



GOV. MSG. NO. 1135

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

June 1, 2023

The Honorable Ronald D. Kouchi
President of the Senate,
and Members of the Senate
Thirty-Second State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki
Speaker, and Members of the
House of Representatives
Thirty-Second State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on June 1, 2023, the following bill was signed into law:

HB1018 HD1 SD1 CD1

RELATING TO STATE FUNDS.
ACT 035

Sincerely,

Josh Green, M.D.
Governor, State of Hawai'i

on JUN 1 2023

HOUSE OF REPRESENTATIVES
THIRTY-SECOND LEGISLATURE, 2023
STATE OF HAWAII

H.B. NO. 1018
H.D. 1
S.D. 1
C.D. 1

A BILL FOR AN ACT

RELATING TO STATE FUNDS.

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

1 PART I

2 SECTION 1. This Act is recommended by the governor for
3 immediate passage in accordance with section 9 of article VII of
4 the Constitution of the State of Hawaii.

5 SECTION 2. The legislature finds that the federal funding
6 received under the American Rescue Plan Act required states
7 receiving elementary and secondary school emergency relief
8 (ESSER) program III funds to meet certain maintenance of effort
9 requirements by maintaining state support for elementary and
10 secondary education in fiscal year 2022-2023 at least at the
11 proportional level of the State's support for elementary and
12 secondary education relative to the State's overall spending,
13 averaged over fiscal years 2016-2017, 2017-2018 and 2018-2019.
14 If the State fails to meet these maintenance of efforts
15 requirements, the United States Department of Education has the
16 authority to impose a range of enforcement options, including



1 seeking recovery of the approximately \$412,300,000 in ESSER
2 program III funds awarded to the state department of education.

3 As the State of Hawaii's economy has improved and general
4 fund revenues have rebounded, the maintenance of effort
5 obligation has become increasingly difficult to manage, in part
6 due to certain large general fund appropriations made in fiscal
7 year 2021-2022 and fiscal year 2022-2023 for non-educational
8 purposes. These appropriations were made for worthy purposes
9 but have the impact of increasing the denominator for
10 maintenance of effort calculations if expended in fiscal year
11 2022-2023. However, these worthy purposes would not be
12 adversely affected by statutory adjustments to modestly delay
13 expenditures beyond fiscal year 2022-2023 so the expenditures no
14 longer impact the maintenance of effort calculations.

15 The purpose of this Act is to reduce the potential for
16 federal maintenance of effort enforcement actions against the
17 State by delaying the encumbrance and expenditure of various
18 large general fund appropriations made in the 2022 legislative
19 session until or beyond July 1, 2023, so they are no longer part
20 of the fiscal year 2022-2023 maintenance of effort calculation.



1 PART II

2 SECTION 3. The legislature finds that Act 220, Session
3 Laws of Hawaii 2022, transferred the stadium authority from the
4 department of accounting and general services to the department
5 of business, economic development, and tourism for
6 administrative purposes. Section 14 of Act 220 also transferred
7 appropriations made for the stadium authority to the department
8 of business, economic development, and tourism.

9 The legislature further finds that a modest delay in
10 encumbrance and expenditure of the lump sum general fund
11 appropriation in fiscal year 2023 for deposit into the stadium
12 development special fund made in Act 88, Session Laws of Hawaii
13 2021, as amended by Act 248, Session Laws of Hawaii 2022, would
14 not have an adverse effect.

15 The purpose of this part is to delay the encumbrance and
16 expenditure of the fiscal year 2023 appropriation for deposit
17 into the stadium development special fund made in the 2022
18 legislative session to beyond July 1, 2023, so that it is no
19 longer part of the fiscal year 2023 maintenance of effort
20 calculation.



