

EXECUTIVE CHAMBERS

HONOLULU

June 20, 2002

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STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 2827

Honorable Members
Twenty-First Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 2827, entitled "A Bill for an Act Relating to the State Finances."

The purposes of this bill are to: establish the Litigation Deposits Trust Fund; establish criteria for the establishment and continuance of special funds, revolving funds, and administratively established accounts and funds; permit the Emergency and Budget Reserve Fund to be available as a source of funding for education programs; reclassify or repeal certain special and revolving funds pursuant to the recommendations of the Legislative Auditor; and transfer moneys from certain special and revolving funds to the general fund.

Section 5 of Article VII of the State Constitution provides that "[n]o public money shall be expended except pursuant to appropriations made by law." The removal of money from the special and revolving funds are expenditures of those funds that must be authorized by "appropriations made by law." While this bill uses the term "transfer" to authorize the removal of money out of various special and revolving funds and the deposit of those moneys into the general fund, I believe that the Legislature clearly expressed its intent to authorize the expenditure of money out of the specified special and revolving funds and that these transfers are "appropriations made by law" within the meaning of Section 5 of Article VII of the State Constitution.

While the bill as a whole has merit, I object to the following appropriations for the reasons indicated:

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1. The \$23,000,000 revolving fund appropriation for fiscal year 2002-2003 from the Dwelling Unit Revolving Fund for deposit to the general fund, designated in section 25 on page 19 of the bill. While the Legislature determined that there was \$23,000,000 in excess of the requirements of this fund and authorized the deposit of that amount to the general fund, I believe that a reduction of that magnitude would adversely impact the fund's ability to carry out its intended purposes.

2. The \$4,000,000 revolving fund appropriation for fiscal year 2002-2003 from the Hawaii Capital Loan Revolving Fund for deposit to the general fund, designated in section 28 on page 20 of the bill. While the Legislature determined that there was \$4,000,000 in excess of the requirements of this fund and authorized the deposit of that amount to the general fund, I believe that a reduction of that magnitude would adversely impact the fund's ability to carry out its intended purposes.

3. The \$33,000,000 special fund appropriation for fiscal year 2002-2003 from the Compliance Resolution Fund for deposit to the general fund, designated in section 39 on pages 23-24 of the bill. While the Legislature determined that there was \$33,000,000 in excess of the requirements of this fund and authorized the deposit of that amount to the general fund, I believe that a reduction of that magnitude would adversely impact the fund's ability to carry out its intended purposes.

4. The \$4,000,000 in special fund appropriations consisting of a \$2,000,000 special fund appropriation effective on July 1, 2002, and a \$2,000,000 special fund appropriation effective on December 1, 2002, for fiscal year 2002-2003 from the Insurance Regulation Fund for deposit to the general fund, designated in section 40 on page 24 of the bill. While the Legislature determined that there was \$4,000,000 in excess of the requirements of this fund and authorized the deposit of that amount to the general fund, I believe that a reduction of that

magnitude would adversely impact the fund's ability to carry out its intended purposes.

5. The \$1,000,000 in special fund appropriation for fiscal year 2002-2003 from the Use of School Facilities for Recreational and Community Purposes Fund for deposit to the general fund, designated in section 41 on pages 24-25 of the bill. According to Conference Committee Report No. 160-02 on this bill, the Legislature intended to delete this appropriation. However, this appropriation was included when the bill was passed. I believe that the Legislature's intent regarding this appropriation should be carried out.

6. The \$9,150,000 special fund appropriation for fiscal year 2002-2003 from the Special Land and Development Fund for deposit to the general fund, designated in section 55 on page 29 of the bill. While the Legislature determined that there was \$9,150,000 in excess of the requirements of this fund and authorized the deposit of that amount to the general fund, I believe that a reduction of that magnitude would adversely impact the fund's ability to carry out its intended purposes.

Section 16 of Article III of the State Constitution provides that, "[e]xcept for items appropriated to be expended by the judicial and legislative branches, the governor may veto any specific item or items in any bill which appropriates money for specific purposes by striking out or reducing the same." Because of the foregoing objections, I have taken the following actions pursuant to my line item veto authority:

1. Reduced the \$23,000,000 revolving fund appropriation out of the Dwelling Unit Revolving Fund for fiscal year 2002-2003 to be deposited into the general fund in section 25 (on page 19) and changed it to \$12,000,000.

