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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 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 ~~(ACS889),~~] 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."

7 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."

19 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.



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

**Report Title:**

State Funds; Governor; Appropriations

**Description:**

Amends various general fund appropriations to help the State meet its American Rescue Plan Act maintenance of effort obligations. Effective 6/29/2023. (CD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

2023-3449 HB1018 CD1 HMSO

