

ORIGINAL

VETO

H.B. NO.

862
H.D. 2
S.D. 2
C.D. 1

HOUSE OF REPRESENTATIVES
THIRTY-FIRST LEGISLATURE, 2021
STATE OF HAWAII

A BILL FOR AN ACT

VETO OVERRIDE

Act No. 1

Approved: *[Signature]*

Date: July 6, 2021

RELATING TO STATE GOVERNMENT.

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

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PART I

SECTION 1. Chapter 304A, Hawaii Revised Statutes, is amended by adding a new subpart to part VII to be appropriately designated and to read as follows:

"SUBPART . PACIFIC INTERNATIONAL SPACE CENTER FOR EXPLORATION SYSTEMS.

§304A- Definitions. As used in this subpart:

"Board" means the board of directors of the Pacific international space center for exploration systems.

"Space center" means the Pacific international space center for exploration systems.

§304A- Pacific international space center for exploration systems. (a) There is established the Pacific international space center for exploration systems, to be placed within the University of Hawaii at Hilo for administrative purposes only.



1 (b) The space center may employ, subject to chapter 76,
2 technical experts and officers, agents, and employees, permanent
3 and temporary, as required. The space center may also employ
4 officers, agents, and employees, prescribe their duties and
5 qualifications, and fix their salaries, without regard to
6 chapter 76, when in the determination of the board, the services
7 to be performed by those employed are unique and essential to
8 the execution of the functions of the space center.

9 **§304A- Pacific international space center for**
10 **exploration systems; board of directors; establishment; duties.**

11 (a) There is established the board of directors of the Pacific
12 international space center for exploration systems, consisting
13 of nine members, to include:

- 14 (1) The director of business, economic development, and
15 tourism, or the director's designee;
- 16 (2) The president of the University of Hawaii, or the
17 president's designee;
- 18 (3) The chancellor of the University of Hawaii at Hilo, or
19 the chancellor's designee; and



1 (4) Six members from government, industry, and academia,
2 both national and international, with appropriate
3 professional interests and backgrounds;
4 provided that of the members appointed under paragraph (4),
5 two members shall be appointed by the governor from a list of
6 nominees submitted by the president of the senate, two members
7 shall be appointed by the governor from a list of nominees
8 submitted by the speaker of the house of representatives, and
9 two members shall be appointed by the governor; provided further
10 that the members appointed pursuant to paragraph (4) shall be
11 subject to section 26-34.

12 The board shall select a chairperson from among its
13 members.

14 (b) Five members shall constitute a quorum, whose
15 affirmative vote shall be necessary for all actions by the space
16 center. The members of the board shall serve without
17 compensation, but shall be entitled to reimbursement for
18 necessary expenses, including travel expenses, incurred in the
19 performance of their duties.



1 (c) The board shall appoint an executive director to the
2 space center who shall be exempt from chapter 76. The board
3 shall set the salary and duties of the executive director.

4 **§304A- General powers.** (a) The board may:

5 (1) Sue and be sued;

6 (2) Adopt a seal and alter the seal at its pleasure;

7 (3) Make and execute contracts and other instruments
8 necessary or convenient to the exercise of its powers;
9 and

10 (4) Adopt bylaws and rules, which shall be exempt from
11 chapter 91, for its organization and internal
12 management, and to carry into effect its purposes,
13 powers, and programs.

14 (b) In addition to other powers conferred upon it, the
15 board may do all things necessary and convenient to carry out
16 the powers expressly provided in this subpart.

17 **§304A- Powers and duties of the Pacific international**
18 **space center for exploration systems executive director.** In
19 addition to any other powers and duties provided in this
20 subpart, the executive director shall:



- 1 (1) Oversee, supervise, and direct the planning,
2 evaluation, and coordination of space-related
3 activities, and identify and promote opportunities for
4 expanding and diversifying aerospace-related
5 industries in the State pertaining to the space
6 center;
- 7 (2) Establish partnerships with corporate, government, and
8 University of Hawaii entities that can promote and
9 enhance the State's aerospace industry; and where
10 possible, help to generate additional revenue for the
11 University of Hawaii and create classes and other
12 educational opportunities for students;
- 13 (3) Work with local universities and community colleges to
14 facilitate internships for students with the space
15 center and associated companies;
- 16 (4) Continue to work with the University of Hawaii on
17 course development, teaching, workforce development,
18 and outreach;
- 19 (5) Promote innovative educational and workforce
20 development programs that will enhance public



- 1 awareness of the space center and enable residents to
2 pursue employment in the State's aerospace industry;
- 3 (6) Act as the public representative of the space center;
- 4 (7) Monitor national and global trends in the aerospace
5 industry and promote global awareness of the space
6 center;
- 7 (8) Pursue projects in the aerospace sector that can be
8 leveraged for improvements to the State's broadband
9 and alternative energy capabilities;
- 10 (9) Serve as a clearinghouse for information on the space
11 center and associated activities;
- 12 (10) Target existing businesses that can provide products
13 or services of importance to the space center and its
14 projects to support the expansion of these businesses
15 in the State;
- 16 (11) Increase contacts and maintain liaisons with the
17 National Aeronautics and Space Administration, related
18 aerospace organizations, and other federal agencies
19 and facilities;
- 20 (12) Maintain and expand liaisons with local business and
21 citizen groups;



1 (13) Adopt, amend, and repeal rules pursuant to chapter 91
2 necessary to carry out this subpart;

3 (14) Contract for services as may be necessary for the
4 purposes of this subpart; and

5 (15) Do all other things necessary or proper to carry out
6 the purposes of this subpart.

