



GOV. MSG. NO. 696

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

May 28, 2009

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fifth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on May 28, 2009, the following bill was signed into law:

SB884 SD2 HD1 CD1

A BILL FOR AN ACT
RELATING TO NON-GENERAL FUNDS.
ACT 079 (09)

Sincerely,



LINDA LINGLE

Approved by the Governor

on MAY 28 2009

THE SENATE
TWENTY-FIFTH LEGISLATURE, 2009
STATE OF HAWAII

ACT 079
S.B. NO. 884
S.D. 2
H.D. 1
C.D. 1

A BILL FOR AN ACT

RELATING TO NON-GENERAL FUNDS.

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

PART I

1
2 SECTION 1. Many unprecedented events have converged to
3 create an economic, financial, and fiscal environment that
4 threatens the very foundation of our national economy. Problems
5 that arose in the national housing sector and sub-prime mortgage
6 market last year have radiated from Wall Street to Main Street.
7 Across the United States, the result has been increasing
8 business bankruptcies and closures, lower consumer confidence
9 and spending, and job losses and rising unemployment.

10 For state governments, the financial crisis and economic
11 downturn have adversely impacted tax revenues and budgets. Most
12 states, like Hawaii, rely on income and sales taxes as their
13 main sources of revenues. The slowdown in employment and
14 consumer spending has reduced state revenues nationwide at a
15 time when operating costs continue to rise.

16 Hawaii is experiencing a severe contraction in its visitor,
17 retail, and construction industries. As a consequence, the



1 council on revenues has lowered its revenue projections five
2 times during 2008 and, twice more during the first half of 2009.
3 The cumulative effect of these successive reductions in revenue
4 estimates for fiscal years 2008-2009, 2009-2010, and 2010-2011
5 is a substantial decrease in the amount of general funds that
6 the State can expect in the immediate and near future. Given
7 the level of spending and the anticipated rising cost of state
8 operations, a \$2,100,000,000 general fund budget shortfall is
9 projected by the end of fiscal year 2010-2011 if corrective
10 action is not taken.

11 The legislature finds that due to the extraordinary fiscal
12 crisis the State faces, non-general funds must be reviewed and
13 scrutinized to determine if excess balances are available. The
14 legislature further finds that transfers of excess balances are
15 needed to help address the critical budget shortfall in fiscal
16 biennium 2009-2011.

17 SECTION 2. Section 138-3, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "[+]§138-3[+] Wireless enhanced 911 fund. There is
20 established outside the state treasury a special fund, to be
21 known as the wireless enhanced 911 fund, to be administered by
22 the board. The fund shall consist of amounts collected under



1 section 138-4. [~~Moneys paid into the fund are not general fund~~
2 ~~revenues of the State.~~] The board shall place the funds in an
3 interest-bearing account at any federally insured financial
4 institution, separate and apart from the general fund of the
5 State. Moneys in the fund shall be expended exclusively by the
6 board for the purposes of ensuring adequate cost recovery for
7 the deployment of phase I and phase II wireless enhanced 911
8 service and for expenses of administering the fund. Any funds
9 that accumulate in the wireless enhanced 911 fund shall be
10 retained in the fund unless determined by the legislature to be
11 in excess."

12 SECTION 3. Section 342G-104, Hawaii Revised Statutes, is
13 amended by amending subsection (c) to read as follows:

14 "(c) Any funds that accumulate in the deposit beverage
15 container deposit special fund shall be retained in the fund
16 unless determined by the [~~auditor~~] legislature to be in excess [~~7~~
17 ~~after adjustments to the deposit beverage fee, pursuant to the~~
18 ~~management and financial audits conducted in accordance with~~
19 ~~section 342G-107]."~~

20 SECTION 4. The legislature determines that there is in the
21 wireless enhanced 911 fund at least \$16,000,000 in excess of the
22 requirements of the fund. On June 1, 2009, the director of



1 finance is authorized to transfer from the wireless enhanced 911
2 fund to the general fund the sum of \$16,000,000 or so much
3 thereof as may be necessary for fiscal year 2008-2009.

