
A BILL FOR AN ACT

RELATING TO HIGHWAYS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to:

2 (1) Prohibit the transfer of moneys out of the state

3 highway fund for non-highway purposes; and

4 (2) Require the remittance to the state highway fund of

5 general excise tax revenues from the manufacturing,

6 production, wholesaling, and retailing of liquid fuel

7 for other than airplanes or small boats;

8 The legislature finds that this Act is necessary to ensure

9 that moneys in the state highway fund are expended only for

10 state highway projects as intended. The legislature believes

11 that the highway infrastructure needs a guaranteed source of

12 funding. The legislature further finds that the sources of

13 funding for the state highway fund require enhancements to meet

14 these needs. The legislature also finds that public confidence

15 in government is lessened if moneys intended for highway

16 projects are diverted to other uses.

17 This Act does not affect any provision concerning the

18 authorized revenues of or expenditures from the county highway



1 funds. The legislature intends to honor the principle of home
2 rule in this respect.

3 SECTION 2. Section 37-53, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§37-53 Transfer of special funds.** At any time during a
6 fiscal year, notwithstanding any other law to the contrary, any
7 department [~~may,~~] with the approval of the governor or the
8 director of finance if so delegated by the governor, may
9 transfer from any special fund relating to such department to
10 the general revenues of the State all or any portion of moneys
11 determined to be in excess of fiscal year requirements for such
12 special fund, except for special funds under the control of the
13 department of transportation relating to highways, airports,
14 transportation use, and harbors activities, special funds under
15 the control of the Hawaii health systems corporation or
16 subaccounts under the control of its regional system boards, and
17 special funds of the University of Hawaii. At any time the
18 department of transportation, with the approval of the governor
19 or the director of finance if so delegated by the governor, may
20 transfer from any special fund, other than the highway fund,
21 under the control of the department of transportation, or from
22 any account within any such special fund, to the general



1 revenues of the State or to any other special fund, including
2 the highway fund, under the control of the department of
3 transportation all or any portion of moneys determined to be in
4 excess of requirements for the ensuing twelve months determined
5 as prescribed by rules adopted pursuant to chapter 91; provided
6 that no such transfer shall be made [~~which~~] that would cause a
7 violation of federal law or federal grant agreements."

8 SECTION 3. Section 237-31, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "**§237-31 Remittances.** All remittances of taxes imposed by
11 this chapter shall be made by money, bank draft, check,
12 cashier's check, money order, or certificate of deposit to the
13 office of the department of taxation to which the return was
14 transmitted. The department shall issue its receipts therefor
15 to the taxpayer and shall pay the moneys into the state treasury
16 as a state realization, to be kept and accounted for as provided
17 by law; provided that:

18 (1) The sum from all general excise tax revenues realized
19 by the State that represents the difference between
20 \$90,000,000 and the proceeds from the sale of any
21 general obligation bonds authorized for that fiscal
22 year for the purposes of the state educational



1 facilities improvement special fund shall be deposited
2 in the state treasury in each fiscal year to the
3 credit of the state educational facilities improvement
4 special fund for public school capital improvement
5 program needs; [~~and~~]

6 (2) A sum, not to exceed \$5,000,000, from all general
7 excise tax revenues realized by the State shall be
8 deposited in the state treasury in each fiscal year to
9 the credit of the compound interest bond reserve
10 fund[~~-~~]; and

11 (3) The sum of all moneys realized from the manufacturing,
12 production, wholesaling, and retailing of liquid fuel
13 sold or intended to be sold to persons for use in
14 motor vehicles or internal combustion engine
15 equipment, but not airplanes or small boats, shall be
16 deposited into the state highway fund created by
17 section 248-8."

18 SECTION 4. Section 248-8, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "**§248-8 Special funds in treasury of State.** There are
21 created in the treasury of the State three special funds to be
22 known, respectively, as the state highway fund, the airport



1 revenue fund, and the boating special fund. All taxes collected
2 under chapter 243 in each calendar year, except the "county of
3 Hawaii fuel tax", "city and county of Honolulu fuel tax",
4 "county of Maui fuel tax", and "county of Kauai fuel tax", shall
5 be deposited in the state highway fund; provided that:

6 (1) All taxes collected under chapter 243 with respect to
7 gasoline or other aviation fuel sold for use in or
8 used for airplanes shall be set aside in the airport
9 revenue fund; and

10 (2) All taxes collected under chapter 243 with respect to
11 liquid fuel sold for use in or used for small boats
12 shall be deposited in the boating special fund.

