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# A BILL FOR AN ACT

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RELATING TO CENTRAL SERVICES ASSESSMENT.

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

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

3       "**§36-28 Transfers from state highway fund for central**  
4 **service expenses.** (a) Except as hereinafter provided, and  
5 notwithstanding any other law to the contrary, there shall be  
6 deducted from time to time by the director of finance, for the  
7 purpose of defraying the prorated estimate of central service  
8 expenses of government in relation to the state highway fund  
9 created by section 248-8, five per cent of all receipts and  
10 deposits in the fund, after deducting therefrom any amounts  
11 pledged, charged, or encumbered for the payment of bonds or  
12 interest thereon during the current year, from which receipts or  
13 deposits no deduction of five per cent has been previously made,  
14 ~~[which]~~ or \$5,000,000, whichever is less.

15       (b) Beginning September 30, 2025, and every year  
16 thereafter, the director of transportation shall propose to the



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

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

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

20 **"[+]~~\$~~36-28.5[+] Transfer from airport revenue fund. (a)**  
21 **Any law to the contrary notwithstanding, there shall be deducted**



1 from time to time by the director of finance for the purpose of  
2 defraying the prorated estimate of central service expenses of  
3 government in relation to the airport revenue fund five per cent  
4 of all receipts and deposits in the airport revenue fund after  
5 deducting therefrom any amounts pledged, charged, or encumbered  
6 for the payment of bonds or interest thereon during the current  
7 year, from which receipts or deposits no deduction of five per  
8 cent has previously been made~~[+]~~, or \$5,000,000, whichever is  
9 less.

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



1 adjustment. Upon the governor's approval of the percentage  
2 adjustment, the director of finance shall apply the percentage  
3 adjustment to the amount deducted from the airport revenue fund  
4 and deduct any additional amounts.

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

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

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

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

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

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



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

**"§36-29 Transfer from harbor special fund.** (a) Any other law to the contrary notwithstanding, 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 harbor special fund five per cent of all receipts and deposits in the harbor special 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 previously been made~~(-)~~, 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 harbor special fund by calculating a percentage based on the Consumer Price Index for All Urban Consumers in the Honolulu area, or a successor index, for the twelve months prior to September 1 of each year, less food and energy, as calculated by the United States Bureau of Labor Statistics; provided that, if in any year



1 the percentage adjustment based on the Consumer Price Index for  
2 All Urban Consumers in the Honolulu area, or a successor index,  
3 would result in negative percentage, the governor may approve a  
4 zero per cent adjustment or no adjustment. Upon the governor's  
5 approval of the percentage adjustment, the director of finance  
6 shall apply the percentage adjustment to the amount deducted  
7 from the harbor special fund and deduct any additional amounts.

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

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

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

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

18 (3) Amounts required to be paid into a separate special  
19 fund for the payment of principal of and interest on  
20 revenue bonds or other revenue obligations payable  
21 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.

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

SECTION 4. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

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



1 SECTION 6. This Act shall take effect on July 1, 2050.





**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 limiting the deduction to five per cent of all receipts and deposits in the fund, or \$5,000,000, whichever is less, and creating a process to deduct additional amounts based on the Consumer Price Index. Effective 7/1/2050. (SD1)

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