

ACT 280

H.B. NO. 628

A Bill for an Act Relating to State Funds.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Act 240, Session Laws of Hawaii 1990, was passed by the legislature to direct the state auditor to perform a comprehensive evaluation of all state special and revolving funds to determine whether:

- (1) Their continued existence is justified; and
- (2) Moneys appropriated from the general fund and revenues generated by special or revolving fund programs should be deposited in the general fund.

To date, the State has established in excess of one hundred thirty special and revolving funds. These funds generally provide automatic program funding through the assessment of fees, program revenues, or the use of other funds without the benefit of legislative review or taking into account the overall condition of the state budget.

The office of the state auditor concluded in its final report that the proliferation of special and revolving funds as financing mechanisms to support state programs has had a deleterious effect on the legislature's ability to control the state budget.

The legislature concurs with the overall findings of the auditor but also recognizes that circumstances necessitate the continuation of some special and revolving funds. Some funds are needed to meet federal obligations, while others must remain to provide the flexibility needed to accommodate variable or unpre-

dictable program demands. It is the intent of the legislature to continue to review all special and revolving funds and to repeal or modify the funds as circumstances demand.

The purpose of this Act is to repeal or modify various special and revolving funds currently administered by the departments, agencies, and offices of the State.

PART I. SPECIAL AND REVOLVING FUNDS UNDER THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

SECTION 2. Section 8-5, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (a) to read:

“(a) There shall be a commission to be known as the King Kamehameha celebration commission [which] placed within the department of accounting and general services for administrative purposes. The commission shall consist of eighteen members to be appointed by the governor in the manner provided by section 26-34[, such]. The appointments [to] shall be made from the following organizations, with at least one member from each organization:

- (1) The Order of Kamehameha of Hawaii;
- (2) Ahahui Kaahumanu;
- (3) Hale o Na Alii o Hawaii Ahahui poo;
- (4) Daughters and Sons of Hawaiian Warriors;
- (5) Daughters of Hawaii;
- (6) Kamehameha Schools Alumni Association;
- (7) State Association of Hawaiian Civic Clubs;
- (8) Waimanalo Homesteaders’ Association;
- (9) Kapahulu Music Club;
- (10) Hui Holo Pa-u Me Na Hoa Hololio;
- (11) Papakolea Community Association; and
- (12) Hui Kukakuka.

In addition, the governor shall appoint one member from each of the following islands: Kauai, Maui, Molokai, Oahu, and Hawaii. Each of these members shall be a resident of the respective island that the member represents. Also, there shall be one at-large member.”

2. By amending subsection (c) to read:

“(c) The members of the King Kamehameha celebration commission shall serve without compensation, but shall be entitled to reimbursement for travel and necessary expenses while attending meetings and while in discharge of their duties. [The funds appropriated for the purposes hereof shall be disbursed on warrants of the state comptroller, based on vouchers approved by the chairperson of the commission.] The comptroller shall reimburse the members of the King Kamehameha celebration commission for all necessary expenses incurred during the discharge of their duties.”

3. By amending subsection (e) to read:

“(e) [The commission may accept donations of money and personal property. There is created in the treasury of the State a special fund to be known as the King Kamehameha celebration fund, into which all moneys donated or appropriated by the legislature to the commission shall be deposited and from which the expenses of the commission to carry out the purpose of this section shall be paid.

The moneys appropriated by the legislature to the King Kamehameha celebration fund and not expended within the fiscal year or years shall not lapse but such moneys shall be retained in a fund for use by the commission in subsequent years. Disbursement of moneys from said fund shall be by state warrants issued in accordance with applicable laws and rules and based on vouchers signed by the chairperson of the commission.] The comptroller shall account for all moneys appropriated by the legislature, and may accept donations of money and personal property on behalf of the commission; provided that all donations accepted from private sources shall be expended in the manner prescribed by the contributor.”

SECTION 3. Chapter 106, Hawaii Revised Statutes, is amended as follows:

1. By adding a new section to be appropriately designated and to read:

“**§106- Central purchasing of bulk supplies.** The comptroller shall finance bulk purchases of supplies and commodities utilized by state agencies when bulk purchases by a single state agency results in substantial savings to the State. All proceeds realized through the resale of supplies or commodities to any state agency shall be deposited to the credit of the state general fund. The total resale price to the various agencies shall be equivalent to the original cost of the purchases. All expenditures shall be in conformance with chapter 103.”

2. By repealing section 106-15.

SECTION 4. Chapter 106, Hawaii Revised Statutes, is amended as follows:

1. By adding a new section to be appropriately designated and to read:

“**§106- Proceeds from the sale of state surplus property.** All proceeds accumulated by the comptroller through the public sale of state surplus property or through the assessment of fees on state agencies for the storage, handling, or disposal of surplus state property shall be deposited to the credit of the state general fund. All costs incurred by the department under this section, including but not limited to the cost of reimbursing the federal surplus property program for the department’s pro rata share of administrative expenses, shall be defrayed through appropriations made to the department by the legislature. For purposes of this section, “surplus state property” means any excessive personal property of a state agency transferred to the state surplus property branch for storage or disposal. The comptroller shall maintain an inventory of all surplus state property and keep a full record of all transactions involving state surplus property. The comptroller shall submit an annual report to the governor and the legislature detailing all transactions involving state surplus property made during the preceding fiscal year.”

2. By repealing section 106-23.

SECTION 5. Section 107-11, Hawaii Revised Statutes, is amended by amending subsections (e) and (f) to read as follows:

“(e) There is [appropriated out of the general fund of the State the sum of \$50,000 into a fund] hereby created a fund to be known as the “state parking revolving fund” which [fund is to] shall be used to carry out the purposes of this section. Such amounts shall be expended by the comptroller from the fund, as may be necessary, to defray the cost of paving parking areas, the purchase and installation of parking meters and the operation thereof, and of other parking facilities on

state land within the comptroller's jurisdiction. The state parking revolving fund shall be utilized to conform with the special fund depository requirements under section 39-62 for all revenues and user taxes received as the result of the issuance of any state parking facility undertaking or loan program revenue bonds.

(f) All fees, charges, and other moneys collected pursuant to this section, and all revenues and user taxes received pursuant to section 39-62 as the result of the issuance of any state parking facility undertaking or loan program revenue bonds shall be deposited in the state parking revolving fund."

SECTION 6. Section 107-8, Hawaii Revised Statutes, is repealed.

SECTION 7. Section 109-3, Hawaii Revised Statutes, is amended to read as follows:

"§109-3 Stadium special fund. There is created a special fund to be known as the stadium special fund into which funds collected by the authority shall be deposited. The fund shall be applied, used, and disposed of for the payment of:

- (1) The expenses of the operation, maintenance, and management of;
- (2) All or a portion of the cost of financing any capital improvement project for;

the stadium and related facilities; provided that all services required for the stadium and related facilities shall be performed by persons hired on contract or otherwise, without regard for chapters 76 or 77[.]; provided further that the authority shall report to the legislature all receipts and expenditures of the stadium special fund account twenty days prior to the convening of each regular session."

PART II. SPECIAL AND REVOLVING FUNDS UNDER THE DEPARTMENT OF AGRICULTURE

SECTION 8. Sections 142-24, 142-25, 142-26, and 142-27, Hawaii Revised Statutes, are repealed.

