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# A BILL FOR AN ACT

RELATING TO STATE FUNDS.

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

- 1 SECTION 1. The purpose of this Act is to repeal,  
2 terminate, or close certain statutorily or administratively  
3 established revolving or trust funds that were clearly  
4 identified by the auditor for repeal, termination, or closure in  
5 the auditor's report no. 10-09, November 2010, to the  
6 legislature, entitled "Review of Revolving Funds, Trust Funds,  
7 and Trust Accounts of the Judiciary and the Departments of  
8 Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and  
9 Human Services". Specifically, these funds are as follows:
- 10 (1) Pulama I Na 'Opio O Hawaii trust fund;
  - 11 (2) Travel agency recovery fund trust fund;
  - 12 (3) Collections revolving funds;
  - 13 (4) Federal maximization revolving fund;
  - 14 (5) Hawaii public housing authority administration  
15 revolving fund;
  - 16 (6) Health care revolving fund;
  - 17 (7) Kahikolu 'Ohana O Wai'anae project trust fund; and
  - 18 (8) Teacher's housing operating fund.



1           Furthermore, this Act requires state agencies to report to  
2 the legislature prior to the regular session of 2012 on their  
3 non-general funds.

4           SECTION 2. Section 23-11, Hawaii Revised Statutes, is  
5 amended to read as follows:

6           "~~§~~**23-11** **New special or revolving funds.** (a) Within  
7 five days after the deadline for the introduction of bills in  
8 each legislative session, the clerks of each house of the  
9 legislature shall transmit~~[,]~~ to the ~~[legislative]~~ auditor for  
10 analysis, copies of all legislative bills that were introduced  
11 in their respective houses during that session that propose to  
12 establish new special or revolving funds.

13           (b) The criteria to be used by the auditor in analyzing  
14 each legislative bill shall include~~[, but not be limited to,]~~  
15 the extent to which the fund:

- 16           (1) Serves the purpose for which it is being created; and  
17           (2) Reflects a clear link between the benefit sought and  
18           ~~[changes]~~ charges made upon the users or beneficiaries  
19           of the program, as opposed to serving primarily as a  
20           means to provide the program or users with an  
21           automatic means of support which is removed from the  
22           normal budget and appropriations process.



1 Each analysis shall set forth the probable effects of the  
2 proposed fund and shall also assess alternative forms of  
3 funding.

4 (c) No later than thirty days prior to the adjournment  
5 sine die of each legislative session, the [~~legislative~~] auditor  
6 shall submit the analysis of each transmitted legislative bill  
7 to each house of the legislature."

8 SECTION 3. Act 285, Session Laws of Hawaii 1991, is  
9 amended by amending section 4 to read as follows:

10 "SECTION 4. Effective October 1, 1991, all funds remaining  
11 in the travel agency recovery fund shall be held for  
12 disbursement to claimants pursuant to section 468K-5, Hawaii  
13 Revised Statutes, until the fund is exhausted; provided,  
14 however, that all such claims are limited to claims arising from  
15 travel services purchased prior to October 1, 1991; provided  
16 further that no lawsuit commenced on or after October 1, 1993,  
17 shall be effective to result in a recovery from the travel  
18 agency recovery fund.

19 Upon being notified of a civil proceeding that may result  
20 in a claim against the travel agency recovery fund, pursuant to  
21 section 468K-5, Hawaii Revised Statutes, the director shall  
22 reserve \$8,000 for each licensee involved in each civil



1 proceeding. The funds reserved shall be released only upon the  
2 entry of judgment and an order of payment, and shall be released  
3 and paid in accordance with the court's orders. Any reserved  
4 funds that remain after payment pursuant to court order shall  
5 revert to being unreserved funds within the travel agency  
6 recovery fund, subject to reservation in any future case.

7 All funds remaining in the travel agency recovery fund  
8 after the resolution of all civil proceedings commenced prior to  
9 October 1, 1993, if any, shall become part of the compliance  
10 resolution fund for use in travel agency-related cases[-];  
11 provided that the travel agency recovery fund shall be closed on  
12 June 30, 2011."

13 SECTION 4. The judiciary shall terminate the  
14 administratively established Pulama I Na 'Opio O Hawaii trust  
15 fund at the close of business on June 30, 2011.

16 SECTION 5. The Maui regional system board, east Hawaii  
17 regional board, and the west Hawaii regional board of the Hawaii  
18 health systems corporation shall terminate their  
19 administratively established collections revolving funds at the  
20 close of business on June 30, 2011.



1 SECTION 6. The department of human services shall  
2 terminate the following administratively established revolving  
3 funds or trust funds:

- 4 (1) Federal maximization revolving fund;
  - 5 (2) Hawaii public housing authority administration  
6 revolving fund; and
  - 7 (3) Kahikolu 'Ohana O Wai'anae project trust fund;
- 8 at the close of business on June 30, 2011.

9 SECTION 7. The director of finance is authorized to  
10 transfer to the general fund any balances remaining as of June  
11 30, 2011, in the following funds:

- 12 (1) Collections revolving funds;
- 13 (2) Federal maximization revolving fund;
- 14 (3) Health care revolving fund;
- 15 (4) Hawaii public housing authority administration  
16 revolving fund;
- 17 (5) Kahikolu 'Ohana O Wai'anae project trust fund;
- 18 (6) Pulama I Na 'Opio O Hawaii trust fund; and
- 19 (7) Teacher's housing operating fund.

20 SECTION 8. (a) Not fewer than twenty days prior to the  
21 convening of the regular session of 2012, each state agency  
22 shall submit a report to the legislature that identifies every



1 non-general fund under its control or administration. For each  
2 such non-general fund, the state agency shall, at a minimum,  
3 indicate:

4 (1) Whether any general funds were ever requested to be  
5 deposited into the non-general fund;

6 (3) Whether the auditor has ever conducted a five-year  
7 review of the non-general fund;

8 (4) Whether the auditor has ever recommended the closure  
9 of the non-general fund;

10 (5) The balance of the non-general fund as of the end of  
11 fiscal year 2010-2011;

12 (6) The schedule of revenues and expenditures of the non-  
13 general fund, on an accrual basis, as of the end of  
14 fiscal year 2010-2011;

15 (7) The budget of the non-general fund for fiscal year  
16 2011-2012;

17 (8) A justification for the ending balance in the non-  
18 general fund as of the end of fiscal year 2010-2011;  
19 and

20 (9) Any other disclosures that will provide a better  
21 understanding of the purposes and uses of the non-  
22 general fund.



1           (b) If any state agency fails to provide a report to the  
2 legislature that meets the requirements of subsection (a), the  
3 non-general funds under the control or administration of that  
4 state agency shall be terminated on June 30, 2012. The director  
5 of finance shall transfer to the general fund any unencumbered  
6 balance remaining in the non-general fund of that state agency  
7 as of June 30, 2012.

8           (c) For the purposes of this section, a "state agency"  
9 shall include but not be limited to the departments, branches,  
10 divisions, offices, and administratively attached entities  
11 within the executive branch of the State and the judiciary.

12           SECTION 9. Statutory material to be repealed is bracketed  
13 and stricken. New statutory material is underscored.

14           SECTION 10. This Act shall take effect upon its approval.



**Report Title:**

Revolving and Trust Funds

**Description:**

Repeals, terminates, or closes certain revolving and trust funds. Requires agencies to report to the 2012 Legislature on their non-general funds. (HB79 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

