
A BILL FOR AN ACT

RELATING TO CENTRAL SERVICES ASSESSMENT.

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

1 SECTION 1. Section 36-28, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§36-28 Transfers from state highway fund for central**
4 **service expenses.** (a) Except as hereinafter provided, and
5 notwithstanding any other law to the contrary, there shall be
6 deducted from time to time by the director of finance, for the
7 purpose of defraying the prorated estimate of central service
8 expenses of government in relation to the state highway fund
9 created by section 248-8, [~~five~~] 2.5 per cent of all receipts
10 and deposits in the fund, after deducting therefrom any amounts
11 pledged, charged, or encumbered for the payment of bonds or
12 interest thereon during the current year, from which receipts or
13 deposits no deduction of [~~five~~] 2.5 per cent has been previously
14 made, [~~which~~] or \$ _____, whichever is less.

15 (b) Beginning September 30, 2025, and every year
16 thereafter, the director of transportation shall propose to the



1 governor an adjustment to the amount transferred from the state
2 highway fund by calculating a percentage based on the Consumer
3 Price Index for All Urban Consumers in the Honolulu area, or a
4 successor index, for the twelve months prior to September 1 of
5 each year, less food and energy, as calculated by the United
6 States Bureau of Labor Statistics; provided that, if in any year
7 the percentage adjustment based on the Price Index for All Urban
8 Consumers in the Honolulu area, or a successor index, would
9 result in negative percentage, the governor may approve a zero
10 per cent adjustment or no adjustment. Upon the governor's
11 approval of the percentage adjustment, the director of finance
12 shall apply the percentage adjustment to the amount deducted
13 from the state highway fund and deduct any additional amounts.

14 (c) The deductions shall be transferred to the general
15 fund of the State and become general realizations of the State.
16 The state department of transportation shall cooperate with the
17 director of finance in effecting these transfers."

18 SECTION 2. Section 36-28.5, Hawaii Revised Statutes, is
19 amended to read as follows:

20 **"[~~§~~36-28.5~~]~~ Transfer from airport revenue fund. (a)**

21 Any law to the contrary notwithstanding, there shall be deducted



1 from time to time by the director of finance for the purpose of
2 defraying the prorated estimate of central service expenses of
3 government in relation to the airport revenue fund [~~five~~] 2.5
4 per cent of all receipts and deposits in the airport revenue
5 fund after deducting therefrom any amounts pledged, charged, or
6 encumbered for the payment of bonds or interest thereon during
7 the current year, from which receipts or deposits no deduction
8 of [~~five~~] 2.5 per cent has previously been made[~~-~~], or
9 \$ _____, whichever is less.

10 (b) Beginning September 30, 2025, and every year
11 thereafter, the director of transportation shall propose to the
12 governor an adjustment to the amount transferred from the
13 airport revenue fund by calculating a percentage based on the
14 Consumer Price Index for All Urban Consumers in the Honolulu
15 area, or a successor index, for the twelve months prior to
16 September 1 of each year, less food and energy, as calculated by
17 the United States Bureau of Labor Statistics; provided that, if
18 in any year the percentage adjustment based on the Consumer
19 Price Index for All Urban Consumers in the Honolulu area, or a
20 successor index, would result in a negative percentage, the
21 governor may approve a zero per cent adjustment or no



1 adjustment. Upon the governor's approval of the percentage
2 adjustment, the director of finance shall apply the percentage
3 adjustment to the amount deducted from the airport revenue fund
4 and deduct any additional amounts.

5 (c) The deductions shall be transferred to the general
6 fund of the State and become general realizations of the State.

7 (d) For the purpose of this section, the term "any amounts
8 pledged, charged, or encumbered for the payment of bonds or
9 interest thereon during the current year" shall include:

10 (1) Amounts [~~which~~] that are so pledged, charged, or
11 encumbered;

12 (2) Amounts otherwise required to be applied to the
13 payment of principal of and interest on revenue bonds
14 or other revenue obligations; and

15 (3) Amounts required by law to be paid from the airport
16 revenue fund into the general fund of the State to
17 reimburse the general fund for bond requirements for
18 general obligation bonds issued for airport purposes.

19 (e) The director of transportation shall cooperate with
20 the director of finance in effecting the transfer."



SECTION 3. Section 36-29, Hawaii Revised Statutes, is amended to read as follows:

"§36-29 Transfer from harbor special fund. (a) Any other law to the contrary notwithstanding, there shall be deducted from time to time by the director of finance for the purpose of defraying the prorated estimate of central service expenses of government in relation to the harbor special fund [~~five~~] 2.5 per cent of all receipts and deposits in the harbor special fund after deducting therefrom any amounts pledged, charged, or encumbered for the payment of bonds or interest thereon during the current year, from which receipts or deposits no deduction of [~~five~~] 2.5 per cent has previously been made[~~-~~], or \$ _____, whichever is less.

(b) Beginning September 30, 2025, and every year thereafter, the director of transportation shall propose to the governor an adjustment to the amount transferred from the harbor special fund by calculating a percentage based on the Consumer Price Index for All Urban Consumers in the Honolulu area, or a successor index, for the twelve months prior to September 1 of each year, less food and energy, as calculated by the United States Bureau of Labor Statistics; provided that, if in any year



1 the percentage adjustment based on the Consumer Price Index for
2 All Urban Consumers in the Honolulu area, or a successor index,
3 would result in negative percentage, the governor may approve a
4 zero per cent adjustment or no adjustment. Upon the governor's
5 approval of the percentage adjustment, the director of finance
6 shall apply the percentage adjustment to the amount deducted
7 from the harbor special fund and deduct any additional amounts.

8 (c) The deductions shall be transferred to the general
9 fund of the State and become general realizations of the State.

10 (d) For the purposes of this section, the term "any amount
11 pledged, charged, or encumbered for the payment of bonds or
12 interest thereon during the current year" shall include:

13 (1) Amounts [~~which~~] that are so pledged, charged, or
14 encumbered;

15 (2) Amounts otherwise required to be applied to the
16 payment of principal of and interest on revenue bonds
17 or other revenue obligations;

18 (3) Amounts required to be paid into a separate special
19 fund for the payment of principal of and interest on
20 revenue bonds or other revenue obligations payable
21 from the second separate special fund; and



(4) Amounts required by law to be paid from the harbor special fund into the general fund of the State to reimburse the general fund for bond requirements for general obligation bonds issued for harbor purposes.

(e) The second separate special fund maintained by deposits from the harbor special fund shall not be deemed to be a special fund within the meaning of section 36-27 or section 36-30.

(f) The director of transportation shall cooperate with the director of finance in effecting the transfer."

SECTION 4. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 5. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.



1 SECTION 6. This Act shall take effect on July 1, 2050.



Report Title:

Central Service Expenses; Transfers; Central Services
Assessment; Central Service Expenses of Government; State
Highway Fund; Airport Revenue Fund; Harbor Special Fund

Description:

Amends the transfer of funds for central service expenses from the State Highway Fund, Airport Revenue Fund, and Harbor Special Fund by limiting the deduction to 2.5 per cent of all receipts and deposits in the fund, or up to a certain amount, whichever is less, and creating a process to deduct additional amounts based on the Consumer Price Index. Effective 7/1/2050. (SD2)

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