PART III. SPECIAL AND REVOLVING FUNDS UNDER THE DEPARTMENT OF BUDGET AND FINANCE

SECTION 9. Section 106-16, Hawaii Revised Statutes, is amended to read as follows:

"[[§106-16]] State telecommunications site and equipment maintenance revolving fund. There is established a revolving fund which shall be used to] program. The director of finance shall defray the costs of properly maintaining radio transmitter and receiver sites and facilities located on state-owned or controlled premises. All moneys collected from various government agencies and business organizations for the maintenance of these sites and facilities shall be deposited into the [revolving] state general fund. Expenditures [from the revolving fund] under this section shall be made by the director of finance. The director of finance shall prepare and submit to the legislature [a];

- (1) The budgetary request for annual operating revenues for the program; and
- (2) A complete and detailed annual report of the scope of activities being carried out not later than twenty days prior to the convening of each regular session."

SECTION 10. Chapter 206P, Hawaii Revised Statutes, is amended as follows:

1. By adding a new section to be appropriately designated and to read:

“**§206P- Sources and uses of funds.** The director of finance, on behalf of the corporation, shall submit the annual budgetary request for operating revenues to the legislature to carry out the purposes of this chapter. The director may accept gifts and donations on behalf of the corporation; provided that moneys accepted from private sources shall be expended by the corporation in the manner prescribed by the contributor. The corporation may expend moneys appropriated by the legislature under this chapter to carry out section 206P-4.”

2. By amending section 206P-5 to read:

“**[§206P-5] Corporation shall be exempt from certain state laws.** In order to promote cooperative projects with private firms or persons, the corporation shall be granted flexibility in hiring its personnel and in handling and shall not be subject to the following state laws:

- (1) Sections 36-27 and 36-30, relating to special fund reimbursements to the state general fund;
- (2) (1) Chapter 76, relating to civil service;
- (3) (2) Chapter 77, relating to compensation; and
- (4) (3) Section 78-1, relating to public employment.”

3. By repealing section 206P-7.

SECTION 11. The department of budget and finance shall develop and submit to the legislature, legislation to repeal the county special fund for certification payment of county contributions to the pension retirement system twenty days prior to the convening of the regular session of 1994.

PART IV. SPECIAL AND REVOLVING FUNDS UNDER THE HOUSING FINANCE AND DEVELOPMENT CORPORATION

SECTION 12. Section 516-111, Hawaii Revised Statutes, is amended to read as follows:

“**§516-111 Revenue bonds; special funds.** [(a)] A separate special fund shall be established in accordance with section 39-62 for each acquisition loan program or part thereof financed from the proceeds of the revenue bonds secured under the same trust indenture. [Each fund shall be designated “fee title acquisition loan program revenue bond special fund” and shall bear additional designation as the corporation deems appropriate to properly identify the fund.

(b) Notwithstanding any other law to the contrary, including particularly section 516-44, all revenues, income, and receipts derived from the benefits of the acquisition loan program for which the revenue bonds are issued shall be paid into the fee title acquisition loan program revenue bond special fund established for that program and applied as provided in the proceedings authorizing the issuance of the revenue bonds.]”

SECTION 13. Section 201E-208, Hawaii Revised Statutes, is repealed.

SECTION 14. Section 201E-160, Hawaii Revised Statutes, is amended:

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1. By amending subsection (f) to read as follows:

“(f) In return for the corporation’s guarantee, the private lender shall remit out of monthly payments collected an insurance fee as established by the corporation. The funds remitted shall be [placed in the state mortgage guarantee fund provided for in subsection (k).] deposited to the credit of the state general fund.”

2. By amending subsection (k) to read as follows:

“(k) [There is created a special fund to be known as the “state mortgage guarantee fund”.] All interest and fees collected under this subpart by the corporation shall be deposited into [this fund. The purpose of the fund is] the general fund. All moneys necessary to guarantee payment of loans made under this subpart and to carry on the operations of the corporation in administering and granting loans under this subpart.] shall be appropriated by the legislature out of the proceeds of the general fund. The corporation shall include in its legislative budgetary request for the upcoming fiscal period, the amounts necessary to effectuate the purposes of this section.”

PART V. SPECIAL AND REVOLVING FUNDS UNDER THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

SECTION 15. Section 211-4, Hawaii Revised Statutes, is amended to read as follows:

“**§211-4 Guarantee fees.** The director of business, economic development, and tourism may fix guarantee fees. The guarantee fees shall be computed as a percentage of the loan principal outstanding at the beginning of each year. The guarantee fees shall not be more than three per cent a year. These fees shall be deposited [in a special fund in the treasury of the State, established as the commercial loan guarantee reserve fund.] to the credit of the state general fund.”

SECTION 16. Section 206M-17, Hawaii Revised Statutes, is amended to read as follows:

“**[§206M-17] Development fund.** The development corporation shall establish a separate development fund with respect to each issue of bonds issued under this chapter, shall provide an appropriate designation therefor, and shall direct all revenues and receipts pledged to the payment of such issue of bonds to be deposited into such fund and, as permitted by section 206M-9(g)(8), designate a trustee to receive and receipt for, hold, and administer the moneys in such fund. The development corporation may establish such other funds and accounts as it may deem appropriate. Unless a trustee is designated as provided in this chapter, all funds and accounts of the development corporation shall be held and administered by the state director of finance as provided in section 37-54. The moneys on deposit in the funds shall be used for the purposes of this chapter.] Revenue bond fund accounts. The development corporation shall establish separate special funds in accordance with section 39-62 for the deposit of the proceeds of bonds authorized under this chapter.”

SECTION 17. Section 201C-3, Hawaii Revised Statutes, is amended to read as follows:

“~~[[~~§201C-3] **Revolving fund; established.** There is established a financial services assistance revolving fund from which moneys shall be expended by the department under this chapter. All moneys appropriated to the fund by the legislature or received in repayment of loan principal, payment of interest, or fees, shall be deposited into the revolving fund and used for the purposes of this chapter.] **Financial assistance program; source of funds.** (a) All moneys to carry out the purposes of the financial services assistance program under this chapter shall be allocated by the legislature through appropriations out of the state general fund. The department shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to effectuate the purposes of this section.

(b) All moneys received in repayment of loan principal, payment of interest, or fees, under this chapter shall be deposited to the credit of the state general fund.”

SECTION 18. Section 206M-15, Hawaii Revised Statutes, is amended to read as follows:

“§206M-15 **High technology research and development [revolving fund.**

(a) There is established the high technology research and development revolving fund into which shall be deposited all moneys as may be appropriated by the legislature or as may be contributed, transferred, or accrued to the development corporation to fund high technology research and development projects, and from which the development corporation may fund high technology research and development projects under agreements with any state or county agency or other organizations, including high technology companies.] **loans and grants.** (a) All moneys necessary to carry out the purposes of this section shall be allocated by the legislature through appropriations out of the state general fund. The development corporation shall include in its budgetary request for the upcoming fiscal period, the amounts necessary to effectuate the purposes of this section. All moneys, interest charges, and other fees collected by the development corporation under this section shall be deposited to the credit of the state general fund. In making any expenditure under this section, the development corporation shall analyze each funding request to determine whether the project to be undertaken will be economically viable and beneficial to the State.

(b) The development corporation may provide grants of up to fifty per cent of the federal grant up to \$25,000 to each business in Hawaii that receives a federal small business innovation research phase I award or contract from any participating federal agency subject to the availability of funds.

(c) The development corporation shall adopt rules pursuant to chapter 91 that:

- (1) Specify the qualifications for eligibility of grant applicants;
- (2) Establish priorities in determining eligibility in the event that insufficient funds are available to fund otherwise qualified applicants; and
- (3) Give preference to all qualified businesses receiving their first award in one fiscal year over multiple award grantees.

The development corporation may adopt any other rules pursuant to chapter 91 necessary for the purposes of this section.