4 PART II

5 SECTION 5. The legislature finds that section 37-53,
6 Hawaii Revised Statutes, provides the governor nearly unlimited
7 authority to transfer non-general funds to the general fund.
8 Section 37-53 provides that:

9 At any time during a fiscal year, notwithstanding any
10 other law to the contrary, any department may, with
11 the approval of the governor or the director of
12 finance if so delegated by the governor, transfer from
13 any special fund relating to such department to the
14 general revenues of the State all or any portion of
15 moneys determined to be in excess of fiscal year
16 requirements for such special fund, except for special
17 funds under the control of the department of
18 transportation relating to highways, airports,
19 transportation use, and harbors activities, special
20 funds under the control of the Hawaii health systems
21 corporation or subaccounts under the control of its
22 regional system boards, and special funds of the



1 University of Hawaii. At any time the department of
2 transportation, with the approval of the governor or
3 the director of finance if so delegated by the
4 governor, may transfer from any special fund under the
5 control of the department of transportation, or from
6 any account within any such special fund, to the
7 general revenues of the State or to any other special
8 fund under the control of the department of
9 transportation all or any portion of moneys determined
10 to be in excess of requirements for the ensuing twelve
11 months determined as prescribed by rules adopted
12 pursuant to chapter 91; provided that no such transfer
13 shall be made which would cause a violation of federal
14 law or federal grant agreements.

15 This part mandates the transfer of non-general funds to the
16 general fund.

17 SECTION 6. The legislature determines that there is in the
18 agricultural loan reserve fund at least \$500,000 in excess of
19 the requirements of the fund. On June 1, 2009, the director of
20 finance is authorized to transfer from the agricultural loan
21 reserve fund to the general fund the sum of \$500,000 or so much
22 thereof as may be necessary for fiscal year 2008-2009.



1 SECTION 7. The legislature determines that there is in the
2 agricultural loan revolving fund at least \$5,000,000 in excess
3 of the requirements of the fund. On June 1, 2009, the director
4 of finance is authorized to transfer from the agricultural loan
5 revolving fund to the general fund the sum of \$5,000,000 or so
6 much thereof as may be necessary for fiscal year 2008-2009.

7 SECTION 8. The legislature determines that there is in the
8 state risk management revolving fund at least \$5,000,000 in
9 excess of the requirements of the fund. On June 1, 2009, the
10 director of finance is authorized to transfer from the state
11 risk management revolving fund to the general fund the sum of
12 \$5,000,000 or so much thereof as may be necessary for fiscal
13 year 2008-2009.

14 SECTION 9. The legislature determines that there is in the
15 stadium special fund at least \$1,500,000 in excess of the
16 requirements of the fund. On June 1, 2009, the director of
17 finance is authorized to transfer from the stadium special fund
18 to the general fund the sum of \$1,500,000 or so much thereof as
19 may be necessary for fiscal year 2008-2009.

20 SECTION 10. The legislature determines that there is in
21 the medicaid investigations recovery fund at least \$1,500,000 in
22 excess of the requirements of the fund. On June 1, 2009, the



1 director of finance is authorized to transfer from the medicaid
2 investigations recovery fund to the general fund the sum of
3 \$1,500,000 or so much thereof as may be necessary for fiscal
4 year 2008-2009.

5 SECTION 11. The legislature determines that there is in
6 the state identification revolving fund at least \$700,000 in
7 excess of the requirements of the fund. On June 1, 2009, the
8 director of finance is authorized to transfer from the state
9 identification revolving fund to the general fund the sum of
10 \$700,000 or so much thereof as may be necessary for fiscal year
11 2008-2009.

12 SECTION 12. The legislature determines that there is in
13 the hydrogen investment capital special fund at least \$2,000,000
14 in excess of the requirements of the fund. On June 1, 2009, the
15 director of finance is authorized to transfer from the hydrogen
16 investment capital special fund to the general fund the sum of
17 \$2,000,000 or so much thereof as may be necessary for fiscal
18 year 2008-2009.

19 SECTION 13. The legislature determines that there is in
20 the housing finance revolving fund at least \$20,000,000 in
21 excess of the requirements of the fund. On June 1, 2009, the
22 director of finance is authorized to transfer from the housing



1 finance revolving fund to the general fund the sum of
2 \$20,000,000 or so much thereof as may be necessary for fiscal
3 year 2008-2009.

4 SECTION 14. The legislature determines that there is in
5 the compliance resolution fund at least \$3,300,000 in excess of
6 the requirements of the fund. On June 1, 2009, the director of
7 finance is authorized to transfer from the compliance resolution
8 fund to the general fund the sum of \$3,300,000 or so much
9 thereof as may be necessary for fiscal year 2008-2009.