1 SECTION 4. Act 88, Session Laws of Hawaii 2021, as amended
2 by paragraph 20 of section 4 of Act 248, Session Laws of Hawaii
3 2022, is amended by amending section 17.3 to read as follows:

4 "SECTION 17.3. Provided that out of the general fund
5 appropriation for [~~spectator events and shows~~ Aloha Stadium
6 ~~(AGS889)~~,] stadium authority (BED180), the sum of \$49,500,000 or
7 so much thereof as may be necessary for fiscal year 2022-2023
8 shall be deposited into the stadium development special fund, to
9 be expended for stadium costs for operations, maintenance, and
10 contract costs to developers of the stadium[~~-~~]; provided that
11 any unexpended or unencumbered balances from the appropriation
12 shall lapse to the general fund on June 30, 2024; provided
13 further that funds shall not be expended nor deposited into the
14 stadium development special fund before July 1, 2023."

15 PART III

16 SECTION 5. Act 115, Session Laws of Hawaii 2022, is
17 amended by amending section 4 to read as follows:

18 "SECTION 4. In accordance with article VII, section 6, of
19 the Hawaii State Constitution, there is appropriated out of the
20 general revenues of the State of Hawaii the sum of \$300,000,000
21 or so much thereof as may be necessary for fiscal year 2022-2023



1 for deposit into the pension accumulation fund established under
2 section 88-114, Hawaii Revised Statutes[-]; provided that any
3 unexpended or unencumbered balances from the appropriation shall
4 lapse to the general fund on June 30, 2024; provided further
5 that funds shall not be expended nor deposited into the pension
6 accumulation fund before July 1, 2023."

PART IV

8 SECTION 6. Act 236, Session Laws of Hawaii 2022, is
9 amended by amending section 3 to read as follows:

10 "SECTION 3. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$300,000,000 or so
12 much thereof as may be necessary for fiscal year 2022-2023 to be
13 deposited into the rental housing revolving fund established in
14 section 201H-202, Hawaii Revised Statutes[-]; provided that any
15 unexpended or unencumbered balances from the appropriation shall
16 lapse to the general fund on June 30, 2024; provided further
17 that funds shall not be expended nor deposited into the rental
18 housing revolving fund before July 1, 2023."

PART V

20 SECTION 7. Act 296, Session Laws of Hawaii 2022, is
21 amended by amending section 6 to read as follows:



1 "SECTION 6. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$25,000,000 or so
3 much thereof as may be necessary for fiscal year 2022-2023 to be
4 deposited into the Hawaii retirement savings special fund[-];
5 provided that any unexpended or unencumbered balances from the
6 appropriation shall lapse to the general fund on June 30, 2024;
7 provided further that funds shall not be expended nor deposited
8 into the Hawaii retirement savings special fund before July 1,
9 2023.

10 There is appropriated out of the Hawaii retirement savings
11 special fund the sum of \$25,000,000 or so much thereof as may be
12 necessary for fiscal year 2022-2023 for the State to make
13 matching contributions of up to \$500 to the accounts of the
14 first 50,000 covered employees who participate in the Hawaii
15 retirement savings program for twelve consecutive months after
16 initial enrollment[-]; provided that any unexpended or
17 unencumbered balances from the appropriation shall lapse to the
18 general fund on June 30, 2024; provided further that funds shall
19 not be expended before July 1, 2023."

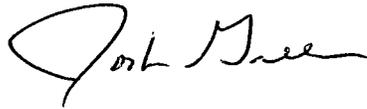
20 PART VI



1 SECTION 8. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 9. This Act shall take effect on June 29, 2023.

APPROVED this 1st day of June , 2023



GOVERNOR OF THE STATE OF HAWAII



HB No. 1018, HD 1, SD 1, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 4, 2023
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Second Legislature of the State of Hawaii, Regular Session of 2023.



Scott K. Saiki
Speaker
House of Representatives



Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAI'I

Date: May 4, 2023
Honolulu, Hawai'i 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-Second Legislature of the State of Hawai'i, Regular Session of 2023.


President of the Senate


Clerk of the Senate