(d) If funds appropriated for the purpose of making grants under this section are inadequate to satisfy all qualified requests, the development corporation shall apply for funds to be transferred from the Hawaii capital loan revolving fund to provide the grants in accordance with subsection (b). The amount of any single transfer of funds shall not exceed \$100,000, and the development corporation shall transfer the entire amount back to the Hawaii capital loan revolving fund within twelve months of receiving the funds. No more than one fund transfer shall be

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outstanding at any one time. The director of business, economic development, and tourism may transfer funds from the Hawaii capital loan revolving fund to the high technology research and development [revolving fund] corporation upon request to carry out the purposes of this section. Transfers of funds shall be made without any charges or fees.”

SECTION 19. Section 227D-5, Hawaii Revised Statutes, is amended to read as follows:

“[[[§227D-5] Special fund. There is established in the state treasury a fund to be known as the natural energy laboratory of Hawaii authority special fund, into which shall be deposited all moneys and fees from tenants or other users of the authority’s parks, projects, other leased facilities, and other services and publications. All moneys in the fund are appropriated for the purposes of and shall be expended by the authority for the operation, maintenance, and management of its parks, projects, facilities, services, and publications.] Project operating funds; disposition of receipts. (a) All moneys for the operation, maintenance, and management of the natural energy laboratory, and any park, project, facility, service, or publication of the authority shall be allocated by the legislature through appropriations out of the state general fund. The authority shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to effectuate the purposes of this section.

(b) All moneys and fees collected from tenants and other users of the authority’s parks, projects, leased facilities, other services, and publications shall be deposited to the credit of the state general fund.”

SECTION 20. Section 206E-109, Hawaii Revised Statutes, is amended to read as follows:

“§206E-109 Revenue bonds; special funds. [(a) A separate special fund shall be established for each reserved housing loan program or part thereof financed from the proceeds of the revenue bonds secured under the same trust indenture. Each fund shall be designated “reserved housing loan program revenue bond special fund” and shall bear additional designation as the authority deems appropriate to properly identify the fund.

(b) Notwithstanding any other law to the contrary, including specifically section 206E-16, all revenues, income, and receipts derived from the benefits of the reserved housing loan program for which the revenue bonds are issued shall be paid into the reserved housing loan program revenue bond special fund established for that program and applied as provided in the proceedings authorizing the issuance of the revenue bonds.] The authority shall establish a separate special fund in accordance with section 39-62 for each reserved housing loan program or part thereof financed from the proceeds of the revenue bonds secured under the same trust indenture.”

SECTION 21. Section 201-85, Hawaii Revised Statutes, is amended to read as follows:

“[[[§201-85 Exemptions.]] The department is authorized to hire employees necessary to staff its out-of-state offices subject to chapters 76 and 77 and legislative appropriations.

The department may also appoint such other employees exempt from chapters 76 and 77 as may be necessary to administer the affairs of its out-of-state offices. The initial appointment shall not exceed three years, during which time the

department shall submit to the legislature a request for approval prior to continuation of the position. The department shall set the duties, responsibilities, salaries, holidays, vacations, leaves, hours of work, and working conditions for these employees.

Subject to the approval of the director of budget and finance, the department may be exempted from the following state laws only to the extent necessary for the conduct of its business in operating out-of-state offices:

- (1) Sections 36-27 and 36-30, relating to special fund transfers and reimbursements to the general fund;
- (2) Chapter 103, relating to advertising for bids and purchases to be made in Hawaii whenever public moneys are expended;
- (3) Chapter 36, relating to management of state funds;
- (4) Chapter 38, relating to deposits of public funds;
- (5) Chapter 40, relating to audit and accounting, except that the department shall comply with section 40-81;
- (6) Chapter 76, relating to civil service;
- (7) Chapter 77, relating to compensation;
- (8) Section 78-1, relating to public employment, except when expressly hiring personnel subject to section 78-1; and
- (9) Section 171-30, relating to acquisition of real property.

[Notwithstanding any other law to the contrary, the department may establish a special fund for the deposit of moneys received from the legislature for the purpose of establishing and operating its out-of-state offices and for the deposit of other sources of income or revenue.] All moneys necessary for the establishment and operation of out-of-state offices shall be allocated by the legislature through appropriations out of the state general fund. The department shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to effectuate the purposes of this section.

SECTION 22. Section 209-34, Hawaii Revised Statutes, is amended to read as follows:

“§209-34 State disaster revolving loan fund. There is established the state disaster revolving loan fund into which shall be deposited all moneys received as repayment of loans and interest payments as provided in this part, and from which the director of business, economic development, and tourism may make loans in accordance with provisions of this part. All unexpended and unencumbered moneys remaining in the fund at the close of each fiscal year which are deemed, by the director of finance, to be in excess of the moneys necessary to carry out the purposes of this section over the next following fiscal year shall lapse to the credit of the state general fund.”

PART VI. SPECIAL AND REVOLVING FUNDS UNDER THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

SECTION 23. Section 440G-15, Hawaii Revised Statutes, is amended to read as follows:

“§440G-15 Annual fees. (a) Each cable operator shall pay an annual fee to be determined by the director. [A portion of the] The fees so collected under this section shall be used to offset the costs of administering this chapter.

(b) The director shall adjust the fees assessed under this section, as necessary from time to time, to ensure that the gross proceeds collected do not surpass the annual operating costs of the program.”

SECTION 24. Section 26-9, Hawaii Revised Statutes, is amended by amending subsection (o) to read as follows:

“(o) Every person licensed under any chapter subject to section 26H-4, other than chapter 468, and every person licensed subject to chapter 485 shall pay upon issuance of a license, permit, certificate, or registration a fee [of \$10] and a subsequent annual fee [of \$10, which] to be determined by the director and adjusted from time to time to ensure that the proceeds, together with all other fines, income, and penalties collected under this section, do not surpass the annual operating costs of conducting compliance resolution activities required under this section. The fees may be collected biennially or pursuant to rules adopted under chapter 91 and which shall be deposited into the special fund established under this subsection. Every filing pursuant to chapter 514E or section 485-6(15) shall be assessed, upon initial filing and at each renewal period, where a renewal is required, a fee which shall be prescribed by rules adopted under chapter 91 and which shall be deposited into the special fund established under this subsection. Any unpaid fee shall be paid by the licensed person, upon application for renewal, restoration, reactivation, or reinstatement of a license, and by the person responsible for the renewal, restoration, reactivation, or reinstatement of a license, upon the application for renewal, restoration, or reinstatement of the license. If the fees are not paid, the director may deny renewal, restoration, reactivation, or reinstatement of the license. The director may establish, increase, decrease, or repeal the fees when necessary pursuant to rules adopted under chapter 91.

There is created in the state treasury a special fund to be expended by the director’s designated representatives as provided by this subsection. Notwithstanding any law to the contrary, the moneys in the fund shall consist of annual fees collected under this subsection and section 514A-95 and penalties or fines assessed as a result of action brought by department personnel and penalties or fines or reimbursement of costs or attorneys fees assessed as a result of actions brought for violations of chapters 480 and 487. Any law to the contrary notwithstanding, the director may use the moneys in the fund to employ, without regard to chapters 76 and 77, hearings officers, investigators, attorneys, accountants, and other necessary personnel. The moneys in the fund may be used to train such personnel as the director finds necessary and for any other activity related to compliance resolution.