10 SECTION 15. The legislature determines that there is in
11 the drug demand reduction assessments special fund at least
12 \$1,000,000 in excess of the requirements of the fund. On June
13 1, 2009, the director of finance is authorized to transfer from
14 the drug demand reduction assessments special fund to the
15 general fund the sum of \$1,000,000 or so much thereof as may be
16 necessary for fiscal year 2008-2009.

17 SECTION 16. The legislature determines that there is in
18 the Hawaii tobacco settlement special fund at least \$20,000,000
19 in excess of the requirements of the fund. On June 1, 2009, the
20 director of finance is authorized to transfer from the Hawaii
21 tobacco settlement special fund to the general fund the sum of



1 \$20,000,000 or so much thereof as may be necessary for fiscal
2 year 2008-2009.

3 SECTION 17. The legislature determines that there is in
4 the neurotrauma special fund at least \$750,000 in excess of the
5 requirements of the fund. On June 1, 2009, the director of
6 finance is authorized to transfer from the neurotrauma special
7 fund to the general fund the sum of \$750,000 or so much thereof
8 as may be necessary for fiscal year 2008-2009.

9 SECTION 18. The legislature determines that there is in
10 the emergency medical services special fund at least \$4,000,000
11 in excess of the requirements of the fund. On June 1, 2009, the
12 director of finance is authorized to transfer from the emergency
13 medical services special fund to the general fund the sum of
14 \$4,000,000 or so much thereof as may be necessary for fiscal
15 year 2008-2009.

16 SECTION 19. The legislature determines that there is in
17 the environmental management special fund at least \$2,000,000 in
18 excess of the requirements of the fund. On June 1, 2009, the
19 director of finance is authorized to transfer from the
20 environmental management special fund to the general fund the
21 sum of \$2,000,000 or so much thereof as may be necessary for
22 fiscal year 2008-2009.



1 SECTION 20. The legislature determines that there is in
2 the judiciary computer system special fund at least \$1,000,000
3 in excess of the requirements of the fund. On June 1, 2009, the
4 director of finance is authorized to transfer from the judiciary
5 computer system special fund to the general fund the sum of
6 \$1,000,000 or so much thereof as may be necessary for fiscal
7 year 2008-2009.

8 SECTION 21. The legislature determines that there is in
9 the special fund for disability benefits at least \$7,000,000 in
10 excess of the requirements of the fund. On June 1, 2009, the
11 director of finance is authorized to transfer from the special
12 fund for disability benefits to the general fund the sum of
13 \$7,000,000 or so much thereof as may be necessary for fiscal
14 year 2008-2009.

15 SECTION 22. The legislature determines that there is in
16 the special land and development fund at least \$1,000,000 in
17 excess of the requirements of the fund. On June 1, 2009, the
18 director of finance is authorized to transfer from the special
19 land and development fund to the general fund the sum of
20 \$1,000,000 or so much thereof as may be necessary for fiscal
21 year 2008-2009.



1 SECTION 23. The legislature determines that there is in
2 the dwelling unit revolving fund at least \$600,000 in excess of
3 the requirements of the fund. On June 1, 2009, the director of
4 finance is authorized to transfer from the dwelling unit
5 revolving fund to the general fund the sum of \$600,000 or so
6 much thereof as may be necessary for fiscal year 2008-2009.

7 SECTION 24. The legislature determines that there is in
8 the University of Hawaii research and training revolving fund at
9 least \$5,100,000 in excess of the requirements of the fund. On
10 June 1, 2009, the director of finance is authorized to transfer
11 from the University of Hawaii research and training revolving
12 fund to the general fund the sum of \$5,100,000 or so much
13 thereof as may be necessary for fiscal year 2008-2009.

14 PART III

15 SECTION 25. The purpose of this part is to repeal the
16 provisions that exempt certain special funds from assessments
17 for central service and departmental administrative expenses.

18 SECTION 26. Section 21D-5, Hawaii Revised Statutes, is
19 amended by amending subsection (c) to read as follows:

20 "(c) The Hawaii legislative publications special fund
21 shall not be subject to section [~~36-27, 36-30, or~~] 37-53."