7 **§304A- Pacific international space center for**

8 **exploration systems special fund.** (a) There is established in
9 the state treasury the Pacific international space center for
10 exploration systems special fund, into which shall be deposited:

11 (1) Revenues, moneys, and fees from services, rentals,
12 publications, royalties, and patents generated under
13 this subpart;

14 (2) Gifts, donations, and grants received by the space
15 center; and

16 (3) Proceeds from revenue bonds issued by the director of
17 finance.

18 (b) Moneys in the special fund shall be used by the space
19 center for the operation, maintenance, and management of its
20 projects, facilities, services, and publications and for the



1 design and construction of new facilities and the renovation of
2 or addition to existing facilities.

3 (c) All moneys remaining in the Pacific international
4 space center for exploration systems special fund at the close
5 of each fiscal year that are deemed by the director of finance
6 to be in excess of the moneys necessary to carry out the
7 purposes of this section in the next fiscal year shall lapse to
8 the credit of the general fund."

9 SECTION 2. Chapter 201, part V, Hawaii Revised Statutes,
10 is repealed.

11 SECTION 3. On July 1, 2021, any remaining unencumbered
12 balance in the Pacific international space center for
13 exploration systems special fund established by
14 section 201-80.2, Hawaii Revised Statutes, and repealed by
15 section 2 of this Act shall lapse to the credit of the Pacific
16 international space center for exploration systems special fund
17 established under section 1 of this Act.

18 PART II

19 SECTION 4. (a) The Challenger center Hawaii program shall
20 be transferred from the office of aerospace development and



1 placed within the department of education for administrative
2 purposes.

3 (b) All rights, powers, functions, and duties of the
4 office of aerospace development as they relate to the Challenger
5 center Hawaii program are transferred to the department of
6 education.

7 All employees who occupy civil service positions and whose
8 functions are transferred to the department of education by this
9 part shall retain their civil service status, whether permanent
10 or temporary. Employees shall be transferred without loss of
11 salary, seniority (except as prescribed by applicable collective
12 bargaining agreements), retention points, prior service credit,
13 any vacation and sick leave credits previously earned, and other
14 rights, benefits, and privileges, in accordance with state
15 personnel laws and this part; provided that the employees
16 possess the minimum qualifications and public employment
17 requirements for the class or position to which transferred or
18 appointed, as applicable; provided further that subsequent
19 changes in status may be made pursuant to applicable civil
20 service and compensation laws.



1 Any employee who, prior to this Act, is exempt from civil
2 service and is transferred as a consequence of this Act may
3 retain the employee's exempt status, but shall not be appointed
4 to a civil service position as a consequence of this Act. An
5 exempt employee who is transferred by this Act shall not suffer
6 any loss of prior service credit, vacation or sick leave credits
7 previously earned, or other employee benefits or privileges as a
8 consequence of this Act; provided that the employees possess
9 legal and public employment requirements for the position to
10 which transferred or appointed, as applicable; provided further
11 that subsequent changes in status may be made pursuant to
12 applicable employment and compensation laws. The superintendent
13 of the department of education may prescribe the duties and
14 qualifications of these employees and fix their salaries without
15 regard to chapter 76, Hawaii Revised Statutes.

16 (c) All appropriations, records, equipment, machines,
17 files, supplies, contracts, books, papers, documents, maps, and
18 other personal property heretofore made, used, acquired, or held
19 by the office of aerospace development for the Challenger center
20 Hawaii program shall be transferred to the department of
21 education with the functions to which they relate.



1 SECTION 5. On July 1, 2021, the budget of the office of
2 aerospace development that is specifically allocated to the
3 Challenger center Hawaii program shall be transferred to the
4 department of education.

5 PART III

6 SECTION 6. Chapter 46, Hawaii Revised Statutes, is amended
7 by adding a new section to be appropriately designated and to
8 read as follows:

9 "§46- County transient accommodations tax. Each county
10 may establish a transient accommodations tax not to exceed the
11 maximum rate set forth in section 237D- . The county
12 transient accommodations tax shall be in addition to any state
13 transient accommodations tax. A county electing to establish a
14 transient accommodations tax pursuant to this section shall do
15 so by ordinance."

16 SECTION 7. Chapter 237D, Hawaii Revised Statutes, is
17 amended by adding a new section to be appropriately designated
18 and to read as follows:

19 "§237D- County transient accommodations tax;
20 administration. (a) The county transient accommodations tax,
21 upon the adoption of a county ordinance and in accordance with



1 the requirements of section 46- , shall be levied, assessed,
2 and collected as provided in this section on all gross rental,
3 gross rental proceeds, and fair market rental value taxable
4 under this chapter. No county shall set its transient
5 accommodations tax at a rate greater than three per cent of all
6 gross rental, gross rental proceeds, and fair market rental
7 value taxable under this chapter. With respect to the county
8 transient accommodations tax, the applicable county director of
9 finance shall have all the rights and powers of the director of
10 taxation provided under this chapter.

