

STAND. COM. REP. NO. 1499-26

Honolulu, Hawaii

MAR 30 , 2026

RE: S.B. No. 2602
S.D. 1
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Higher Education, to which was referred
S.B. No. 2602, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL FUND,"

begs leave to report as follows:

The purpose of this measure is to require that any excess
funds in the University of Hawaii Tuition and Fees Special Fund at
the end of each fiscal year lapse to the credit of the general
fund.

Your Committee received testimony in opposition to this
measure from the University of Hawai'i System.

Your Committee finds that the funds that comprise the
University of Hawaii Tuition and Fee Special Fund are paid by
University of Hawaii students and their families with the
expectation that those funds will be dedicated to supporting their
education, maintaining campus facilities, and funding student
services. Your Committee notes that as currently drafted, this
measure does not contemplate a one-time sweep of funds into the
general fund but constitutes an ongoing situation that may hinder
the University of Hawaii's ability to fulfill its mission and
obligation to its students. Your Committee believes while the
University does need to spend down funds from the University of

2026-2800 SB2602 HD1 HSCR HMSO



Hawaii Tuition and Fee Special Fund (Special Fund), a measured approach should be taken to address this issue.

As such, your Committee has amended this measure by:

- (1) Inserting language requiring monies in the Special Fund to be allocated and expended for the benefit of students at the campus where the tuitions and fees were paid;
- (2) Requiring any unencumbered funds in excess of two months of operating expenses, which are calculated as sixteen percent of the average general operating expenditures over the three prior fiscal years, in the Special Fund to lapse to the general fund beginning June 30, 2029, rather than lapsing all unencumbered funds in the Special Fund at the end of each fiscal year;
- (3) Requiring the University of Hawaii to submit a report to the Legislature on the proposed spend down of monies in the Special Fund;
- (4) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2602, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2602, S.D. 1, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Higher Education,



ANDREW TAKUYA CARRETT, Chair



Record of Votes of the Committee on Higher Education

Bill/Resolution No.: SB2602, SD1	Committee Referral: HED, FIN	Date: 3-25-26		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
HED Members	Ayes	Ayes (WR)	Nays	Excused
1. GARRETT, Andrew Takuya (C)	✓			
2. AMATO, Terez (VC)	✓			
3. EVSLIN, Luke A.				✓
4. KAPELA, Jeanne	✓			
5. KILA, Darius K.	✓			
6. LA CHICA, Trish	✓			
7. OLDS, Ikaika	✓			
8. WOODSON, Justin H.				✓
9. MURAOKA, Christopher L.				✓
10. SOUZA, Kanani	✓			
TOTAL (10)	7			3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 150px;">committee acronym(s)</small>				
Vice Chair's or designee's signature: <i>Jay Ant</i>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				