1 SECTION 27. Section 36-27, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§36-27 Transfers from special funds for central service
4 expenses. Except as provided in this section, and
5 notwithstanding any other law to the contrary, from time to
6 time, the director of finance, for the purpose of defraying the
7 prorated estimate of central service expenses of government in
8 relation to all special funds, except the:

- 9 (1) Special out-of-school time instructional program fund
10 under section 302A-1310;
- 11 (2) School cafeteria special funds of the department of
12 education;
- 13 (3) Special funds of the University of Hawaii;
- 14 (4) State educational facilities improvement special fund;
- 15 (5) Convention center enterprise special fund under
16 section 201B-8;
- 17 (6) Special funds established by section 206E-6;
- 18 (7) Housing loan program revenue bond special fund;
- 19 (8) Housing project bond special fund;
- 20 (9) Aloha Tower fund created by section 206J-17;
- 21 (10) Funds of the employees' retirement system created by
22 section 88-109;



- 1 (11) Unemployment compensation fund established under
- 2 section 383-121;
- 3 (12) Hawaii hurricane relief fund established under chapter
- 4 431P;
- 5 (13) Hawaii health systems corporation special funds and
- 6 the subaccounts of its regional system boards;
- 7 (14) Tourism special fund established under section
- 8 201B-11;
- 9 (15) Universal service fund established under chapter 269;
- 10 (16) Emergency and budget reserve fund under section
- 11 328L-3;
- 12 (17) Public schools special fees and charges fund under
- 13 section 302A-1130(f);
- 14 (18) Sport fish special fund under section 187A-9.5;
- 15 [~~19~~] ~~Neurotrauma special fund under section 321H-4;~~
- 16 ~~(20) Deposit beverage container deposit special fund under~~
- 17 ~~section 342G-104;~~
- 18 ~~(21)]~~ (19) Glass advance disposal fee special fund
- 19 established by section 342G-82;
- 20 [~~22~~] (20) Center for nursing special fund under section
- 21 304A-2163;



1 ~~[(23)]~~ (21) Passenger facility charge special fund
2 established by section 261-5.5;

3 ~~[(24)]~~ ~~Solicitation of funds for charitable purposes special~~
4 ~~fund established by section 467B-15;~~

5 ~~(25)~~ ~~Land conservation fund established by section 173A-5;~~

6 ~~(26)]~~ (22) Court interpreting services revolving fund under
7 section 607-1.5;

8 ~~[(27)]~~ ~~Trauma system special fund under section 321-22.5;~~

9 ~~(28)]~~ (23) Hawaii cancer research special fund;

10 ~~[(29)]~~ (24) Community health centers special fund;

11 ~~[(30)]~~ (25) Emergency medical services special fund; and

12 ~~[(31)]~~ (26) Rental motor vehicle customer facility charge
13 special fund established under section 261-5.6[~~7~~],
14 shall deduct five per cent of all receipts of all ~~[other]~~
15 special funds, which deduction shall be transferred to the
16 general fund of the State and become general realizations of the
17 State. All officers of the State and other persons having power
18 to allocate or disburse any special funds shall cooperate with
19 the director in effecting these transfers. To determine the
20 proper revenue base upon which the central service assessment is
21 to be calculated, the director shall adopt rules pursuant to
22 chapter 91 for the purpose of suspending or limiting the



1 application of the central service assessment of any fund. No
2 later than twenty days prior to the convening of each regular
3 session of the legislature, the director shall report all
4 central service assessments made during the preceding fiscal
5 year."

6 SECTION 28. Section 36-30, Hawaii Revised Statutes, is
7 amended by amending subsection (a) to read as follows:

8 "(a) Each special fund, except the:

- 9 (1) Transportation use special fund established by section
10 261D-1;
- 11 (2) Special out-of-school time instructional program fund
12 under section 302A-1310;
- 13 (3) School cafeteria special funds of the department of
14 education;
- 15 (4) Special funds of the University of Hawaii;
- 16 (5) State educational facilities improvement special fund;
- 17 (6) Special funds established by section 206E-6;
- 18 (7) Aloha Tower fund created by section 206J-17;
- 19 (8) Funds of the employees' retirement system created by
20 section 88-109;
- 21 (9) Unemployment compensation fund established under
22 section 383-121;