2. Reduced the \$4,000,000 revolving fund appropriation out of the Hawaii Capital Loan Revolving Fund for fiscal year 2002-2003 to be deposited into the general fund in

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section 28 (on page 20) and changed it to \$2,000,000.

3. Reduced the \$33,000,000 special fund appropriation out of the Compliance Resolution Fund for fiscal year 2002-2003 to be deposited into the general fund in section 39 (on pages 23-24) and changed it to \$26,000,000.

4. Reduced the \$2,000,000 special fund appropriation out of the Insurance Regulation Fund for fiscal year 2002-2003 to be deposited into the general fund on July 1, 2002, in section 40 (on page 24) and changed it to \$0.

5. Reduced the \$1,000,000 special fund appropriation out of the Use of School Facilities for Recreational and Community Purposes Fund for fiscal year 2002-2003 to be deposited into the general fund in section 41 (on pages 24-25) and changed it to \$0.

6. Reduced the \$9,150,000 special fund appropriation out of the Special Land and Development Fund for fiscal year 2002-2003 to be deposited into the general fund in section 55 (on page 29) and changed it to \$7,150,000.

For the foregoing reasons, I am returning House Bill No. 2827 with the reductions in sections 25, 28, 39, 40, 41, and 55 set forth above totaling \$13,000,000 in revolving fund appropriations for fiscal year 2002-2003, and totaling \$12,000,000 in special fund appropriations for fiscal year 2002-2003.

Respectfully,



BENJAMIN J. CAYETANO
Governor of Hawaii

P R O C L A M A T I O N

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WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and


WHEREAS, House Bill No. 2827, entitled "A Bill for an Act Relating to the State Finances," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, under Section 16 of Article III, the Governor may veto any specific item or items in any bill that appropriates money for specific purposes by striking out or reducing the same; and

WHEREAS, House Bill No. 2827 appropriates money for specific purposes and certain appropriation items in that bill are unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, BENJAMIN J. CAYETANO, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 2827 with my objections to certain appropriation items contained therein, to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 20
day of June, 2002.



BENJAMIN J. CAYETANO
Governor of Hawaii

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1 fund to the general fund the sum of \$1,000,000 or so much
2 thereof as may be necessary for fiscal year 2002-2003.

3 SECTION 24. The legislature determines that there is in
4 the state identification revolving fund at least \$600,000 in
5 excess of the requirements of the fund. On July 1, 2002, the
6 director of finance is authorized to transfer from the state
7 identification revolving fund to the general fund the sum of
8 \$600,000 or so much thereof as may be necessary for fiscal year
9 2002-2003.

10 SECTION 25. The legislature determines that there is in
11 the dwelling unit revolving fund at least \$23,000,000 in excess
12 of the requirements of the fund. On July 1, 2002, the director
13 of finance is authorized to transfer from the dwelling unit
14 revolving fund to the general fund the sum of ~~\$23,000,000~~ ^{\$12,000,000 (BFL)} or so
15 much thereof as may be necessary for fiscal year 2002-2003.

16 SECTION 26. The legislature determines that there is in
17 the fee simple residential revolving fund at least \$300,000 in
18 excess of the requirements of the fund. On July 1, 2002, the
19 director of finance is authorized to transfer from the fee
20 simple residential revolving fund to the general fund the sum of

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1 \$300,000 or so much thereof as may be necessary for fiscal year
2 2002-2003.

3 SECTION 27. The legislature determines that there is in
4 the foreign-trade zones special fund at least \$1,000,000 in
5 excess of the requirements of the fund. On July 1, 2002, the
6 director of finance is authorized to transfer from the foreign
7 trade zones special fund to the general fund the sum of
8 \$1,000,000 or so much thereof as may be necessary for fiscal
9 year 2002-2003.

