

ACT 77

S.B. NO. 2845

A Bill for an Act Making Appropriations to Repay General Fund Cash Advances.
Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. For many years, the general fund financial plan has reflected repayments for an \$89,900,000 cash advance to purchase the former Kapalama military reservation and a \$13,300,000 cash advance for the Hawaii health systems corporation.

Act 73, Session Laws of Hawaii 1989, authorized \$90,000,000 in general obligation bond funds to purchase approximately sixty-seven acres of the former Kapalama military reservation. Due to private activity restrictions on the use of tax-exempt general obligation bond funds, general fund cash advances of \$57,000,000 and \$33,000,000 totaling \$90,000,000 were made to the capital projects fund in order to finance the land purchase. As of June 30, 2015, the amount owed to the general fund is \$89,900,000.

In fiscal year 2002-2003, general fund cash advances totaling \$13,300,000 were made to the Hawaii health systems corporation in order for the corporation to fund its employer contributions to the employees' retirement system and the employer-union health benefits trust fund. During the regular session of 2003, an emergency appropriation was sought to repay the general fund cash advances. However, the measure did not advance from conference committee. As of June 30, 2015, the amount owed to the general fund is \$13,300,000.

The State recognizes that these amounts owed, totaling \$103,200,000, will not be repaid to the general fund. Consequently, the assets and liabilities of the general fund are overstated by \$103,200,000 each. Accordingly, the purpose of this Act is to appropriate general funds to formally write off the general fund cash advances for the purchase of the Kapalama military reservation and for the Hawaii health systems corporation. The effect of this Act will be that general

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fund balances will be more accurately reflected in the future and better represent actual resources available to finance state programs. In addition, this Act will reduce the liabilities of the capital projects fund to more accurately reflect the State's outstanding debt.

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$89,900,000 or so much thereof as may be necessary for fiscal year 2016-2017 for the purpose of repaying general fund cash advances to the capital projects fund for the purchase of lands of the former Kapalama military reservation.

The sum appropriated shall be expended by the department of budget and finance for the purposes of this Act.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$13,300,000 or so much thereof as may be necessary for fiscal year 2016-2017 for the purpose of repaying general fund cash advances to the Hawaii health systems corporation for its employer contributions to the employees' retirement system and the employer-union health benefits trust fund.

The sum appropriated shall be expended by the department of budget and finance for the purposes of this Act.

SECTION 4. This Act shall take effect upon its approval.

(Approved June 20, 2016.)