As used in this subsection, unless otherwise required by the context, “compliance resolution” means a determination of whether:

- (1) Any licensee or applicant under any chapter subject to section 26H-4, other than chapter 468, has complied with that chapter;
- (2) Any person subject to chapter 485 has complied with that chapter; [or]
- (3) Any person submitting any filing required by chapter 514E or section 485-6(15) has complied with chapter 514E or section 485-6(15); or
- (4) Any person has complied with the prohibitions against unfair and deceptive acts or practices in trade or commerce.

The director shall prepare and submit an annual report to the governor and the legislature on the use of the compliance resolution fund. This subsection shall be repealed effective July 1, 2001.”

SECTION 25. Section 431:2-307, Hawaii Revised Statutes, is amended to read as follows:

“**§431:2-307 [Insurance examiners revolving fund.** (a) The commissioner may establish a separate fund designated as the insurance examiners revolving fund.

(b) The funds shall be used to compensate independent contractor examiners. Independent contractor examiners may be reimbursed or compensated for:

- (1) Actual travel expenses in amounts customary for such expenses and approved by the commissioner;
- (2) A reasonable living expense allowance at a rate customary for such expenses and approved by the commissioner; and
- (3) Per diem compensation at a rate customary for such compensation as approved by the commissioner.

(c) The funds may also be used to reimburse insurance division staff examiners for the following expenses necessarily incurred on account of an examination and the examiners' education and training:

- (1) Actual travel expenses in amounts customary for such expenses and approved by the commissioner;
- (2) A reasonable living expense allowance at a rate customary for such expenses and approved by the commissioner; and
- (3) Any fee or tuition necessary to attend educational and training conferences, workshops, seminars, and any similar event of this nature.

(d) The funds may also be used for other expenses relating to examinations of insurance companies.

(e) All persons receiving any reimbursement or compensation from the insurance examiners revolving fund shall submit to the commissioner for approval a detailed account of all expenses and compensation necessarily incurred. Persons shall not receive or accept any additional emolument on account of an examination. In the case of an examination, any reimbursement or compensation made by the fund and approved by the commissioner shall be charged to the person being examined by the commissioner and all receipts shall be credited to the fund.

(f) Moneys in the insurance examiners revolving fund shall not revert to the general fund.

(g) Each authorized insurer shall deposit at a time determined by the commissioner the sum of \$200 with the commissioner to be credited to the insurance examiners revolving fund.] **Reimbursement and compensation of examiners; source of funds; disposition of receipts.** (a) **All moneys necessary for the compensation and reimbursement of independent contractor examiners and insurance division staff examiners for actual travel expenses, reasonable living expenses, and per diem expenses, at customary rates approved by the commissioner shall be allocated by the legislature through appropriations out of the state general fund. The department shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to effectuate the purposes of this section.**

(b) **Each authorized insurer shall deposit at a time determined by the commissioner the sum of \$200 with the commissioner for deposit into the state general fund.**

(c) **All moneys, fees, and other payments received by the commissioner under this part shall be deposited to the credit of the state general fund.**"

SECTION 26. Section 415-128, Hawaii Revised Statutes, is amended to read as follows:

"§415-128 Fees for filing documents and issuing certificates. The following fees shall be paid to the director upon the filing of corporate documents:

- (1) Articles of incorporation, \$50;
- (2) Articles of amendment, \$25;
- (3) Restated articles of incorporation, \$25;
- (4) Articles of merger or consolidation, \$100;
- (5) Articles of merger (subsidiary corporation), \$50;

- (6) Articles of dissolution, \$25;
- (7) Annual report of domestic and foreign corporations organized for profit, \$15;
- (8) Filing any other statement or report, except an annual report, of a domestic or foreign corporation, \$25;
- (9) Application for a certificate of authority, \$50;
- (10) Application for a certificate of withdrawal, \$25;
- (11) Reservation of corporate name, \$10;
- (12) Transfer of reservation of corporate name, \$10;
- (13) Good standing certificate, \$15;
- (14) Special handling fee for review of corporation documents, excluding articles of merger or consolidation, \$40;
- (15) Special handling fee for review of articles of merger or consolidation, \$100;
- (16) Special handling fee for certificates issued by the department, \$10 per certificate; and
- (17) Special handling fee for certification of documents, \$1 per page.

All special handling fees shall be credited to the special fund established for use by the department in expediting the processing of documents. At least two temporary business registration assistant I positions shall be paid out of the special fund.

The director shall adjust the fees assessed under this section, as necessary from time to time, through rules adopted under chapter 91 to ensure that the proceeds, together with all other receipts of the special fund under this section do not surpass the annual operating costs of the program. All unexpended and unencumbered moneys remaining on balance with the fund at the close of each fiscal year which are deemed, by the director of finance, to be in excess of the moneys necessary to carry out the processing of corporate documents over the next following fiscal year shall lapse to the credit of the state general fund."

PART VII. SPECIAL AND REVOLVING FUNDS UNDER THE DEPARTMENT OF EDUCATION

SECTION 27. Section 431:10C-115, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

“(c) The commissioner shall allocate the fees deposited for each fiscal year in the following manner:

- (1) Fifty per cent to the commissioner to be expended for the operation of the drivers education program provided in section 286-128(m); and
- (2) Fifty per cent to the [superintendent of education to:] director of commerce and consumers affairs for:
 - (A) [Support the] The drivers education program administered by the department of education for high school students; and
 - (B) [Support the] The traffic safety education program established and administered by the department of education pursuant to section 299-5.”

SECTION 28. Section 299-5, Hawaii Revised Statutes, is amended to read as follows:

“[[§299-5]] Traffic safety education. The department of education may establish and administer a traffic safety education program to be conducted at each public school for students from grades kindergarten through twelve.

The department of education may establish the requirements for the position of traffic safety education specialist and may employ at least one traffic safety education specialist for the purposes of this section. The traffic safety education specialist may be paid [by the department of education] out of fees allocated to the [superintendent of education] director of commerce and consumer affairs from the special drivers education fund account pursuant to section 431:10C-115.”

SECTION 29. The driver education fund account administered by the department of education pursuant to section 431:10C-115 is hereby transferred to the department of commerce and consumer affairs.

SECTION 30. Section 312-3.6, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) The fund shall be administered by the state librarian who shall, [after consultation with] unless otherwise directed by the library advisory committee, [determine the annual amount, based on the balance in the fund as of the first day of the fiscal year, that each public library shall receive.] disburse to each public library, the amount commensurate with the moneys received from the library under section 312-3.5 over the previous fiscal period. Allocations shall be made in quarterly installments within thirty days of the end of each calendar quarter.”

SECTION 31. Section 296D-1, Hawaii Revised Statutes, is amended to read as follows:

“[§296D-1] School priority [fund;] program; established. (a) There is established within the department of education a school priority [fund which shall be used] program to augment regular instruction and other educational services at the discretion of the individual public schools. Further, it is the intent of the legislature that the school priority [fund be used to] program promote the equitable distribution of educational resources statewide, [to] strengthen the scope of decision making and increase flexibility in resource allocation at the school level, and [to] provide a systematic method of conforming resource allocation to the unique needs and priorities of individual schools.

(b) All moneys to carry out the purposes of the school priority program under this chapter shall be allocated by the legislature through appropriations out of the state general fund.

(c) The department shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to effectuate the purposes of this chapter.”

SECTION 32. Section 296D-2, Hawaii Revised Statutes, is amended to read as follows:

“[§296D-2] Definitions. As used in this chapter:

“Enrollment” means the number of students registered in the regular public schools, with each regular student and each special student being counted as one[;];

“Moneys” means funds which are not committed to positions[;] and

“School priority fund” includes moneys which may be appropriated and allotted separately for elementary schools and for secondary schools, and appropriated instructional resource augmentation positions which shall be allotted for the elementary schools.”