- 1 (10) Hawaii hurricane relief fund established under
- 2 ~~[chapter 431P,]~~ section 431P-2;
- 3 (11) Convention enter enterprise special fund established
- 4 under section 201B-8;
- 5 (12) Hawaii health systems corporation special funds and
- 6 the subaccounts of its regional system boards;
- 7 (13) Tourism special fund established under section
- 8 201B-11;
- 9 (14) Universal service fund established under chapter 269;
- 10 (15) Emergency and budget reserve fund under section
- 11 328L-3;
- 12 (16) Public schools special fees and charges fund under
- 13 section 302A-1130(f);
- 14 (17) Sport fish special fund under section 187A-9.5;
- 15 ~~[-(18) Neurotrauma special fund under section 321H-4,~~
- 16 ~~-(19)]~~ (18) Center for nursing special fund under section
- 17 304A-2163;
- 18 ~~[-(20)]~~ (19) Passenger facility charge special fund
- 19 established by section 261-5.5;
- 20 ~~[-(21)]~~ (20) Court interpreting services revolving fund under
- 21 section 607-1.5;
- 22 ~~-(22) Trauma system special fund under section 321-22.5,~~



1 ~~(23)~~ (21) Hawaii cancer research special fund;
 2 ~~(24)~~ (22) Community health centers special fund;
 3 ~~(25)~~ (23) Emergency medical services special fund; and
 4 ~~(26)~~ (24) Rental motor vehicle customer facility charge
 5 special fund established under section 261-5.6,
 6 shall be responsible for its pro rata share of the
 7 administrative expenses incurred by the department responsible
 8 for the operations supported by the special fund concerned."

PART IV

10 SECTION 29. The purpose of this part is to provide for the
 11 temporary transfer into the general fund of interest earned on
 12 short-term investment or deposit of moneys of certain special
 13 funds, revolving funds, and special accounts.

14 This part does not require the temporary transfer of any
 15 fee or user charge collected from a beneficiary of a state
 16 service. It only provides for the temporary transfer of
 17 interest earned on the unexpended fee or charge. Thus, the
 18 legislature intends that this part be in conformance with state
 19 judicial interpretation concerning the proper use of the
 20 proceeds from a fee or user charge established by a state
 21 agency.



1 SECTION 30. (a) Notwithstanding any other law to the
2 contrary, from July 1, 2009, until June 30, 2015, the director
3 of finance may deposit into the general fund the interest earned
4 on the short-term investment of moneys of the special funds,
5 revolving funds, and special accounts listed in this section.
6 For purposes of this section, "short-term investment" means an
7 investment made by the director of finance in accordance with
8 section 36-21, Hawaii Revised Statutes.

9 This subsection shall be applicable to the following
10 special funds, revolving funds, and special accounts:

- 11 (1) Tobacco enforcement special fund -- section 28-15,
12 Hawaii Revised Statutes;
- 13 (2) Environmental response revolving fund -- section 128D-
14 2, Hawaii Revised Statutes;
- 15 (3) Special land and development fund -- section 171-19,
16 Hawaii Revised Statutes;
- 17 (4) Beach restoration special fund -- section 171-156,
18 Hawaii Revised Statutes;
- 19 (5) Land conservation fund -- section 173A-5, Hawaii
20 Revised Statutes;
- 21 (6) Dam and reservoir safety special fund -- section 179D-
22 25, Hawaii Revised Statutes;



- 1 (7) State parks special fund -- section 184-3.4, Hawaii
2 Revised Statutes;
- 3 (8) Firefighter's contingency fund -- section 185-4(d),
4 Hawaii Revised Statutes;
- 5 (9) Commercial fisheries special fund -- section 189-2.4,
6 Hawaii Revised Statutes;
- 7 (10) Natural area reserve fund -- section 195-9, Hawaii
8 Revised Statutes;
- 9 (11) Forest stewardship fund -- section 195F-4, Hawaii
10 Revised Statutes;
- 11 (12) Housing finance revolving fund -- section 201H-80,
12 Hawaii Revised Statutes;
- 13 (13) Rental assistance revolving fund -- section 201H-123,
14 Hawaii Revised Statutes;
- 15 (14) Dwelling unit revolving fund -- section 201H-191,
16 Hawaii Revised Statutes;
- 17 (15) Rental motor vehicle customer facility charge special
18 fund -- section 261-5.6, Hawaii Revised Statutes;
- 19 (16) Education research and development revolving fund --
20 section 302A-305, Hawaii Revised Statutes;
- 21 (17) School bus fare revolving fund -- section 302A-407.5,
22 Hawaii Revised Statutes;



