

A Bill for an Act Relating to the State Funds.

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

SECTION 1. Section 28-16, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

“(c) Disbursements from each account maintained under subsection (b) may include attorney’s fees and other necessary expenses that the department determines to be reasonable and directly related to prosecution of the civil action for which the account is maintained; provided that in the case of moneys deposited as a result of recoveries by an agency to which a non-general fund applies, the moneys shall be held and disbursed intact for deposit to the credit of the non-general fund. Money deposited in the fund pursuant to an order of the court shall be disbursed in accordance with the order of the court. Any residual funds remaining in an account shall be transferred to the respective non-general ~~[or general]~~ fund with which the civil action is associated or, if no specific non-general fund applies, transferred to the emergency and budget reserve fund established pursuant to section 328L-3, no later than thirty days after the civil action for which the account is maintained is closed and all costs of that civil action have been paid, unless otherwise provided for by statute.”

SECTION 2. Section 328L-3, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) There is established in the state treasury the emergency and budget reserve fund, which shall be a special fund administered by the director of finance and into which shall be deposited:

- (1) Moneys received from the tobacco settlement moneys under section 328L-2;
- (2) Notwithstanding any other law to the contrary, any moneys received through a civil action in which the State is a party and no other law or court order specifically provides for the deposit elsewhere of moneys received through the action;
- (3) Appropriations made by the legislature to the fund; and
- ~~(3)~~ (4) Five per cent of the state general fund balance at the close of the fiscal year, whenever state general fund revenues for each of two successive fiscal years exceeds revenues for each of the preceding fiscal years by five per cent. For the purpose of this section, the general fund balance at the close of the fiscal year shall be calculated after any:
 - (A) Tax refund or tax credit is provided by the legislature;
 - (B) Deposit into the emergency and budget reserve fund or another reserve fund is appropriated by the legislature; or
 - (C) Prepayment of general obligation bond debt service or pension or other post-employment benefit liability is appropriated by the legislature;

during the same regular session as the transfer depositing such moneys to the emergency and budget reserve fund; provided that transfers shall not be made to the emergency and budget reserve fund whenever the balance of the emergency and budget reserve fund is equal to or more than ten per cent of general fund revenues for the preceding fiscal year. The transfer shall be executed by the director of finance.

All moneys deposited into the emergency and budget reserve fund under paragraphs (1) [~~and~~], (2), and (3) and all moneys deposited under paragraph [~~(3)~~] (4) shall be kept in separate and distinct accounts.”

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

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

(Approved April 22, 2021.)