11 (b) The county transient accommodations tax, if adopted,
12 shall be imposed on the gross rental, gross rental proceeds, and
13 fair market rental value of all written contracts that require
14 the passing on of the taxes imposed under this chapter; provided
15 that if the gross rental, gross rental proceeds, and fair market
16 rental value are received as payments beginning in the taxable
17 year in which the taxes become effective, on contracts entered
18 into prior to the adoption of the ordinance pursuant to
19 section 46- , and the written contracts do not provide for the
20 passing on of increased rates of taxes, the county transient
21 accommodations tax shall not be imposed on the gross rental,



1 gross rental proceeds, and fair market rental value covered
2 under the written contracts. The county transient
3 accommodations tax shall be imposed on the gross rental, gross
4 rental proceeds, and fair market rental value from all contracts
5 entered into on or after the adoption of the ordinance pursuant
6 to section 46- , regardless of whether the contract allows for
7 the passing on of any tax or any tax increases.

8 (c) No county transient accommodations tax shall be
9 established on any form of accommodation that is exempt from the
10 taxes imposed by this chapter pursuant to section 237D-3."

11 PART IV

12 SECTION 8. Section 87A-42, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "**§87A-42 Other post-employment benefits trust.** (a)
15 Notwithstanding sections 87A-31 and 87A-31.5, the board, upon
16 terms and conditions set by the board, shall establish and
17 administer a separate trust fund for the purpose of receiving
18 employer contributions that will prefund other post-employment
19 health and other benefit plan costs for retirees and their
20 beneficiaries. The separate trust fund shall meet the
21 requirements of the Governmental Accounting Standards Board



1 regarding other post-employment benefits trusts. The board
2 shall establish and maintain a separate account for each public
3 employer within the separate trust fund to accept and account
4 for each public employer's contributions. Employer
5 contributions to the separate trust fund shall be irrevocable,
6 all assets of the fund shall be dedicated exclusively to
7 providing health and other benefits to retirees and their
8 beneficiaries, and assets of the fund shall not be subject to
9 appropriation for any other purpose and shall not be subject to
10 claims by creditors of the employers or the board or plan
11 administrator. The board's powers under section 87A-24 shall
12 also apply to the fund established pursuant to this section.

13 (b) Public employer contributions shall be paid into the
14 fund in each fiscal year, and commencing with the 2018-2019
15 fiscal year, the amount of the annual public employer
16 contribution shall be equal to the amount of the annual required
17 contribution, as determined by an actuary retained by the board.

18 (c) In any fiscal year subsequent to the 2017-2018 fiscal
19 year in which the state public employer's contributions into the
20 fund are less than the amount of the annual required
21 contribution, the amount that represents the excess of the



1 annual required contribution over the state public employer's
2 contributions shall be deposited into the appropriate account of
3 the separate trust fund from a portion of all general excise tax
4 revenues collected by the department of taxation under
5 section 237-31.

6 If any general excise tax revenues are deposited into the
7 separate trust fund in any fiscal year as a result of this
8 subsection, the director of finance shall notify the legislature
9 and governor whether the general fund expenditure ceiling for
10 that fiscal year would have been exceeded if those revenues had
11 been legislatively appropriated instead of deposited without
12 appropriation into the trust fund. The notification shall be
13 submitted within thirty days following the end of the applicable
14 fiscal year.

15 ~~[(d) In any fiscal year subsequent to the 2017-2018 fiscal~~
16 ~~year in which a county public employer's contributions into the~~
17 ~~fund are less than the amount of the annual required~~
18 ~~contribution, the amount that represents the excess of the~~
19 ~~annual required contribution over the county public employer's~~
20 ~~contributions shall be deposited into the fund from a portion of~~
21 ~~all transient accommodations tax revenues collected by the~~



1 ~~department of taxation under section 237D-6.5(b)(4). The~~
2 ~~director of finance shall deduct the amount necessary to meet~~
3 ~~the county public employer's annual required contribution from~~
4 ~~the revenues derived under section 237D-6.5(b)(4) and transfer~~
5 ~~the amount to the board for deposit into the appropriate account~~
6 ~~of the separate trust fund.~~

7 ~~(e)]~~ (d) In any fiscal year subsequent to fiscal year
8 2017-2018 in which a public employer's contributions into the
9 fund are less than the amount of the annual required
10 contribution [~~and the public employer is not entitled to~~
11 ~~transient accommodations tax revenues sufficient to satisfy the~~
12 ~~total amount of the annual required contribution], the public
13 employer's contributions shall be deposited into the fund from
14 portions of any other revenues collected on behalf of the public
15 employer or held by the State. The director of finance shall
16 deduct the amount necessary to meet the public employer's annual
17 required contribution from any revenues collected on behalf of
18 the public employer held by the State, except the tax revenues
19 deposited into the mass transit special fund pursuant to
20 section 237D-2(e)(1), and transfer the amount to the board for
21 deposit into the appropriate account of the separate trust fund.~~



1 [~~f~~] (e) For the purposes of this section, "annual
2 required contribution" means a public employer's required
3 contribution to the trust fund established in this section that
4 is sufficient to cover:

- 5 (1) The normal cost, which is the cost of other post-
6 employment benefits attributable to the current year
7 of service; and
8 (2) An amortization payment, which is a catch-up payment
9 for past service costs to fund the unfunded actuarial
10 accrued liability over the next thirty years."