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SECTION 33. Section 296D-3, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) The superintendent of education shall allot the moneys of the school priority [fund] program to the school districts based on enrollment. In the allotment of positions to the districts, the superintendent shall calculate each district’s entitlement based on enrollment and shall deploy or redeploy positions beginning September, 1983, such that each district will be provided with its full entitlement of positions by September, 1985.”

SECTION 34. Section 296D-5, Hawaii Revised Statutes, is amended to read as follows:

“**§296D-5 Departmental controls.** The superintendent shall develop and implement appropriate planning procedures and follow-up accountability reports, without regard to chapter 91, to ensure sound planning, control, and accountability in the use of moneys allocated by the legislature to the school priority [fund.] program. The procedures and reports, however, shall recognize the need for providing the schools latitude and discretion to determine their needs and priorities, and shall avoid imposing undue amounts of paperwork and administrative burdens on the schools.

The department shall submit an annual report to the legislature which shall include but not be limited to an accounting of how funds were used by the schools.”

PART VIII. SPECIAL AND REVOLVING FUNDS UNDER THE DEPARTMENT OF HEALTH

SECTION 35. Section 325-6, Hawaii Revised Statutes, is amended to read as follows:

“**§325-6 Epidemic control [fund].** Such appropriations as may be [provided] necessary for the purpose of controlling, suppressing, or preventing the spread of any communicable or preventable disease in the State or in any county thereof shall be [immediately deposited in the treasury in a special fund to be known as the “epidemic control fund.”] allocated by the legislature out of the proceeds of the state general fund. The department shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to effectuate the purposes of this section.

Whenever the department of health certifies that any communicable or preventable disease is present to such an extent that the usual facilities and personnel of the department are not adequate to properly control, suppress, or prevent the spread of the disease, [withdrawals] expenditures may be made [from the epidemic control fund] by the department, with the approval of the governor, for use, in whatever manner the department may deem necessary, in controlling, suppressing, or preventing the spread of any such disease. [All the withdrawals shall be upon warrants of the comptroller of the State on vouchers properly approved by the director of health.]”

SECTION 36. Section 334-14, Hawaii Revised Statutes, is amended to read as follows:

“**[§334-14] Revolving fund for group homes for recovering substance abusers.** There is established a revolving fund to make loans for the cost of

establishing programs for the provision of housing in which individuals recovering from alcohol or drug abuse may reside in groups of not less than four individuals. Funds deposited in this revolving fund shall be expended in accordance with Public Law 100-690, section 2036 or any subsequent related laws. All moneys withdrawn from the fund for such purpose shall be reimbursed or restored thereto, so far as may be, out of moneys received or collected from the loans made through this fund and shall then be available for further use.] **Group homes for substance abusers; source of funds; disposition of receipts.** (a) **All moneys to make loans for the establishment of housing in which individuals recovering from alcohol or drug abuse may reside in groups of not less than four individuals, shall be allocated by the legislature through appropriations out of the state general fund.**

(b) **The department shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to effectuate the purposes of this section.**

(c) **All moneys received from other funding sources, including but not limited to federal sources, or in repayment of loan principal, payment of interest, or fees, under this section shall be deposited to the credit of the state general fund.**”

SECTION 37. Section 321-93, Hawaii Revised Statutes, is amended to read as follows:

“**§321-93 [Revolving fund.** There is appropriated out of the general revenues of the State the sum of \$15,000 as a revolving fund, to be expended by the department of health for the purposes of this part. All moneys received by the department for services rendered under this part shall be deposited into the fund.] **Home health services; source of funds; disposition of receipts.** (a) **All moneys to provide ancillary paramedical services, professional nursing care, physiotherapy, occupational therapy, speech and hearing therapy, medical social services, and home health aide services under the home health services program shall be allocated by the legislature through appropriations out of the state general fund.**

(b) **The department shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to effectuate the purposes of this part.**

(c) **All moneys received by the department from charges and fees for services rendered under this part shall be deposited to the credit of the state general fund.**”

SECTION 38. Section 326-27, Hawaii Revised Statutes, is amended to read as follows:

“**§326-27 [Revolving fund for Kalaupapa store.** To enable the department of health to operate and maintain the Kalaupapa store, situated at Kalaupapa, Molokai, \$10,000 is appropriated as a special fund to be deposited in the state treasury and to be a continual deposit, subject to the control of the department through its director, to be used from time to time in operating and maintaining the Kalaupapa store. All moneys withdrawn from the fund for such purposes shall be reimbursed or restored thereto, so far as may be, out of any moneys received or collected from the sales made in the Kalaupapa store and shall then be available for further use.] **Kalaupapa store; loans for operation and maintenance.** (a) **All moneys to enable the department of health to operate and maintain the Kalaupapa store, situated in Kalaupapa, Molokai, shall be allocated by the legislature through appropriations out of the state general fund.**

(b) **The department shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to effectuate the purposes of this section.**

(c) **All moneys received in reimbursement of payments made under this section shall be deposited to the credit of the state general fund.**”

SECTION 39. Section 333F-17.5, Hawaii Revised Statutes, is amended to read as follows:

“[§333F-17.5] Authority to establish specific funding. The department is authorized to establish and administer special funds for the deposit and expenditure of earned Title XIX funds collected for community program services provided under this chapter in order to maximize the use of federal funds for services to the developmentally disabled.] Disposition of Title XIX funds. All earned Title XIX funds collected for community program services under this chapter shall be deposited to the credit of the state general fund.”

PART IX. SPECIAL AND REVOLVING FUNDS UNDER THE DEPARTMENT HUMAN SERVICES

SECTION 40. Section 346-9, Hawaii Revised Statutes, is amended to read as follows:

“§346-9 [Revolving fund. The director of finance shall set up, out of any moneys appropriated for the purposes of this chapter, a revolving fund not to exceed in amount the sum of \$10,000. This fund may be used by the department of human services for workshop purposes or home labor purposes for the welfare recipients or others who, in the opinion of the department, will be benefited by the experience, and all moneys in the fund may be expended for materials, machinery, and other facilities and for the erection, operation, and conduct of the workshops, and for the payment of such compensation, as the department may authorize. All proceeds derived from sale of products of the workshops or the home labor shall be deposited in the fund. This section shall be subject to any federal policies, rules or regulations, which may be applicable in order to obtain federal aid or the cooperation of any federal agency concerned.] Workshop program. (a) All moneys to fund workshop or home labor activities for welfare recipients or other persons who, in the opinion of the department, would benefit from the experience, and all moneys for the purchase of materials, machinery, and other facilities and for the erection, operation, and conduct of the workshops, and for the payment of compensation, as the department may authorize, shall be allocated by the legislature through appropriations out of the state general fund.

(b) The department shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to effectuate the purposes of this section.

(c) All moneys received from other funding sources, including federal sources and all moneys derived from the sale of products of the workshops or home labor shall be deposited to the credit of the state general fund.”

PART X. SPECIAL AND REVOLVING FUNDS UNDER THE UNIVERSITY OF HAWAII

SECTION 41. Section 304-8.7, Hawaii Revised Statutes, is amended to read as follows:

“[§304-8.7] University of Hawaii at Manoa intercollegiate athletics revolving fund and University of Hawaii at Hilo intercollegiate athletics revolving fund. Notwithstanding any other law to the contrary, there are established revolving funds for the intercollegiate athletic programs of the University of Hawaii at Manoa and the University of Hawaii at Hilo, which shall be used to receive, deposit, disburse, and account for funds from the activities of the intercollegiate athletic programs. The university may establish appropriate charges for activities

related to its athletic programs and the use of its athletic facilities, the proceeds from which shall be deposited into these revolving funds.

