percentage based on the  
11 Consumer Price Index for All Urban Consumers in the Honolulu  
12 area, or a successor index, for the twelve months prior to  
13 September 1 of each year, less food and energy, as calculated by  
14 the United States Bureau of Labor Statistics; provided that, if  
15 in any year the percentage adjustment based on the Urban  
16 Honolulu Consumer Price Index, or a successor index, would  
17 result in negative percentage, the governor can approve a zero  
18 per cent adjustment or no adjustment. Upon the governor's  
19 approval of the percentage adjustment, the director of finance  
20 shall apply the percentage adjustment to the amount deducted  
21 from the airport revenue fund and deduct any additional amounts.

1        (c)    The deductions shall be transferred to the general  
2   fund of the State and become general realizations of the State.

3        (d) For the purpose of this section, the term "any amounts  
4 pledged, charged, or encumbered for the payment of bonds or  
5 interest thereon during the current year" shall include:

6           (1) Amounts [~~which~~] that are so pledged, charged, or  
7           encumbered;

8           (2) Amounts otherwise required to be applied to the  
9           payment of principal of and interest on revenue bonds  
10          or other revenue obligations; and

(3) Amounts required by law to be paid from the airport revenue fund into the general fund of the State to reimburse the general fund for bond requirements for general obligation bonds issued for airport purposes.

15       (e) The director of transportation shall cooperate with  
16 the director of finance in effecting the transfer."

SECTION 3. Section 36-29, Hawaii Revised Statutes, is amended to read as follows:

19 "§36-29 Transfer from harbor special fund. (a) Any other  
20 law to the contrary notwithstanding, there shall be deducted  
21 from time to time by the director of finance for the purpose of  
22 defraying the prorated estimate of central service expenses of

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1 government in relation to the harbor special fund five per cent  
2 of all receipts and deposits in the harbor special fund after  
3 deducting therefrom any amounts pledged, charged, or encumbered  
4 for the payment of bonds or interest thereon during the current  
5 year, from which receipts or deposits no deduction of five per  
6 cent has previously been made[-], or \$5,000,000, whichever is  
7 less.

8 (b) Beginning September 30, 2025, and every year  
9 thereafter, the director of transportation shall propose to the  
10 governor an adjustment to the amount transferred from the harbor  
11 special fund by calculating a percentage based on the Consumer  
12 Price Index for All Urban Consumers in the Honolulu area, or a  
13 successor index, for the twelve months prior to September 1 of  
14 each year, less food and energy, as calculated by the United  
15 States Bureau of Labor Statistics; provided that, if in any year  
16 the percentage adjustment based on the Urban Honolulu Consumer  
17 Price Index, or a successor index, would result in negative  
18 percentage, the governor can approve a zero per cent adjustment  
19 or no adjustment. Upon the governor's approval of the  
20 percentage adjustment, the director of finance shall apply the  
21 percentage adjustment to the amount deducted from the harbor  
22 special fund and deduct any additional amounts.

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(c) The deductions shall be transferred to the general fund of the State and become general realizations of the State.

(d) For the purposes of this section, the term "any amount pledged, charged, or encumbered for the payment of bonds or interest thereon during the current year" shall include:

(1) Amounts ~~[which]~~ that are so pledged, charged, or encumbered;

(2) Amounts otherwise required to be applied to the payment of principal of and interest on revenue bonds or other revenue obligations;

(3) Amounts required to be paid into a separate special fund for the payment of principal of and interest on revenue bonds or other revenue obligations payable from the second separate special fund; and

(4) Amounts required by law to be paid from the harbor special fund into the general fund of the State to reimburse the general fund for bond requirements for general obligation bonds issued for harbor purposes.

(e) The second separate special fund maintained by deposits from the harbor special fund shall not be deemed to be a special fund within the meaning of section 36-27 or section 36-30.

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1        (f) The director of transportation shall cooperate with  
2 the director of finance in effecting the transfer."

3        SECTION 4. If any portion of this Act or its application  
4 to any person, entity, or circumstance is held to be invalid for  
5 any reason, then the legislature declares that the remainder of  
6 the Act and each and every other provision thereof shall not be  
7 affected thereby.

8        SECTION 5. If manifest clerical, typographical, or other  
9 mechanical errors are found in this Act, the governor may  
10 correct such errors.

11       SECTION 6. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13       SECTION 7. This Act, upon its approval, shall take effect  
14 on July 1, 2025.

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INTRODUCED BY: 

17

BY REQUEST

# S.B. NO. 1473

**Report Title:**

Central Service Expenses; Transfers; Central Services Assessment; Central Service Expenses of Government; State Highway Fund; Airport Revenue Fund; Harbor Special Fund

**Description:**

Amends the transfer of funds for central service expenses from the State Highway Fund, Airport Revenue Fund, and Harbor Special Fund by: (1) limiting the deduction to five per cent of all receipts and deposits in the fund, or \$5,000,000, whichever is less, and (2) creating a process to deduct additional amounts based on the Consumer Price Index.

*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

**SB. NO. 1473**

DEPARTMENT: TRANSPORTATION

TITLE: A BILL FOR AN ACT RELATING TO CENTRAL SERVICES ASSESSMENT.

PURPOSE: To amend the way deductions from the State Highway Fund, Airport Revenue Fund, and Harbor Special Fund for central service expenses are calculated.

MEANS: Amend sections 36-28, 36-28.5, and 36-29, Hawaii Revised Statutes.

JUSTIFICATION: This bill provides a set amount to be deducted from the State Highway Fund, Airport Revenue Fund, and Harbor Special Fund for central service expenses and a process to deduct additional amounts based on the Consumer Price Index (CPI). Currently a set percentage is deducted from each fund, but there is no way to know in advance how much will be available to pay for central service expenses. This bill provides certainty by setting an amount that will be deducted from each special fund. This bill also addresses increases in the cost of government services due to inflation by allowing for additional deductions from each fund based on the CPI.

Impact on the public: This bill increases transparency because the set amount deducted from the State Highway Fund, Airport Revenue Fund, and Harbor Special Fund will be set statutorily. This bill provides a process based on a publicly published index, the CPI, for any additional deductions from these funds.

Impact on the department and other agencies: This bill provides greater certainty because there will be a set amount deducted every year. The Department of Budget and Finance and the Department of Transportation can generally project any adjustments based on

publicly published CPI data. This increases the Departments' ability to plan further in advance based on the funds that will be available. Additional deductions based on CPI will automatically provide departments with additional funds if expenses are increasing due to inflation.

GENERAL FUND: Possible changes to the amounts transferred from the State Highway Fund, Airport Revenue Fund, and Harbor Special Fund to the general fund.

OTHER FUNDS: Possible changes to the amounts transferred from the State Highway Fund, Airport Revenue Fund, and Harbor Special Fund.

PPBS PROGRAM  
DESIGNATION: TRN 995.

OTHER AFFECTED  
AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: July 1, 2025.