- 1 (18) Hawaii teacher standards board special fund -- section
- 2 302A-806, Hawaii Revised Statutes;
- 3 (19) Textbook and instructional materials fee special
- 4 account -- section 302A-1130.6, Hawaii Revised
- 5 Statutes;
- 6 (20) After-school plus program revolving fund -- section
- 7 302A-1149.5, Hawaii Revised Statutes;
- 8 (21) Food distribution program revolving fund -- section
- 9 302A-1315, Hawaii Revised Statutes;
- 10 (22) Federal grants search, development, and application
- 11 revolving fund -- section 302A-1405, Hawaii Revised
- 12 Statutes;
- 13 (23) School-level minor repairs and maintenance special
- 14 fund -- section 302A-1504.5, Hawaii Revised Statutes;
- 15 (24) Domestic violence and sexual assault special fund --
- 16 section 321-1.3, Hawaii Revised Statutes;
- 17 (25) Early intervention special fund -- section 321-355,
- 18 Hawaii Revised Statutes;
- 19 (26) Public health nursing services special fund -- section
- 20 321-432, Hawaii Revised Statutes;
- 21 (27) Neurotrauma special fund -- section 321H-4, Hawaii
- 22 Revised Statutes;



- 1 (28) State health planning and development special fund --
2 section 323D-12.6, Hawaii Revised Statutes;
- 3 (29) Hawaii tobacco settlement special fund -- section
4 328L-2, Hawaii Revised Statutes;
- 5 (30) Vital statistics improvement special fund -- section
6 338-14.6, Hawaii Revised Statutes;
- 7 (31) Wastewater treatment certification board special fund
8 -- section 340B-3.5, Hawaii Revised Statutes;
- 9 (32) Deposit beverage container deposit special fund --
10 section 342G-104, Hawaii Revised Statutes;
- 11 (33) Leaking underground storage tank fund -- section 342L-
12 51, Hawaii Revised Statutes;
- 13 (34) Correctional industries revolving fund -- section
14 354D-10, Hawaii Revised Statutes;
- 15 (35) Employment and training fund -- section 383-128,
16 Hawaii Revised Statutes;
- 17 (36) Hoisting machine operators' certification revolving
18 fund -- section 396-20, Hawaii Revised Statutes;
- 19 (37) Notaries public revolving fund -- section 456-9.5,
20 Hawaii Revised Statutes;
- 21 (38) Solicitation of funds for charitable purposes special
22 fund -- section 467B-15, Hawaii Revised Statutes;



- 1 (39) Bureau of conveyances special fund -- section 502-8,
- 2 Hawaii Revised Statutes;
- 3 (40) Drug demand reduction assessments special fund --
- 4 section 706-650, Hawaii Revised Statutes;
- 5 (41) Criminal forfeiture fund -- section 712A-16, Hawaii
- 6 Revised Statutes;
- 7 (42) Criminal history record improvement revolving fund --
- 8 section 846-10.6, Hawaii Revised Statutes; and
- 9 (43) State identification revolving fund -- section 846-27,
- 10 Hawaii Revised Statutes.

11 (b) Notwithstanding any other law to the contrary, from
 12 July 1, 2009, until June 30, 2015, the chief justice may
 13 transfer to the director of finance any interest earned on the
 14 short-term investment by the judiciary of moneys of the
 15 following special and revolving funds. Upon receipt, the
 16 director of finance shall deposit the moneys in the general
 17 fund.

18 The special and revolving funds, to which this subsection
 19 is applicable, shall be the following:

- 20 (1) Supreme court law library revolving fund -- section
- 21 601-3.5, Hawaii Revised Statutes; and



1 (2) Judiciary computer system special fund -- section 601-
2 3.7, Hawaii Revised Statutes.