The university shall maintain the financial integrity and viability of these revolving funds, including the maintenance of an adequate reserve to cope with the various factors that impact the revenue structure of an intercollegiate athletic program.] **Intercollegiate athletic programs of the University of Hawaii at Manoa and the University of Hawaii at Hilo; establishment of charges; disposition of receipts.** (a) The university may establish appropriate charges for activities related to its athletic programs and the use of its athletic facilities. All proceeds received out of the fees and charges established under this section shall be deposited to the credit of the state general fund.

(b) All moneys to carry out the intercollegiate programs of the University of Hawaii shall be allocated by the legislature through appropriations made out of the state general fund.

(c) The university shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to carry out the purposes of this section.”

SECTION 42. Section 304-8.9, Hawaii Revised Statutes, is amended to read as follows:

“**[[§304-8.9]] Systemwide computer services special fund[.] for the University of Hawaii systemwide consortium.** (a) There is established a special fund [for systemwide computer services, which shall be used] to receive, deposit, disburse, and account for revenues and expenditures of the university’s [computer operations.] single computer system (VAX system). Revenues collected from [users] members of the University of Hawaii systemwide consortium shall be deposited in this fund and expenditures made shall be in support of computer services, including personnel, current expense, and equipment costs.

(b) All moneys, user fees, and other revenues collected by the university for providing computer services to users who are not members of the consortium under subsection (a) shall be deposited to the credit of the state general fund.

(c) All moneys for the operation of the University of Hawaii systemwide computing center to provide computer services for nonconsortium projects of the university, the State, the federal government, and other outside users shall be allocated by the legislature through appropriations out of the state general fund.

(d) The university shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to carry out the purposes of subsection (b).”

SECTION 43. Section 304-25, Hawaii Revised Statutes, is amended to read as follows:

“**§304-25 Compensation of laboratory school cafeteria personnel.** The compensation of all cafeteria workers and the cafeteria manager at the university laboratory school cafeteria, or any successor organization or unit, shall be paid out of the general fund of the State. [In each fiscal quarter, the laboratory school principal or other authorized official of the university shall transfer from the laboratory school cafeteria special fund to the general fund of the State an amount equal to the proportionate share of the salaries of the laboratory school cafeteria workers comparable to the proportion borne by the department of education school cafeteria special fund for the salaries of cafeteria workers in the department of education.] The university shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to carry out the purposes of this section.”

SECTION 44. Section 36-27, Hawaii Revised Statutes, is amended to read as follows:

“§36-27 Transfers from special funds for central service expenses. Except as hereinafter provided, and notwithstanding any provisions of any other law to the contrary, 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 all special funds, except the special summer school fund under section 298-3.5; the school cafeteria special funds of the community colleges, and the department of education[, and the university laboratory school]; the special funds of the student housing, summer session, division of continuing education and community service, campus center, and bookstores of the University of Hawaii; and the state educational facilities improvement special fund, five per cent of all receipts of each such special fund, which deduction shall be transferred to the general fund of the State and become general realizations of the State. All officers of the State and other persons having power to allocate or disburse any special funds shall cooperate with the director in effecting these transfers.”

SECTION 45. Section 36-30, Hawaii Revised Statutes, is amended to read as follows:

“§36-30 Special fund reimbursements for departmental administrative expenses. Each special fund, except the transportation use special fund established by section 261D-1; the special summer school fund under section 298-3.5; the school cafeteria special funds of the community colleges, and the department of education[, and the university laboratory school]; the special funds of the student housing, summer session, division of continuing education and community service, campus center, and bookstores of the University of Hawaii; and the state educational facilities improvement special fund, shall be responsible for its pro rata share of the administrative expenses incurred by the department responsible for the operations supported by the special fund concerned. Administrative expenses shall include, but shall not be limited to, salaries, maintenance of buildings and grounds, utilities, and general office expenses. The pro rata share of each special fund shall be that proportion of the administrative expenses of the department, including those paid from all special funds administered by the department, which the expenditures of the special fund bear to the total expenditures of the department; provided that in determining the amount to be charged to each special fund for its pro rata share, credit shall be given for any administrative expenses paid from the special fund concerned and such other adjustments shall be made as may be necessary to achieve an equitable apportionment. The director of finance may determine the amount to be charged to each special fund and may cause the amounts to be transferred to the general funds as reimbursements.”

SECTION 46. Section 304-44.5, Hawaii Revised Statutes, is repealed.

SECTION 47. The University of Hawaii is hereby directed to discontinue the operation of the following administratively created special and revolving funds:

- (1) The University of Hawaii Manoa campus instructional resources center special fund;
- (2) The University of Hawaii Manoa campus health instructional resource unit special fund;
- (3) The systemwide rental of University of Hawaii property revolving fund; and

- (4) The University of Hawaii Manoa campus intramural sports revolving fund.

All unencumbered and unexpended balances remaining in each fund scheduled for repeal in this section shall be transferred to the credit of the state general fund on July 1, 1993. The university shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to carry out the functions and activities formerly financed by the special and revolving funds discontinued under this section.

PART XI. SPECIAL AND REVOLVING FUNDS UNDER THE DEPARTMENT OF LAND AND NATURAL RESOURCES

SECTION 48. Section 206-41, Hawaii Revised Statutes, is amended to read as follows:

“**§206-41 [Revolving fund.** The director of finance shall set up, out of any moneys appropriated for the purposes of this chapter, a revolving fund to be known as the development revolving fund.] **Source of operating funds; disposition of unencumbered funds.** (a) All moneys to carry out the purposes of this chapter shall be allocated by the legislature in accordance with subsection (c) out of appropriations from the state general fund. The department shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to effectuate the purposes of this chapter.

(b) All unexpended balances of appropriations, allocations, allotments, special revolving funds, or other funds heretofore created and made available for the purposes of developing or administering any project subject to this chapter shall be transferred to the [development project revolving fund;] state general fund; provided that any unexpended balances in any special revolving fund or other funds created and made available, in whole or in part, with federal funds, or with assistance from the federal government, or for housing undertaken pursuant to a contract between the federal government and the State or the board of land and natural resources shall be segregated from other funds and shall be deposited and maintained as required by the federal government.

[In addition to the funds specified in the above paragraph, there] (c) There is appropriated from the general revenues of the State sufficient moneys as may be necessary, from time to time, [to the development revolving fund,] with the approval of the governor, for the purposes specified in this chapter, provided that not more than \$1,000,000 may be expended, with the approval of the governor, in land development for any one project; and provided further that such sums as may be utilized from time to time and which are reimbursed [to this fund] from land sales shall be deposited into the general fund.

All moneys received by the board under or pursuant to this chapter, including refunds, reimbursements, and revenues, shall be deposited in the [revolving] state general fund, to the extent permitted by federal law or regulation. Except as otherwise provided by this chapter, the [revolving fund] funds appropriated by the legislature may be expended by the board for any and all of the purposes of this chapter, including, without prejudice to the generality of the foregoing, the acquisition, clearance, and improvement of property; the construction and reconstruction of building sites; and the development and administration of development projects and administration expenses. The provisions of this section shall be subject to applicable federal law and regulation, to any contract between the federal government and the State or the board relating to development projects subject to this chapter, and to the terms and conditions of contributions or other assistance from the federal government.”