11 SECTION 9. Section 171-19, Hawaii Revised Statutes, is
12 amended by amending subsection (a) to read as follows:

13 "(a) There is created in the department a special fund to
14 be designated as the "special land and development fund".
15 Subject to the Hawaiian Homes Commission Act of 1920, as
16 amended, and section 5(f) of the Admission Act of 1959, all
17 proceeds of sale of public lands, including interest on deferred
18 payments; all moneys collected under section 171-58 for mineral
19 and water rights; all rents from leases, licenses, and permits
20 derived from public lands; all moneys collected from lessees of
21 public lands within industrial parks; all fees, fines, and other



1 administrative charges collected under this chapter and
2 chapter 183C; a portion of the highway fuel tax collected under
3 chapter 243; all moneys collected by the department for the
4 commercial use of public trails and trail accesses under the
5 jurisdiction of the department; [~~transient accommodations tax~~
6 ~~revenues collected pursuant to section 237D-6.5(b)(5);~~] and
7 private contributions for the management, maintenance, and
8 development of trails and accesses shall be set apart in the
9 fund and shall be used only as authorized by the legislature for
10 the following purposes:

- 11 (1) To reimburse the general fund of the State for
12 advances made that are required to be reimbursed from
13 the proceeds derived from sales, leases, licenses, or
14 permits of public lands;
- 15 (2) For the planning, development, management, operations,
16 or maintenance of all lands and improvements under the
17 control and management of the board pursuant to
18 title 12, including but not limited to permanent or
19 temporary staff positions who may be appointed without
20 regard to chapter 76; [~~provided that transient~~
21 ~~accommodations tax revenues allocated to the fund~~



- 1 ~~shall be expended as provided in section~~
2 ~~{237D-6.5(b)(5)+}~~
- 3 (3) To repurchase any land, including improvements, in the
4 exercise by the board of any right of repurchase
5 specifically reserved in any patent, deed, lease, or
6 other documents or as provided by law;
- 7 (4) For the payment of all appraisal fees; provided that
8 all fees reimbursed to the board shall be deposited in
9 the fund;
- 10 (5) For the payment of publication notices as required
11 under this chapter; provided that all or a portion of
12 the expenditures may be charged to the purchaser or
13 lessee of public lands or any interest therein under
14 rules adopted by the board;
- 15 (6) For the management, maintenance, and development of
16 trails and trail accesses under the jurisdiction of
17 the department;
- 18 (7) For the payment to private land developers who have
19 contracted with the board for development of public
20 lands under section 171-60;



1 (8) For the payment of debt service on revenue bonds
2 issued by the department, and the establishment of
3 debt service and other reserves deemed necessary by
4 the board;

5 (9) To reimburse the general fund for debt service on
6 general obligation bonds issued to finance
7 departmental projects, where the bonds are designated
8 to be reimbursed from the special land and development
9 fund;

10 (10) For the protection, planning, management, and
11 regulation of water resources under chapter 174C; and

12 (11) For other purposes of this chapter."

13 SECTION 10. Section 184-3.4, Hawaii Revised Statutes, is
14 amended by amending subsection (a) to read as follows:

15 "(a) There is established within the state treasury a fund
16 to be known as the state parks special fund, into which shall be
17 deposited[+]

18 ~~(1)~~ ~~All]~~ all proceeds collected by the state parks
19 programs involving park user fees, any leases or
20 concession agreements, the sale of any article
21 purchased from the department to benefit the state



1 parks programs, or any gifts or contributions;
2 provided that proceeds derived from the operation of
3 Iolani Palace shall be used to supplement its
4 educational and interpretive programs[~~and~~
5 ~~(2) Transient accommodations tax revenues pursuant to~~
6 ~~section 237D-6.5; provided that these moneys shall be~~
7 ~~expended in response to a master plan developed in~~
8 ~~coordination with the Hawaii tourism authority]."~~

9 SECTION 11. Section 198D-2, Hawaii Revised Statutes, is
10 amended as follows:

11 1. By amending subsection (b) to read:

12 "(b) The trail and access program shall use funding for
13 the management, maintenance, and development of trails and trail
14 accesses under the jurisdiction of the department from the
15 following sources:

- 16 (1) A portion of the highway fuel taxes collected under
17 chapter 243;
18 (2) Federal government grants;
19 (3) Private contributions; and
20 (4) Fees, established pursuant to administrative rules and
21 charged by the department for the commercial and other



1 use of trails and trail accesses under the
2 jurisdiction of the department[~~;~~ and
3 ~~(5) Transient accommodations tax revenues pursuant to~~
4 ~~section 237D-6.5]."~~

5 2. By amending subsection (d) to read:

6 "(d) The moneys specified in subsection (b) (1), (3),
7 and (4) [~~;~~ and ~~(5)~~] shall be deposited in the special land and
8 development fund under section 171-19 for the management,
9 maintenance, and development of trails and trail accesses under
10 the jurisdiction of the department[~~;~~ ~~provided that the moneys~~
11 ~~specified in subsection (b) (5) shall be expended for the~~
12 ~~management, maintenance, and development of trails and access~~
13 ~~areas frequented by visitors in response to a master plan~~
14 ~~developed in coordination with the Hawaii tourism authority]."~~