3 SECTION 31. Section 36-21, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) The director of finance may invest any moneys of the
6 State which in the director's judgment are in excess of the
7 amounts necessary for meeting the immediate requirements of the
8 State and where in the director's judgment the action will not
9 impede or hamper the necessary financial operations of the State
10 in:

11 (1) Any bonds or interest-bearing notes or obligations:

12 (A) Of the State (including state director of
13 finance's warrant notes issued pursuant to
14 chapter 40);

15 (B) Of the United States;

16 (C) For which the faith and credit of the United
17 States are pledged for the payment of principal
18 and interest;

19 (2) Federal Farm Credit System notes and bonds;

20 (3) Federal Agricultural Mortgage Corporation notes and
21 bonds;

22 (4) Federal Home Loan Bank notes and bonds;



- 1 (5) Federal Home Loan Mortgage Corporation bonds;
- 2 (6) Federal National Mortgage Association notes and bonds;
- 3 (7) Student Loan Marketing Association notes and bonds;
- 4 (8) Tennessee Valley Authority notes and bonds;
- 5 (9) Securities of a mutual fund whose portfolio is limited
- 6 to bonds or securities issued or guaranteed by the
- 7 United States or an agency thereof or repurchase
- 8 agreements fully collateralized by any such bonds or
- 9 securities;
- 10 (10) Securities of a money market mutual fund that is rated
- 11 AAA, or its equivalent, by a nationally recognized
- 12 rating agency or whose portfolio consists of
- 13 securities that are rated as first tier securities by
- 14 a nationally recognized statistical rating
- 15 organization as provided in 17 Code of Federal
- 16 Regulations [~~section~~] Section 270.2a-7;
- 17 (11) Federally insured savings accounts;
- 18 (12) Time certificates of deposit;
- 19 (13) Certificates of deposit open account;
- 20 (14) Repurchase agreements with federally insured banks,
- 21 savings and loan associations, and financial services
- 22 loan companies;



- 1 (15) Student loan resource securities including:
 - 2 (A) Student loan auction rate securities;
 - 3 (B) Student loan asset-backed notes;
 - 4 (C) Student loan program revenue notes and bonds; and
 - 5 (D) Securities issued pursuant to Rule 144A of the
 - 6 Securities Act of 1933, including any private
 - 7 placement issues;
 - 8 issued with either bond insurance or
 - 9 overcollateralization guaranteed by the United States
 - 10 Department of Education; provided all insurers
 - 11 maintain a triple-A rating by Standard & Poor's,
 - 12 Moody's, Duff & Phelps, Fitch, or any other major
 - 13 national securities rating agency;
- 14 (16) Commercial paper with an A1/P1 or equivalent rating by
- 15 any national securities rating service; and
- 16 (17) Bankers' acceptances with an A1/P1 or equivalent
- 17 rating by any national securities rating service;
- 18 provided that the investments are due to mature not more than
- 19 five years from the date of investment. Income derived from
- 20 those investments shall be a realization of the general fund;
- 21 provided that, except as provided by Act _____, Session Laws
- 22 of Hawaii 2009, income earned from moneys invested by the



1 general funds, special funds, bond funds, and trust and agency
2 funds on an investment pool basis shall be paid into and
3 credited to the respective funds based on the contribution of
4 moneys into the investment pool by each fund. As used in this
5 section, "investment pool" means the aggregate of state treasury
6 moneys that are maintained in the custody of the director of
7 finance for investment and reinvestment without regard to fund
8 designation."

9 PART V

10 SECTION 32. If any provision of this Act, or the
11 application thereof to any person or circumstance is held
12 invalid, the invalidity does not affect other provisions or
13 applications of the Act which can be given effect without the
14 invalid provision or application, and to this end the provisions
15 of this Act are severable.

16 SECTION 33. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 34. This Act shall take effect upon its approval;
19 provided that:

- 20 (1) Part I shall take effect on June 1, 2009;
- 21 (2) Part II shall take effect on June 1, 2009;



- 1 (3) Part III shall take effect on July 1, 2009, and shall
2 be repealed on June 30, 2015; provided that sections
3 21D-5, 36-27, 36-30, 201-85, 304A-3005, 342D-82, and
4 261D-3, Hawaii Revised Statutes, shall be reenacted in
5 the form in which they read on June 30, 2009; and
6 (4) Part IV shall take effect on July 1, 2009, and shall
7 be repealed on July 1, 2015; provided that section 36-
8 21, Hawaii Revised Statutes, shall be reenacted in the
9 form in which it read on June 30, 2009.

APPROVED this 28 day of MAY, 2009


GOVERNOR OF THE STATE OF HAWAII