

ACT 86

H.B. NO. 2466

A Bill for an Act Relating to Non-General Funds.

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

SECTION 1. The purpose of this Act is to address the distribution of cigarette tax revenues.

During the regular session of 2015, Act 238 was enacted to set maximum amounts on the distribution of cigarette tax revenues to various non-general funds, with the remainder to be deposited into the general fund. The legislature took this action to increase legislative oversight of agencies and programs supported by cigarette tax revenues, and subject those agencies and programs to competition for limited public funds by restricting their automatic share of cigarette tax revenues.

This Act expands the legislature's focus on the distribution of cigarette tax revenues. The legislature finds that focusing on the cigarette tax is impera-

tive because these tax revenues are declining, a laudable result of public health efforts. Consequently, evaluation of the future budgetary needs and funding of agencies and programs dependent on cigarette tax revenues should commence now.

The purpose of this Act is to require the department of health and department of budget and finance to jointly conduct a study of the distribution of the cigarette tax revenues.

SECTION 2. (a) The department of health and department of budget and finance shall jointly conduct a study on the distribution of the cigarette tax revenues.

(b) The study shall include the following:

- (1) Estimated total revenues derived from the cigarette tax through fiscal year 2024-2025;
- (2) Estimated distribution of cigarette tax revenues among the non-general funds specified in section 245-15(6), Hawaii Revised Statutes, through fiscal year 2024-2025;
- (3) Estimated budgetary needs of the agencies and programs supported by the non-general funds listed in section 245-15(6), Hawaii Revised Statutes, through fiscal year 2024-2025; and
- (4) Differences between the estimated budgetary needs of the agencies and programs under paragraph (3) and their estimated cigarette tax revenue distribution.

(c) The department of health and department of budget and finance shall include a recommendation in the study of whether to:

- (1) Continue the cigarette tax revenue distribution to the non-general funds, with or without modification; or
- (2) Re-distribute all or most of the cigarette tax revenues to the general fund and change the means of financing of affected agencies and programs to general funds.

SECTION 3. Upon the request of the department of health or the department of budget and finance for assistance and information, the department of taxation, and any other relevant executive department, shall cooperate with the department of health or department of budget and finance.

SECTION 4. The department of health and department of budget and finance shall submit the findings and recommendations of the study to the legislature and governor by November 1, 2016.

SECTION 5. This Act shall take effect on July 1, 2016.

(Approved June 21, 2016.)