10 SECTION 28. The legislature determines that there is in
11 the Hawaii capital loan revolving fund at least \$4,000,000 in
12 excess of the requirements of the fund. On July 1, 2002, the
13 director of finance is authorized to transfer from the Hawaii
14 capital loan revolving fund to the general fund the sum of
15 ~~\$4,000,000~~ \$2,000,000 (BK) or so much thereof as may be necessary for fiscal
16 year 2002-2003.

17 SECTION 29. The legislature determines that there is in
18 the Hawaii community development revolving fund at least
19 \$3,000,000 in excess of the requirements of the fund. On July
20 1, 2002, the director of finance is authorized to transfer from
21 the Hawaii community development revolving fund to the general

1 excess of the requirements of the fund. On July 1, 2002, the
2 director of finance is authorized to transfer from the rental
3 assistance revolving fund to the general fund the sum of
4 \$6,000,000 or so much thereof as may be necessary for fiscal
5 year 2002-2003.

6 SECTION 37. The legislature determines that there is in
7 the state disaster revolving loan fund at least \$250,000 in
8 excess of the requirements of the fund. On July 1, 2002, the
9 director of finance is authorized to transfer from the state
10 disaster revolving loan fund to the general fund the sum of
11 \$250,000 or so much thereof as may be necessary for fiscal year
12 2002-2003.

13 SECTION 38. The legislature determines that there is in
14 the natural energy laboratory of Hawaii authority special fund
15 at least \$200,000 in excess of the requirements of the fund. On
16 July 1, 2002, the director of finance is authorized to transfer
17 from the natural energy laboratory of Hawaii authority special
18 fund to the general fund the sum of \$200,000 or so much thereof
19 as may be necessary for fiscal year 2002-2003.

20 SECTION 39. The legislature determines that there is in
21 the compliance resolution fund at least \$33,000,000 in excess of

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1 the requirements of the fund. On July 1, 2002, the director of
2 finance is authorized to transfer from the compliance resolution
3 fund to the general fund the sum of ~~\$33,000,000~~ ^{\$ 26,000,000 (B/C)} or so much
4 thereof as may be necessary for fiscal year 2002-2003.

5 SECTION 40. The legislature determines that there is in
6 the insurance regulation fund at least \$4,000,000 in excess of
7 the requirements of the fund. On July 1, 2002, the director of
8 finance is authorized to transfer from the insurance regulation
9 fund to the general fund the sum of ~~\$2,000,000~~ ^{\$ 0 (B/C)} or so much
10 thereof as may be necessary for fiscal year 2002-2003. On
11 December 1, 2002, the director of finance is authorized to
12 transfer from the insurance regulation fund to the general fund
13 the sum of \$2,000,000 or so much thereof as may be necessary for
14 fiscal year 2002-2003.

15 SECTION 41. The legislature determines that there is in
16 the use of school facilities for recreational and community
17 purposes fund at least \$1,000,000 in excess of the requirements
18 of the fund. On July 1, 2002, the director of finance is
19 authorized to transfer from the use of school facilities for
20 recreational and community purposes fund to the general fund the

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1 SECTION 54. The legislature determines that there is in
 2 the commercial fisheries special fund at least \$100,000 in
 3 excess of the requirements of the fund. On July 1, 2002, the
 4 director of finance is authorized to transfer from the
 5 commercial fisheries special fund to the general fund the sum of
 6 \$100,000 or so much thereof as may be necessary for fiscal year
 7 2002-2003.

8 SECTION 55. The legislature determines that there is in
 9 the special land and development fund at least \$9,150,000 in
 10 excess of the requirements of the fund. On July 1, 2002, the
 11 director of finance is authorized to transfer from the special
 12 land and development fund to the general fund the sum of
 13 ~~\$9,150,000~~ ^{\$7,150,000 (DVL)} or so much thereof as may be necessary for fiscal
 14 year 2002-2003.

15 SECTION 56. The legislature determines that there is in
 16 the controlled substance registration revolving fund at least
 17 \$100,000 in excess of the requirements of the fund. On July 1,
 18 2002, the director of finance is authorized to transfer from the
 19 controlled substance registration revolving fund to the general
 20 fund the sum of \$100,000 or so much thereof as may be necessary
 21 for fiscal year 2002-2003.