15 SECTION 12. Section 237D-2, Hawaii Revised Statutes, is
16 amended by amending subsection (e) to read as follows:

17 "(e) Notwithstanding the tax rates established in
18 subsections (a) (5) and (c) (3), the tax rates levied, assessed,
19 and collected pursuant to subsections (a) and (c) shall be
20 10.25 per cent for the period beginning on January 1, 2018, to
21 December 31, 2030; provided that:



1 (1) The tax revenues levied, assessed, and collected
2 pursuant to this subsection that are in excess of the
3 revenues realized from the levy, assessment, and
4 collection of tax at the 9.25 per cent rate shall be
5 deposited quarterly into the mass transit special fund
6 established under section 248-2.7; and

7 (2) If a court of competent jurisdiction determines that
8 the amount of county surcharge on state tax revenues
9 deducted and withheld by the State, pursuant to
10 section 248-2.6, violates statutory or constitutional
11 law and, as a result, awards moneys to a county with a
12 population greater than five hundred thousand, then an
13 amount equal to the monetary award shall be deducted
14 and withheld from the tax revenues deposited under
15 paragraph (1) into the mass transit special fund, and
16 those funds shall be a general fund realization of the
17 State.

18 The remaining tax revenues levied, assessed, and collected
19 at the 9.25 per cent tax rate pursuant to subsections (a)
20 and (c) shall be ~~[distributed]~~ deposited into the general fund
21 in accordance with section 237D-6.5(b)."



1 PART V

2 SECTION 13. Section 237D-6.5, Hawaii Revised Statutes, is
3 amended as follows:

4 1. By amending its title to read:

5 "~~§237D-6.5 Remittances [distribution to counties]~~."

6 2. By amending subsection (b) to read:

7 "(b) Except for the revenues collected pursuant to
8 section 237D-2(e), revenues collected under this chapter shall
9 be distributed in the following priority, with the excess
10 revenues to be deposited into the general fund:

11 (1) \$1,500,000 shall be allocated to the Turtle Bay
12 conservation easement special fund beginning July 1,
13 2015, for the reimbursement to the state general fund
14 of debt service on reimbursable general obligation
15 bonds, including ongoing expenses related to the
16 issuance of the bonds, the proceeds of which were used
17 to acquire the conservation easement and other real
18 property interests in Turtle Bay, Oahu, for the
19 protection, preservation, and enhancement of natural
20 resources important to the State, until the bonds are
21 fully amortized;



- 1 (2) ~~[\$16,500,000]~~ \$11,000,000 shall be allocated to the
2 convention center enterprise special fund established
3 under section 201B-8;
- 4 (3) ~~[\$79,000,000 shall be allocated to the tourism special~~
5 ~~fund established under section 201B-11; provided that:~~
6 ~~(A) Beginning on July 1, 2012, and ending on June 30,~~
7 ~~2015, \$2,000,000 shall be expended from the~~
8 ~~tourism special fund for development and~~
9 ~~implementation of initiatives to take advantage~~
10 ~~of expanded visa programs and increased travel~~
11 ~~opportunities for international visitors to~~
12 ~~Hawaii;~~
- 13 ~~(B) Of the \$79,000,000 allocated:~~
- 14 ~~(i) \$1,000,000 shall be allocated for the~~
15 ~~operation of a Hawaiian center and the~~
16 ~~museum of Hawaiian music and dance; and~~
- 17 ~~(ii) 0.5 per cent of the \$79,000,000 shall be~~
18 ~~transferred to a sub-account in the tourism~~
19 ~~special fund to provide funding for a safety~~
20 ~~and security budget, in accordance with the~~
21 ~~Hawaii tourism strategic plan 2005-2015; and~~



1 ~~(C) Of the revenues remaining in the tourism special~~
2 ~~fund after revenues have been deposited as~~
3 ~~provided in this paragraph and except for any sum~~
4 ~~authorized by the legislature for expenditure~~
5 ~~from revenues subject to this paragraph,~~
6 ~~beginning July 1, 2007, funds]~~ An allocation
7 shall be deposited into the tourism emergency
8 special fund, established in section 201B-10, in
9 a manner sufficient to maintain a fund balance of
10 \$5,000,000 in the tourism emergency special fund;
11 and
12 ~~[(4) \$103,000,000 shall be allocated as follows: Kauai~~
13 ~~county shall receive 14.5 per cent, Hawaii county~~
14 ~~shall receive 18.6 per cent, city and county of~~
15 ~~Honolulu shall receive 44.1 per cent, and Maui county~~
16 ~~shall receive 22.8 per cent; provided that commencing~~
17 ~~with fiscal year 2018-2019, a sum that represents the~~
18 ~~difference between a county public employer's annual~~
19 ~~required contribution for the separate trust fund~~
20 ~~established under section 87A-42 and the amount of the~~
21 ~~county public employer's contributions into that trust~~



