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# A BILL FOR AN ACT

RELATING TO STATE FUNDS.

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

1 SECTION 1. Section 328L-2, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

3 "(b) The fund shall be used for the purpose of receiving,  
4 allocating, and appropriating the tobacco settlement moneys as  
5 follows:

6 (1) Fifteen per cent shall be appropriated into the  
7 emergency and budget reserve fund under section  
8 328L-3;

9 ~~[-(2) Twelve and one half per cent shall be appropriated~~  
10 ~~into the Hawaii tobacco prevention and control trust~~  
11 ~~fund under section 328L-5;~~

12 ~~-(3) Twenty six]~~ (2) Until July 1, 2033, twenty-six per  
13 cent shall be appropriated into the university  
14 revenue-undertakings fund created in section  
15 304A-2167.5, to be applied to the payment of the  
16 principal of and interest on, and to generate required  
17 coverage, if any, for, revenue bonds issued by the

1 board of regents of the University of Hawaii to  
2 finance the cost of construction of a university  
3 health and wellness center, including a new medical  
4 school facility, to be situated on the island of Oahu;  
5 and

6 ~~[(4)]~~ (3) Any remaining amounts shall be deposited to the  
7 credit of the state general fund;  
8 in the succeeding fiscal year."

9 SECTION 2. Section 328L-6, Hawaii Revised Statutes, is  
10 amended to read as follows:

11 "~~[(+)]~~§328L-6~~[(+)]~~ Tobacco prevention and control advisory  
12 board. (a) There is established a tobacco prevention and  
13 control advisory board under the department for administrative  
14 purposes.

15 (b) The tobacco prevention and control advisory board  
16 shall consist of members who are involved in tobacco prevention  
17 and control. Membership of the board shall be as follows:

18 (1) One member of the governor's staff, appointed by the  
19 governor;

20 (2) One member to be appointed by the governor from a list  
21 of two names submitted by the president of the senate;



- 1 (3) One member to be appointed by the governor from a list
- 2 of two names submitted by the speaker of the house of
- 3 representatives;
- 4 (4) The director or the director's designee;
- 5 (5) The superintendent of education or the
- 6 superintendent's designee;
- 7 (6) Three members having demonstrated interest in and
- 8 having backgrounds beneficial to controlling and
- 9 preventing the use of tobacco, appointed by the
- 10 director of health; and
- 11 (7) Three members representing populations at risk for
- 12 tobacco use, appointed by the governor.
- 13 (c) Members shall:
- 14 (1) Be appointed or designated, as applicable, without
- 15 regard to section 26-34;
- 16 (2) Serve without compensation; and
- 17 (3) Serve for a term of three years.
- 18 (d) The tobacco prevention and control advisory board, in
- 19 collaboration with the department, shall develop a strategic
- 20 plan for tobacco prevention and control, including:



1 (1) Developing and implementing effective and cost  
2 efficient programs, including health promotion and  
3 disease prevention;

4 (2) Developing adequate standards and benchmarks by which  
5 measures of program success under paragraph (1) of  
6 this subsection may be appropriately evaluated; and

7 (3) Assessing the effectiveness of programs engaged in  
8 health promotion and disease prevention.

9 The strategic plan shall be in writing and shall be a  
10 public document.

11 [~~(e) The tobacco prevention and control advisory board  
12 shall advise the on the administration of the Hawaii tobacco  
13 prevention and control trust fund.~~]

14 SECTION 3. Section 328L-5, Hawaii Revised Statutes, is  
15 repealed.

16 [~~§328L-5 Hawaii tobacco prevention and control trust  
17 fund. (a) There is established the Hawaii tobacco prevention  
18 and control trust fund as a separate fund of a nonprofit entity  
19 having a board of directors and qualifying under section  
20 501(c)(3) of the Internal Revenue Code of 1986, as amended, into  
21 which shall be deposited moneys received as provided under~~



1 ~~section 328L 2(b)(2). The director of health with the~~  
2 ~~concurrence of the governor, shall select, in accordance with~~  
3 ~~law, the entity based upon the proven record of accomplishment~~  
4 ~~of the entity in administering a similar trust fund.~~

