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# SENATE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT AN AUDIT TO DETERMINE WHETHER FUNDS ALLOCATED FROM THE HAWAII TOBACCO SETTLEMENT SPECIAL FUND TO THE UNIVERSITY REVENUE-UNDERTAKINGS FUND HAVE BEEN APPROPRIATELY EXPENDED.

1           WHEREAS, on November 23, 1998, leading United States  
2 tobacco manufacturers entered into a settlement agreement,  
3 entitled the Tobacco Master Settlement Agreement, with forty-six  
4 states, including Hawaii. In consideration for a release of  
5 past, present, and certain future claims against them, the  
6 agreement obligates these manufacturers to pay substantial sums  
7 to the settling states (tied in part to the volume of tobacco  
8 product sales). The Attorney General of each state is  
9 responsible for enforcing the provisions of the agreement; and

10  
11           WHEREAS, according to the State Attorney General, a total  
12 of \$250,983,673.98 in payments has been made to Hawaii through  
13 fiscal year 2004-2005 and deposited into the Hawaii tobacco  
14 settlement special fund under section 328L-2, Hawaii Revised  
15 Statutes; and

16  
17           WHEREAS, pursuant to section 328L-2(b)(4), Hawaii Revised  
18 Statutes, twenty-eight per cent of all tobacco settlement moneys  
19 in the Hawaii tobacco settlement special fund are to be  
20 allocated and appropriated into the University revenue-  
21 undertakings fund, as established in section 306-10, Hawaii  
22 Revised Statutes; and

23  
24           WHEREAS, each year, these allocated moneys are to be  
25 applied by the University of Hawaii solely to the payment of the  
26 principal of and interest on, and to generate required coverage,  
27 if any, for revenue bonds issued by the Board of Regents of the  
28 University of Hawaii to finance the cost of construction of a  
29 University Health and Wellness Center, including a new medical  
30 school facility, to be situated on the island of Oahu, for the  
31 succeeding fiscal year; and



1  
2 WHEREAS, any funds in excess of the amount required to pay  
3 principal of and interest on, and to generate required coverage,  
4 if any, for those revenue bonds in any fiscal year are to be  
5 transferred to the emergency and budget reserve fund and to the  
6 Hawaii tobacco prevention and control trust fund in the  
7 succeeding fiscal year, at a proportion of eighty per cent and  
8 twenty per cent, respectively; and  
9

10 WHEREAS, it is in the public interest to ensure that funds  
11 allocated from the Hawaii tobacco settlement special fund to the  
12 university revenue-undertakings fund have been appropriately  
13 expended; now, therefore,  
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15 BE IT RESOLVED by the Senate of the Twenty-third  
16 Legislature of the State of Hawaii, Regular Session of 2006, the  
17 House of Representatives concurring, that the Auditor is  
18 requested to conduct an audit to determine whether funds  
19 allocated from the Hawaii tobacco settlement special fund under  
20 section 328L-2, Hawaii Revised Statutes, to the university  
21 revenue-undertakings fund under section 306-10, Hawaii Revised  
22 Statutes, have been appropriately expended according to section  
23 328L-2(b)(4), Hawaii Revised Statutes; and  
24

25 BE IT FURTHER RESOLVED that the Auditor is requested to  
26 include in the audit a detailed accounting of all amounts  
27 allocated into the university revenue-undertakings fund from the  
28 Hawaii tobacco settlement special fund and all amounts expended  
29 from the university revenue-undertaking fund attributed to the  
30 purpose stipulated in section 328L-2(b)(4), Hawaii Revised  
31 Statutes, including expenditures for direct services to  
32 individuals, if any are found; and  
33

34 BE IT FURTHER RESOLVED that the Auditor is requested to  
35 submit findings and recommendations, including any necessary  
36 proposed legislation, to the Legislature no later than twenty  
37 days prior to the convening of the Regular Session of 2007; and  
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39 BE IT FURTHER RESOLVED that certified copies of this  
40 Concurrent Resolution be transmitted to the Auditor, the  
41 Director of Health, the President of the University of Hawaii,



1 and the Chairperson of the Board of Regents of the University of  
2 Hawaii.  
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OFFERED BY: Therese Chun Oakland  
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