

ACT 223

S.B. NO. 326

A Bill for an Act Relating to Revolving Funds.

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

SECTION 1. Section 37-52.4, Hawaii Revised Statutes, is amended to read as follows:

“§37-52.4 Criteria for the establishment and continuance of revolving funds. Revolving funds shall only be established pursuant to an act of the legislature. The legislature, in establishing or reviewing a revolving fund to determine whether it should be continued, shall ensure that the revolving fund:

- (1) Serves a need, as demonstrated by:
 - (A) The purpose of the program to be supported by the fund;
 - (B) The scope of the program, including financial information on fees to be charged, sources of projected revenue, and costs; and
 - (C) An explanation of why the program cannot be implemented successfully under the general fund appropriation process;

- (2) Reflects a clear nexus between the benefits sought and charges made upon the program users or beneficiaries or a clear link between the program and the sources of revenue, as opposed to serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process;
- (3) Provides an appropriate means of financing for the program or activity that is used only when essential to the successful operation of the program or activity; and
- (4) Demonstrates the capacity to be financially self-sustaining[: by:
 - (A) Annual projections that show that the revolving fund will be sustainable without appropriations of general funds into the revolving fund; or
 - (B) A schedule of projected collections of outstanding payments to the revolving fund that will capitalize the revolving fund.”

SECTION 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval.

(Approved June 25, 2025.)