5 ~~(b) Notwithstanding that the Hawaii tobacco prevention and~~  
6 ~~control trust fund is established within a private entity, the~~  
7 ~~department of budget and finance shall have oversight authority~~  
8 ~~over the fund and may make periodic financial audits of the~~  
9 ~~fund, provided that the director of finance may contract with a~~  
10 ~~certified public accountancy firm for this purpose. The~~  
11 ~~director of health with the concurrence of the governor in their~~  
12 ~~sole discretion may rescind the selection of the entity. If the~~  
13 ~~selection of the entity [is] rescinded, moneys in the trust fund~~  
14 ~~shall revert back to the State and shall be deemed to be trust~~  
15 ~~moneys.~~

16 ~~(c) The entity selected under subsection (a), for each~~  
17 ~~fiscal year, may expend up to fifty per cent of the total market~~  
18 ~~value of the Hawaii tobacco prevention and control trust fund on~~  
19 ~~the preceding June 30, for tobacco prevention and control,~~  
20 ~~including but not limited to, reducing cigarette smoking and~~  
21 ~~tobacco use among youth and adults through education and~~



1 ~~enforcement activities, and controlling and preventing chronic~~  
2 ~~diseases where tobacco is a risk factor.~~

3 ~~(d) The Hawaii tobacco prevention and control trust fund~~  
4 ~~may receive appropriations, contributions, grants, endowments,~~  
5 ~~or gifts in cash or otherwise from any source, including the~~  
6 ~~State, corporations or other businesses, foundations,~~  
7 ~~government, individuals, and other interested parties, provided~~  
8 ~~that any appropriations made by the State shall not supplant or~~  
9 ~~diminish the funding of existing tobacco prevention and control~~  
10 ~~programs or any health related programs funded in whole or in~~  
11 ~~part by the State.~~

12 ~~(e) The assets of the Hawaii tobacco prevention and~~  
13 ~~control trust fund shall consist of:~~

- 14 ~~(1) Moneys appropriated under section 328L-2(b)(2);~~  
15 ~~(2) Moneys appropriated to the Hawaii tobacco prevention~~  
16 ~~and control trust fund by the state, county, or~~  
17 ~~federal government;~~  
18 ~~(3) Private contributions of cash or property; and~~  
19 ~~(4) Income and capital gains earned by the trust fund.~~

20 ~~(f) The aggregate principal sum deposited in the Hawaii~~  
21 ~~tobacco prevention and control trust fund shall be invested by~~



1 ~~the entity selected under subsection (a) in a manner intended to~~  
2 ~~maximize the rate of return on investment of the trust fund~~  
3 ~~consistent with the objective of preserving the trust fund's~~  
4 ~~principal.~~

5 ~~(g) If the entity selected under subsection (a) is~~  
6 ~~dissolved, the director of health, with the concurrence of the~~  
7 ~~governor, shall select a successor entity. If the Hawaii~~  
8 ~~tobacco prevention and control trust fund is terminated, the~~  
9 ~~moneys remaining in the trust fund shall revert back to the~~  
10 ~~State and shall be deemed to be trust moneys.~~

11 ~~(h) The administration of the Hawaii tobacco prevention~~  
12 ~~and control trust fund shall be advised by the tobacco~~  
13 ~~prevention and control advisory board created under section~~  
14 ~~328L-6.]~~

15 SECTION 4. Any contract relating to the management of the  
16 Hawaii tobacco prevention and control trust fund moneys shall  
17 not extend beyond June 30, 2025.

18 SECTION 5. Any unencumbered balances remaining in the  
19 Hawaii tobacco prevention and control trust fund as of June 30,  
20 2025, shall lapse to the credit of the general fund on June 30,  
21 2025.



1           SECTION 6. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3           SECTION 7. This Act shall take effect on July 1, 2021;  
4 provided that sections 1, 2, and 3 shall take effect on June 30,  
5 2025.



**Report Title:**

Hawaii Tobacco Settlement Special Fund; Hawaii Tobacco Prevention and Control Trust Fund; Repeal; General Fund

**Description:**

Repeals on 6/30/2025 the Hawaii tobacco prevention and control trust fund and transfers unencumbered balances to the general fund. Specifies that Hawaii tobacco settlement special fund moneys shall only be deposited into the University revenue-undertakings fund until 7/1/2033. Prohibits any contract for the management of Hawaii tobacco prevention and control trust fund moneys from extending beyond 6/30/2025. (SD2)

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