SECTION 49. Section 174-22, Hawaii Revised Statutes, is amended to read as follows:

“§174-22 Land and water development [revolving fund. There shall be a special fund to be known as the “land and water development revolving fund”. Moneys in the revolving fund shall be expended] projects; source of funds; disposition of receipts. All moneys necessary for administrative costs, engineering surveys, economic studies, plans, maps, and for other water projects or purposes of the board of land and natural resources[.] shall be allocated by the legislature out of appropriations made from the state general fund. The department shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to carry out the purposes of this chapter. In the event any moneys are expended [therefrom] for engineering surveys, economic studies, plans, and other expenses directly attributable to any land or water project, or for the establishment of any land or water project, the amount of the expenditures shall be reimbursed to the [revolving] state general fund from any funds received by the board for and on account of the project.”

SECTION 50. Section 181-10, Hawaii Revised Statutes, is amended to read as follows:

“§181-10 Funds. All fees and fines collected under this chapter and all moneys forfeited under any bond or deposit shall be paid into the treasury of the State as general realizations. [All moneys forfeited under any bond or deposit shall be held in a special fund to be expended by the board of land and natural resources for the purpose mentioned in section 181-5.]”

SECTION 51. Section 180-16, Hawaii Revised Statutes, is amended to read as follows:

“§180-16 Budget. The department of land and natural resources shall submit to the director of finance, annually the budgetary estimates and information required by chapter 37, and shall include therein estimates of the financial requirements of the department. All contributions, moneys, and funds received by any district shall be deposited to the credit of the state general fund.”

SECTION 52. Section 180-17, Hawaii Revised Statutes, is repealed.

SECTION 53. Section 171-19, Hawaii Revised Statutes, is amended to read as follows:

“§171-19 Special land and development fund. (a) There is created in the department a special fund to be designated as the “special land and development fund”. Subject to the provisions contained in the Hawaiian Homes Commission Act of 1920, as amended, and in section 5(f) of the Admission Act of 1959, and except as provided under section 171-138 for the industrial park special fund, all proceeds of sale of public lands, including interest on deferred payments, and all rents from leases, licenses, and permits derived from public lands shall be set apart in the fund and shall be used only as authorized by the legislature, except that, without prior legislative authority, the board may use the fund for the following purposes:

- (1) To reimburse the general fund of the State for advances made which are required to be reimbursed from the proceeds derived from sales, leases, licenses, or permits of public lands;

- (2) For the maintenance of all lands under the control and management of the board, including repairs or improvements, thereon; provided that the department shall not expend in excess of \$500,000 in any fiscal year without the prior approval of the governor;
- (3) To repurchase any land, including improvements, in the exercise by the board of any right of repurchase specifically reserved in any patent, deed, lease, or other documents or as provided by law;
- (4) For the payment of all appraisal fees; provided that all fees reimbursed to the board shall be deposited in the fund;
- (5) For the payment of publication notices as required under this chapter; provided that all or a portion of the expenditures may be charged to the purchaser or lessee of public lands or any interest therein under rules adopted by the board;
- (6) For the planning and construction of roads and trails along state rights-of-way not to exceed \$5,000 in any fiscal year; and
- (7) For the payment to private land developers who have contracted with the board for development of public lands under section 171-60.

(b) Notwithstanding the above provisions, but subject to the restrictions contained in section 5(f) of the Admission Act, whenever the board sells remnants to abutting owners, the proceeds therefrom including interest on deferred payments, shall be deposited into the general fund; provided that such proceeds shall be set apart to the appropriate fund where mandatory federal requirements affecting federal funds so require.

(c) Notwithstanding the above limitations on use of the proceeds of sale, where the board sells public lands including the buildings thereon once used but no longer necessary for school purposes at the recommendation and request of the board of education, all net proceeds derived from the sales shall be used for the acquisition of land or for the erection of buildings for school purposes to the extent of an approved building plan in the departmental school district wherein the sales occur. In the absence of any school building program in the district or in the event of any surplus remaining after the completion of buildings constructed pursuant to the approved plan then the proceeds or surplus shall be used in other departmental school districts in the county wherein the sales occur.

(d) When use of the fund is authorized by the legislature for the development of public lands for a particular project, to be disposed of by sale, lease, license, or permit, the board may pay from the fund the costs of the development, including the costs of surveys, construction of roads, water lines, sewer lines, and such other improvements as may be necessary for the development of the lands; provided that the project shall meet with the zoning and subdivision requirements of the appropriate [county and city and] county government in which the lands are located, except that plans and specifications for recreational projects, including access roads therefor, shall not be required to meet with such approval; and provided further that no such development of public lands for disposal by sale, lease, license, or permit shall be made unless appropriate roads, water lines, and other improvements are installed which will make the land usable for the purpose for which it is being disposed at the time of disposition.

(e) All unexpended and unencumbered moneys remaining on balance with the fund at the close of each fiscal year which are deemed, by the director of finance, to be in excess of the moneys necessary to carry out the purposes of this section over the next following fiscal year shall lapse to the credit of the state general fund."

**PART XII. SPECIAL AND REVOLVING FUNDS UNDER
THE DEPARTMENT OF TRANSPORTATION**

SECTION 54. Section 264-15, Hawaii Revised Statutes, is amended to read as follows:

“**[§264-15]** **Highway advance acquisition [revolving fund.** There is established the “highway advance acquisition revolving fund” which shall be administered by the director of transportation.]; **source of funds.** The director may, with the approval of the governor, expend [from the fund such sums] moneys appropriated by the legislature as [are] may be necessary for the acquisition of real property when the director determines [that the]:

- (1) The acquisition of the real property is necessary for a state highway project [that is] authorized by the legislature[, that funds];
- (2) Funds previously authorized by the legislature are inadequate [therefor and that]; and
- (3) That any delay in the acquisition of such property would unnecessarily increase the cost of the highway project;

provided that the selected corridor and alignment of the project shall have been approved by the governor. [Expenditures from the fund shall be made on vouchers approved by the director or such other officer as may be designated by the director.]

All moneys received from the rental, sale, or lease of any property acquired [through the use of this fund] under this section shall be paid into the state general fund; provided that whenever federal funds are involved in the acquisition of the property, any money received from the sale, lease, or rental of such property shall be [credited to the account of] expended toward the project for which the property was acquired.

[Sums expended from the fund for a particular highway project shall be reimbursed or restored to the fund out of moneys subsequently appropriated or made available for that project. The director shall repay any loans made to the fund from the general fund, any special fund and any other revolving fund as soon as moneys become available therefor.

The director of transportation may make loans from time to time from the state highway fund to the fund such sums of money not otherwise appropriated or required to meet the obligations of section 248-9 and 36-28.

The director of finance may make loans from the general, special and revolving funds of the State for deposit into the fund when the director of finance determines that there are moneys in the general, special and revolving funds which are in excess of the amounts necessary for meeting the immediate requirements thereof, and that the action will not impede or hamper the financial operations of the general, special or revolving funds from which moneys are to be advanced or loaned.

Any loans made to the fund may provide for interest at a rate not less than that which could have been realized had the funds been invested in time certificates of deposit.]”