1 ~~fund shall be retained by the state director of~~
2 ~~finance and deposited to the credit of the county~~
3 ~~public employer's annual required contribution into~~
4 ~~that trust fund in each fiscal year, as provided in~~
5 ~~section 87A-42, if the respective county fails to~~
6 ~~remit the total amount of the county's required annual~~
7 ~~contributions, as required under section 87A-43; and~~
8 ~~(5)]~~ (4) \$3,000,000 shall be allocated to the special land
9 and development fund established under section 171-19;
10 provided that the allocation shall be expended in
11 accordance with the Hawaii tourism authority strategic
12 plan for:
13 (A) The protection, preservation, maintenance, and
14 enhancement of natural resources, including
15 beaches, important to the visitor industry;
16 (B) Planning, construction, and repair of facilities;
17 and
18 (C) Operation and maintenance costs of public lands,
19 including beaches, connected with enhancing the
20 visitor experience.



1 All transient accommodations taxes shall be paid into the
2 state treasury each month within ten days after collection and
3 shall be kept by the state director of finance in special
4 accounts for distribution as provided in this subsection.

5 As used in this subsection, "fiscal year" means the
6 twelve-month period beginning on July 1 of a calendar year and
7 ending on June 30 of the following calendar year."

8 PART VI

9 SECTION 14. Section 201B-11, Hawaii Revised Statutes, is
10 amended as follows:

11 1. By amending the title of part II to read:

12 "PART II. [~~TOURISM SPECIAL FUND;~~] EXEMPTIONS; REPORTS"

13 2. By repealing section 201B-11, Hawaii Revised Statutes.

14 [~~"§201B-11 Tourism special fund. (a) There is~~
15 ~~established in the state treasury the tourism special fund, into~~
16 ~~which shall be deposited:~~

17 ~~(1) A portion of the revenues from any transient~~
18 ~~accommodations tax, as provided by section 237D-6.5;~~

19 and

20 ~~(2) Appropriations by the legislature to the tourism~~
21 ~~special fund; and~~



1 ~~(3) Gifts, grants, and other funds accepted by the~~
2 ~~authority.~~

3 ~~(b) Moneys in the tourism special fund may be:~~

4 ~~(1) Placed in interest bearing accounts; provided that the~~
5 ~~depository in which the money is deposited furnishes~~
6 ~~security as provided in section 38-3; or~~

7 ~~(2) Otherwise invested by the authority until such time as~~
8 ~~the moneys may be needed; provided that the authority~~
9 ~~shall limit its investments to those listed in~~
10 ~~section 36-21.~~

11 ~~All interest accruing from the investment of these moneys shall~~
12 ~~be credited to the tourism special fund.~~

13 ~~(c) Moneys in the tourism special fund shall be used by~~
14 ~~the authority for the purposes of this chapter, provided that:~~

15 ~~(1) Not more than 3.5 per cent of this amount shall be~~
16 ~~used for administrative expenses, including \$15,000~~
17 ~~for a protocol fund to be expended at the discretion~~
18 ~~of the president and chief executive officer; and~~

19 ~~(2) At least \$1,000,000 shall be made available to support~~
20 ~~efforts to manage, improve, and protect Hawaii's~~



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



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

1 ~~[(31)]~~ (29) Hospital sustainability program special fund
2 under [+]section 346G-4[+];

3 ~~[(32)]~~ (30) Nursing facility sustainability program special
4 fund under [+]section 346F-4[+];

5 ~~[(33)]~~ (31) Hawaii 3R's school improvement fund under
6 section 302A-1502.4;

7 ~~[(34)]~~ (32) After-school plus program revolving fund under
8 section 302A-1149.5; and

9 ~~[(35)]~~ (33) Civil monetary penalty special fund under
10 section 321-30.2,

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



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

4 SECTION 16. Section 36-30, Hawaii Revised Statutes, is
5 amended by amending subsection (a) to read as follows:

6 "(a) Each special fund, except the:

7 (1) Special out-of-school time instructional program fund
8 under section 302A-1310;

9 (2) School cafeteria special funds of the department of
10 education;

11 (3) Special funds of the University of Hawaii;

12 [~~4~~] ~~State educational facilities improvement special fund;~~

13 [~~5~~] (4) Special funds established by section 206E-6;

14 [~~6~~] (5) Aloha Tower fund created by section 206J-17;

15 [~~7~~] (6) Funds of the employees' retirement system created
16 by section 88-109;

17 [~~8~~] (7) Hawaii hurricane relief fund established under
18 chapter 431P;

19 [~~9~~] (8) Convention center enterprise special fund
20 established under section 201B-8;



1 [~~(10)~~] (9) Hawaii health systems corporation special funds
2 and the subaccounts of its regional system boards;
3 [~~(11)~~] ~~Tourism special fund established under~~
4 ~~section 201B-11;~~
5 ~~(12)~~] (10) Universal service fund established under
6 section 269-42;
7 [~~(13)~~] (11) Emergency and budget reserve fund under
8 section 328L-3;
9 [~~(14)~~] (12) Public schools special fees and charges fund
10 under section 302A-1130;
11 [~~(15)~~] (13) Sport fish special fund under section 187A-9.5;
12 [~~(16)~~] (14) Neurotrauma special fund under section 321H-4;
13 [~~(17)~~] (15) Center for nursing special fund under
14 section 304A-2163;
15 [~~(18)~~] (16) Passenger facility charge special fund
16 established by section 261-5.5;
17 [~~(19)~~] (17) Court interpreting services revolving fund under
18 section 607-1.5;
19 [~~(20)~~] (18) Trauma system special fund under
20 section 321-22.5;
21 [~~(21)~~] (19) Hawaii cancer research special fund;