13 As used in this section, "small boats" means all vessels
14 and other watercraft except those operated in overseas
15 transportation beyond the State, and ocean-going tugs and
16 dredges. The chairperson of the board of land and natural
17 resources, from July 1, 1992, and every three years thereafter,
18 shall establish standards or formulas that will as equitably as
19 possible establish the total taxes collected under chapter 243
20 in each fiscal year that are derived from the sale of liquid
21 fuel for use in or used for small boats. The amount so
22 determined shall be deposited in the boating special fund.



1 ~~[An amount equal to 0.3 per cent of the highway fuel tax~~
2 ~~but not more than \$250,000 collected under chapter 243 shall be~~
3 ~~allocated each fiscal year to the special land and development~~
4 ~~fund for purposes of the management, maintenance, and~~
5 ~~development of trails and trail accesses under the jurisdiction~~
6 ~~of the department of land and natural resources established~~
7 ~~under section 198D-2.]"~~

8 SECTION 5. Section 248-9, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "**§248-9 State highway fund.** ~~[(a)]~~ Moneys in the state
11 highway fund may be expended for the following purposes:

- 12 (1) To pay the costs of operation, maintenance, and repair
13 of the state highway system, including without
14 limitation, the cost of equipment and general
15 administrative overhead;
- 16 (2) To pay the costs of acquisition (including real
17 property and interests therein), planning, designing,
18 construction, and reconstruction of the state highway
19 system and bikeways, including, without limitation,
20 the cost of equipment and general administrative
21 overhead;



1 (3) To reimburse the general fund for interest on and
2 principal of general obligation bonds issued to
3 finance state highway projects where the bonds are
4 designated to be reimbursable out of the state highway
5 fund; and

6 (4) To pay the costs of construction, maintenance, and
7 repair of county roads; provided that none of the
8 funds expended on a county road or program shall be
9 federal funds when such expenditure would cause a
10 violation of federal law or a federal grant agreement.

11 ~~[(b) At any time, the director of transportation may~~
12 ~~transfer from the state highway fund all or any portion of~~
13 ~~available moneys determined by the director of transportation to~~
14 ~~exceed one hundred thirty five per cent of the requirements for~~
15 ~~the ensuing twelve months for the state highway fund as~~
16 ~~permitted by and in accordance with section 37-53. For purposes~~
17 ~~of the determination, the director of transportation shall take~~
18 ~~into consideration:~~

19 ~~(1) The amount of federal funds and bond funds on deposit~~
20 ~~in, and budgeted to be expended from, the state~~
21 ~~highway fund during the period;~~



- 1 ~~(2) Amounts on deposit in the state highway fund that are~~
- 2 ~~encumbered or otherwise obligated;~~
- 3 ~~(3) Budgeted amounts payable from the state highway fund~~
- 4 ~~during the period;~~
- 5 ~~(4) Revenues anticipated to be received by and~~
- 6 ~~expenditures to be made from the state highway fund~~
- 7 ~~during the period based on existing agreements and~~
- 8 ~~other information for the ensuing twelve months; and~~
- 9 ~~(5) Any other factors as the director of transportation~~
- 10 ~~shall deem appropriate.]"~~

11 SECTION 6. Statutory material to be repealed is bracketed
 12 and stricken. New statutory material is underscored.

13 SECTION 7. This Act shall take effect on July 1, 2008;
 14 provided that the amendments to section 237-31, Hawaii Revised
 15 Statutes, by this Act shall not be repealed when that section is
 16 reenacted on June 30, 2008, pursuant to Act 304, Session Laws of
 17 Hawaii 2006.

18

INTRODUCED BY: *Colin K. Hay*

BY REQUEST
 JAN 22 2008



Report Title:

State Highway Fund; Various Amendments

Description:

Requires the remittance of general excise tax revenues from liquid fuel sales to the state highway fund. Repeals provisions authorizing transfers of revenues deemed excess out of the state highway fund.