SECTION 55. Section 268-6, Hawaii Revised Statutes, is amended to read as follows:

“**§268-6 Bonds, certificates of issuance; terms and conditions.** (a) Any certificate or certificates providing for the issuance of revenue bonds pursuant to this chapter shall provide that the revenue bonds shall be redeemable before the maturity thereof at the option of the department of transportation at any time after

five years from the date of such bonds on such terms and conditions as the certificate or certificates providing for the issuance of the bonds shall prescribe, including the payment of premiums upon the redemption thereof, and may contain covenants on behalf of the State to protect and safeguard the security and rights of the holders thereof authorized by chapter 39, part III, and, in addition thereto, covenants as to, among other things:

- (1) Creating a special fund for the deposit of the gross revenues derived from the operation of the ferry system and any additions or betterments thereto or extensions thereof, including the creating and maintenance of funds for working capital to be used in the operation of the ferry system and for renewals and replacements to the system;
- (2) (1) Subject to section 268-8, the establishment and maintenance of adequate rates, rentals, and charges for the services and facilities sold, furnished, or supplied through the ferry system; and
- (3) (2) Limitations upon the right to dispose of the ferry system or any part thereof without providing for the payment of revenue bonds issued pursuant to this chapter[; and
- (4) The appointment and qualification of trustees and depositaries, either within or without the State, to receive, hold, disburse, invest, and reinvest all or any part of the income, revenues, receipts, and profits derived by the department from the operation, ownership, and management of the ferry system, provided that all covenants in the certificate or certificates shall be subject to review by the governor].

(b) All gross revenues derived from the operation of the ferry system and any additions or extensions thereof shall be deposited to the credit of the state general fund."

PART XIII. SPECIAL AND REVOLVING FUNDS UNDER THE DEPARTMENT OF PUBLIC SAFETY

SECTION 56. Section 354D-10, Hawaii Revised Statutes, is amended to read as follows:

"§354D-10 Correctional industries revolving fund. (a) There is created the correctional industries revolving fund to be administered by the department. All moneys collected by the department from the sale or disposition of goods and services produced in accordance with this chapter shall be deposited into the correctional industries revolving fund. The proceeds in the correctional industries revolving fund shall be used for: the purchase or lease of supplies, equipment, and machinery; the construction, leasing, or renovating of buildings used to carry out the purposes of this chapter; the salaries of personnel necessary to administer the enterprises established in accordance with this chapter; payment of inmates for work assignments; and other necessary expenses; provided that the correctional industries revolving fund shall not be maintained in excess of the amount necessary to carry out the purposes of this chapter.

(b) The director shall perform actuarial evaluations of the management and operation of the fund from time to time, as may be necessary, to ensure that the fund is self-sufficient."

PART XIV. AMENDMENTS TO GENERAL LAWS RELATING TO SPECIAL AND REVOLVING FUNDS

SECTION 57. Chapter 23, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§23- Review of revolving and trust funds. (a) The office of the state auditor shall report to the legislature, at each regular session, a review of revolving and trust funds established to provide services rendered by any state department or establishment to other state departments or establishments or to any political subdivision of the State. The review shall include but not be limited to:

- (1) An evaluation of the original intent and purpose of each fund, both as expressed by the legislature and as understood by the expending agency;
- (2) The degree to which each fund achieves the stated and claimed purposes;
- (3) An evaluation of performance standards established by the agency; and
- (4) A summary statement reflecting total fund transactions in the preceding five fiscal years, including the fund balance at the beginning of each fiscal year, total deposits and withdrawals, amount of interest earned, total expenditures made from the fund, and the ending fund balance for each fiscal year.

(b) Each revolving and trust fund shall be reviewed every five years as follows:

- (1) Beginning 1994 and every five years thereafter, the auditor shall submit a review of the revolving and trust funds of the department of accounting and general services; the department of agriculture; the department of budget and finance; and the department of land and natural resources;
- (2) Beginning 1995 and every five years thereafter, the auditor shall submit a review of the revolving and trust funds of the department of the attorney general; the department of business, economic development, and tourism; and the university of Hawaii system;
- (3) Beginning 1996 and every five years thereafter, the auditor shall submit a review of the revolving and trust funds within the judiciary and of the department of commerce and consumer affairs; the department of Hawaiian home lands; the department of health; and the department of human services;
- (4) Beginning 1997 and every five years thereafter, the auditor shall submit a review of the revolving and trust funds of the office of the governor; the office of Hawaiian affairs; and the department of education; and
- (5) Beginning 1998 and every five years thereafter, the auditor shall submit a review of the revolving and trust funds of the department of labor and industrial relations; the department of taxation; the department of personnel services; the department of public safety; and all other moneys expended in accordance with section 37-40.”

SECTION 58. Section 346-7, Hawaii Revised Statutes, is amended to read as follows:

“§346-7 Acceptance of grants-in-aid or outright grants. (a) The department of human services may accept, at any time, grants-in-aid or outright grants from the federal government or any department thereof for general assistance, medical assistance, care of transients, and other nonresidents, and cooperate with the federal government in connection therewith.

(b) The department shall submit a report detailing all funds received under this section to the legislature no later than twenty days prior to the convening of each regular session.”

SECTION 59. Section 346-8, Hawaii Revised Statutes, is amended to read as follows:

“§346-8 Additional funds. (a) The department of human services may accept and deposit with the director of finance, for use in carrying out any of the purposes of this chapter or for costs of administration, any funds which may be provided by the United States government, any county, or any other source, in each case upon such terms and conditions as the department, in its discretion, may approve. All such funds shall be deemed additional to the funds provided by legislative appropriation. Any such funds received in reimbursement of expenditures made from funds provided by legislative appropriation for any purpose are reappropriated for the same purpose.

(b) Except as expressly otherwise provided, all appropriations made by the legislature shall be deemed subject to the foregoing provisions, to the end that the amounts of such appropriations shall be deemed to limit the amounts expendable from the general fund of the State but not to limit the amounts expendable by the department.

(c) The department shall submit a report detailing all moneys received under this section to the legislature no later than twenty days prior to the convening of each regular session.”

SECTION 60. 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 which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 61. The department of the attorney general is hereby directed to discontinue the operation of the Hawaii criminal justice commission special fund. The department shall include in its budgetary request for each upcoming fiscal period, the amounts necessary to carry out the functions previously financed by the proceeds of the fund. All moneys collected from the sale of commission reports and publications shall be deposited to the credit of the state general fund.

SECTION 62. On July 1, 1993, the director of finance shall transfer the following sums to the state general fund from the corresponding sources identified:

- (1) State educational facilities improvement special fund, section 36-32, Hawaii Revised Statutes \$20,000,000
- (2) Hawaii development revolving fund, section 201E-217, Hawaii Revised Statutes \$250,000
- (3) Foreign trade zones special fund, section 212-9, Hawaii Revised Statutes \$1,000,000
- (4) Hawaii large fishing vessel purchase, construction, renovation, maintenance, and repair loan revolving fund, section 189-23, Hawaii Revised Statutes \$2,000,000
- (5) Hawaii small fishing vessel purchase, construction, renovation, maintenance, and repair loan revolving fund, section 189-43, Hawaii Revised Statutes \$1,000,000
- (6) Driver education and training fund, section 286G-2, Hawaii Revised Statutes \$1,000,000
- (7) Tax reserve fund, section 231-23, Hawaii Revised Statutes \$25,000
- (8) Hawaii historic preservation special fund, section 6E-16, Hawaii Revised Statutes \$500,000

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SECTION 63. Statutory material to be repealed is bracketed. New statutory material is underscored.¹

SECTION 64. This Act shall take effect on July 1, 1993, except that sections 19, 21, 25, 38, and 41 shall take effect on June 30, 1994; provided that the director of finance shall transfer to the credit of the state general fund:

- (1) On July 1, 1993, all unexpended or unencumbered balances remaining in any special or revolving fund scheduled for repeal on July 1, 1993, under this Act; and
- (2) On June 30, 1994, all unexpended or unencumbered balances remaining in any special or revolving fund scheduled for repeal on June 30, 1994, under this Act.

(Approved June 21, 1993.)

Note

1. Edited pursuant to HRS §23G-16.5.