1 ~~[(22)]~~ (20) Community health centers special fund;
 2 ~~[(23)]~~ (21) Emergency medical services special fund;
 3 ~~[(24)]~~ (22) Rental motor vehicle customer facility charge
 4 special fund established under section 261-5.6;
 5 ~~[(25)]~~ (23) Shared services technology special fund under
 6 section 27-43;
 7 ~~[(26)]~~ (24) Nursing facility sustainability program special
 8 fund established pursuant to ~~[+]section 346F-4[+]~~;
 9 ~~[(27)]~~ (25) Automated victim information and notification
 10 system special fund established under section 353-136;
 11 ~~[(28)]~~ (26) Hospital sustainability program special fund
 12 under ~~[+]section 346G-4[+]~~; and
 13 ~~[(29)]~~ (27) Civil monetary penalty special fund under
 14 section 321-30.2,
 15 shall be responsible for its pro rata share of the
 16 administrative expenses incurred by the department responsible
 17 for the operations supported by the special fund concerned."

18 SECTION 17. Section 171-172, Hawaii Revised Statutes, is
 19 amended by amending subsection (e) to read as follows:

20 "(e) Upon reimbursement to the state general fund of all
 21 debt service on reimbursable general obligation bonds issued to



1 acquire the conservation easement in Turtle Bay, Oahu, any
2 unencumbered and unexpended moneys in the Turtle Bay
3 conservation easement special fund shall be transferred to the
4 ~~[tourism special fund established under section 201B-11.]~~
5 general fund."

6 SECTION 18. Section 201B-2, Hawaii Revised Statutes, is
7 amended by amending subsection (f) to read as follows:

8 "(f) The board shall appoint one person to serve as
9 president and chief executive officer, exempt from chapters 76
10 and 88 who shall oversee the authority staff; ~~[provided that the~~
11 ~~compensation package, including salary, shall not exceed fifteen~~
12 ~~per cent of the 3.5 per cent authorized for administrative~~
13 ~~expenses under section 201B-11(e); and]~~ provided further that
14 the compensation package shall not include private sector moneys
15 or other contributions. The board shall set the president and
16 chief executive officer's duties, responsibilities, holidays,
17 vacations, leaves, hours of work, and working conditions. It
18 may grant other benefits as it deems necessary."

19 SECTION 19. Section 201B-3, Hawaii Revised Statutes, is
20 amended by amending subsection (a) to read as follows:



1 "(a) Except as otherwise limited by this chapter, the
2 authority may:

3 (1) Sue and be sued;

4 (2) Have a seal and alter the same at its pleasure;

5 (3) Through its president and chief executive officer,
6 make and execute contracts and all other instruments
7 necessary or convenient for the exercise of its powers
8 and functions under this chapter; provided that the
9 authority may enter into contracts and agreements for
10 a period of up to five years, subject to the
11 availability of funds; and provided further that the
12 authority may enter into agreements for the use of the
13 convention center facility for a period of up to
14 ten years;

15 (4) Make and alter bylaws for its organization and
16 internal management;

17 (5) Unless otherwise provided in this chapter, adopt rules
18 in accordance with chapter 91 with respect to its
19 projects, operations, properties, and facilities;

- 1 (6) Through its president and chief executive officer,
2 represent the authority in communications with the
3 governor and the legislature;
- 4 (7) Through its president and chief executive officer,
5 provide for the appointment of officers, agents, a
6 sports coordinator, and employees, subject to the
7 approval of the board, prescribing their duties and
8 qualifications, and fixing their salaries, without
9 regard to chapters 76 and 78, if ~~[there is no~~
10 ~~anticipated revenue shortfall in the tourism special~~
11 ~~fund and]~~ funds have been appropriated by the
12 legislature and allotted as provided by law;
- 13 (8) Through its president and chief executive officer,
14 purchase supplies, equipment, or furniture;
- 15 (9) Through its president and chief executive officer,
16 allocate the space or spaces that are to be occupied
17 by the authority and appropriate staff;
- 18 (10) Through its president and chief executive officer,
19 engage the services of qualified persons to implement
20 the State's tourism marketing plan or portions thereof
21 as determined by the authority;



- 1 (11) Through its president and chief executive officer,
2 engage the services of consultants on a contractual
3 basis for rendering professional and technical
4 assistance and advice;
- 5 (12) Procure insurance against any loss in connection with
6 its property and other assets and operations in
7 amounts and from insurers as it deems desirable;
- 8 (13) Contract for or accept revenues, compensation,
9 proceeds, and gifts or grants in any form from any
10 public agency or any other source;
- 11 (14) Develop, coordinate, and implement state policies and
12 directions for tourism and related activities taking
13 into account the economic, social, and physical
14 impacts of tourism on the State, Hawaii's natural
15 environment, and areas frequented by visitors;
- 16 (15) Have a permanent, strong focus on Hawaii brand
17 management;
- 18 ~~(16) Conduct market development-related research as~~
19 ~~necessary;~~

