
A BILL FOR AN ACT

RELATING TO REVOLVING FUNDS.

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

1 SECTION 1. Section 37-52.4, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§37-52.4 Criteria for the establishment and continuance**
4 **of revolving funds.** Revolving funds shall only be established
5 pursuant to an act of the legislature. The legislature, in
6 establishing or reviewing a revolving fund to determine whether
7 it should be continued, shall ensure that the revolving fund:

8 (1) Serves a need, as demonstrated by:

9 (A) The purpose of the program to be supported by the
10 fund;

11 (B) The scope of the program, including financial
12 information on fees to be charged, sources of
13 projected revenue, and costs; and

14 (C) An explanation of why the program cannot be
15 implemented successfully under the general fund
16 appropriation process;



1 (2) Reflects a clear nexus between the benefits sought and
2 charges made upon the program users or beneficiaries
3 or a clear link between the program and the sources of
4 revenue, as opposed to serving primarily as a means to
5 provide the program or users with an automatic means
6 of support that is removed from the normal budget and
7 appropriation process;

8 (3) Provides an appropriate means of financing for the
9 program or activity that is used only when essential
10 to the successful operation of the program or
11 activity; and

12 (4) Demonstrates the capacity to be financially
13 self-sustaining[~~-~~] by:

14 (A) Annual projections that show that the revolving
15 fund will be sustainable without appropriations
16 of general funds into the revolving fund; or

17 (B) A schedule of projected collections of
18 outstanding payments to the revolving fund that
19 will capitalize the revolving fund."

20 SECTION 2. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 3. This Act shall take effect upon its approval.



Report Title:

Budget; Revolving Funds; Demonstration of Financial
Self-Sustainability

Description:

Requires the Legislature, in establishing or reviewing a revolving fund, to ensure the revolving fund is financially self-sustainable by either annual projections that show that the revolving fund will be sustainable without appropriations of general funds or a schedule of projected collections of outstanding payments to the revolving fund. (CD1)

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