- 1 ~~(17)~~ (16) Coordinate all agencies and advise the private
- 2 sector in the development of tourism-related
- 3 activities and resources;
- 4 ~~(18)~~ (17) Work to eliminate or reduce barriers to travel
- 5 to provide a positive and competitive business
- 6 environment, including coordinating with the
- 7 department of transportation on issues affecting
- 8 airlines and air route development;
- 9 ~~(19)~~ (18) Market and promote sports-related activities and
- 10 events;
- 11 ~~(20)~~ (19) Coordinate the development of new products with
- 12 the counties and other persons in the public sector
- 13 and private sector, including the development of
- 14 sports, culture, health and wellness, education,
- 15 technology, agriculture, and nature tourism;
- 16 ~~(21)~~ (20) Establish a public information and educational
- 17 program to inform the public of tourism and tourism-
- 18 related problems;
- 19 ~~(22)~~ (21) Encourage the development of tourism
- 20 educational, training, and career counseling programs;



1 SECTION 20. Section 201B-8, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) There is established the convention center enterprise
4 special fund, into which shall be deposited:

5 (1) A portion of the revenues from the transient
6 accommodations tax, as provided by section 237D-6.5;

7 (2) All revenues or moneys derived from the operations of
8 the convention center to include all revenues from the
9 food and beverage service, all revenues from the
10 parking facilities or from any concession, and all
11 revenues from the sale of souvenirs, logo items, or
12 any other items offered for purchase at the convention
13 center;

14 (3) Private contributions, interest, compensation, gross
15 or net revenues, proceeds, or other moneys derived
16 from any source or for any purpose arising from the
17 use of the convention center facility; and

18 (4) Appropriations by the legislature [~~including any~~
19 ~~transfers from the tourism special fund established~~
20 ~~under section 201B-11~~] for marketing the facility
21 pursuant to section 201B-7(a)(7)."



1 SECTION 21. Section 201B-10, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) There is established outside the state treasury a
4 tourism emergency special fund to be administered by the board,
5 into which shall be deposited the revenues prescribed by
6 section 237D-6.5(b) [~~-. All~~] and all investment earnings [from
7 ~~moneys in the special fund shall be credited to the tourism~~
8 ~~special fund established pursuant to section 201B-11.]~~ credited
9 to the assets of the fund."

10 PART VIII

11 SECTION 22. Section 201B-12, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "[~~†~~]**\$201B-12[†]** **Exemption of authority from taxation and**
14 **Hawaii public procurement code.** [~~+a~~] All revenues and
15 receipts derived by the authority from any project or a project
16 agreement or other agreement pertaining thereto shall be exempt
17 from all state taxation. Any right, title, and interest of the
18 authority in any project shall also be exempt from all state
19 taxation. Except as otherwise provided by law, the interest of
20 a qualified person or other user of a project or a project
21 agreement or other agreements related to a project shall not be



1 exempt from taxation to a greater extent than it would be if the
2 costs of the project were directly financed by the qualified
3 person or user.

4 ~~[(b) The authority shall not be subject to chapter 103D
5 and any and all other requirements of law for competitive
6 bidding for project agreements, construction contracts, lease
7 and sublease agreements, or other contracts unless a project
8 agreement with respect to a project otherwise shall require.]"~~

9 PART IX

10 SECTION 23. There is appropriated out of the funds
11 received by the State from the American Rescue Plan Act, Public
12 Law 117-2, Section 9901, the sum of \$60,000,000 or so much
13 thereof as may be necessary for fiscal year 2021-2022 for the
14 Hawaii tourism authority.

15 The sum appropriated shall be expended by the department of
16 business, economic development, and tourism for the purposes of
17 this part.

18 PART X

19 SECTION 24. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 25. This Act shall take effect on July 1, 2021;
2 provided that parts VI and VII of this Act shall take effect on
3 January 1, 2022.



THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: July 6, 2021
Honolulu, Hawaii

We hereby certify that, pursuant to Sections 16 and 17 of Article III of the Hawaii State Constitution, the House of Representatives of the State of Hawaii, on this date reconsidered House Bill No. 862, H.D. 2, S.D. 2, C.D. 1, heretofore vetoed as contained in a Governor's Message dated July 6, 2021, and approved said bill by an affirmative vote of two-thirds of all Members to which the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Special Session of 2021, is entitled.



Scott K. Saiki
Speaker
House of Representatives

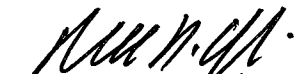


Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAII

Date: July 6, 2021
Honolulu, Hawaii

We hereby certify that, pursuant to Sections 16 and 17 of Article III of the Hawaii State Constitution, the Senate of the State of Hawaii, on this date reconsidered House Bill No. 862, H.D. 2, S.D. 2, C.D. 1, heretofore vetoed as contained in a Governor's Message dated July 6, 2021, and approved said bill by an affirmative vote of two-thirds of all Members to which the Senate of the Thirty-First Legislature of the State of Hawaii, Special Session of 2021, is entitled.



Ronald D. Kouchi
President of the Senate



Carol T. Taniguchi
Clerk of the Senate