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# A BILL FOR AN ACT

RELATING TO THE BUDGET.

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

1           SECTION 1. The State began using Hawaii Tobacco Settlement  
2 Special Fund moneys fifteen years ago to support tobacco  
3 prevention and control, health promotion, disease prevention,  
4 and children's health programs. Since then, the State has made  
5 great strides in tobacco prevention and control; however, the  
6 legislature finds that the revenue stream into the Tobacco  
7 Settlement Special Funds has fluctuated. In addition, varying  
8 state needs for tobacco prevention and control programs have led  
9 to significant variations in the allocations from the Hawaii  
10 tobacco settlement special fund from year to year.

11           The purpose of this Act is to enable greater budgetary  
12 stability and transparency over state funds and maximize  
13 financial resources for tobacco prevention and control by:

14           (1) Amending the distribution amounts allocated from the  
15 Hawaii tobacco settlement fund; and

16           (2) Establishing, for certain allocations, a more direct  
17 process of appropriation of tobacco settlement special



1 funds by the legislature to fund specific tobacco  
2 prevention and control programs.

3 SECTION 2. Section 328L-2, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "**§328L-2 Hawaii tobacco settlement special fund.** (a)

6 There is established in the state treasury the Hawaii tobacco  
7 settlement special fund into which shall be deposited:

- 8 (1) All tobacco settlement moneys; and
- 9 (2) All interest and earnings accruing from the investment
- 10 of moneys in the fund[~~+~~].

11 ~~[provided that of all tobacco settlement moneys received by the~~  
 12 ~~State each fiscal year, the sum representing the first \$350,000~~  
 13 ~~of those moneys shall first be deposited in the state treasury~~  
 14 ~~in each fiscal year to the credit of the tobacco enforcement~~  
 15 ~~special fund.]~~ The Hawaii tobacco settlement special fund shall  
 16 be administered by the department.

17 (b) The fund shall be used for the purpose of receiving,  
18 allocating, and appropriating the tobacco settlement moneys as  
19 follows:

- 20 (1) Fifteen per cent shall be appropriated into the
- 21 emergency and budget reserve fund under section



1           328L-3; [~~provided that for fiscal years 2012 and 2013,~~  
2           ~~this percentage shall be deposited into the general~~  
3           ~~fund;~~

4           ~~(2) Twenty-five per cent shall be appropriated to the~~  
5           ~~department for purposes of section 328L-4;~~

6           ~~(3)]~~ (2) Six and one-half per cent shall be appropriated  
7           into the Hawaii tobacco prevention and control trust  
8           fund under section 328L-5; [~~provided that for fiscal~~  
9           ~~years 2012 and 2013, this percentage shall be~~  
10          ~~deposited into the general fund;~~

11          ~~(4)]~~ (3) Twenty-eight per cent shall be appropriated into  
12          the university revenue-undertakings fund created in  
13          section 304A-2167.5 to be applied to the payment of  
14          the principal of and interest on, and to generate  
15          required coverage, if any, for revenue bonds issued by  
16          the board of regents of the University of Hawaii to  
17          finance the cost of construction of a university  
18          health and wellness center, including a new medical  
19          school facility, to be situated on the island of Oahu,  
20          for the succeeding fiscal year; [~~and the payment of~~  
21          ~~annual operating expenses incurred by the new medical~~



1 ~~school facility;~~] provided that starting with fiscal  
2 year 2013-2014, the amount to be appropriated to the  
3 university revenue-undertakings fund shall be reduced  
4 to twenty-seven per cent; provided further that  
5 starting with fiscal year 2014-2015, the amount shall  
6 be reduced to twenty-six per cent; provided further  
7 that any moneys in excess of the amount required under  
8 this paragraph shall be transferred in the succeeding  
9 fiscal year to the general fund; and

10 [~~(5)~~] (4) [~~Twenty-five and one-half per cent~~] Any remaining  
11 amounts shall be deposited to the credit of the state  
12 general fund; provided that the one per cent reduction  
13 in the appropriation to the university revenue-  
14 undertakings fund for fiscal year 2013-2014 under  
15 paragraph [~~(4)~~] (3) shall be deposited to the credit  
16 of the general fund in addition to the [~~twenty-five~~  
17 ~~and one-half per cent~~] amount of Hawaii tobacco  
18 settlement special fund moneys deposited pursuant to  
19 this paragraph; provided further that the one per cent  
20 reduction in the appropriation to the university  
21 revenue-undertakings fund for fiscal year 2014-2015



1 under paragraph [~~4~~] (3) shall be deposited to the  
2 credit of the general fund in addition to the [~~twenty-~~  
3 ~~six and one-half per cent~~] amount of Hawaii tobacco  
4 settlement special fund moneys deposited pursuant to  
5 this paragraph;

6 in the succeeding fiscal year."

7 SECTION 3. Section 328L-5, Hawaii Revised Statutes, is  
8 amended as follows:

9 1. By amending subsection (a) to read:

10 "(a) There is established the Hawaii tobacco prevention  
11 and control trust fund as a separate fund of a nonprofit entity  
12 having a board of directors and qualifying under section  
13 501(c)(3) of the Internal Revenue Code of 1986, as amended, into  
14 which shall be deposited moneys received as provided under  
15 section [~~328L-2(b)(3)~~] 328L-2(b)(2). The director of health  
16 with the concurrence of the governor, shall select, in  
17 accordance with law, the entity based upon the proven record of  
18 accomplishment of the entity in administering a similar trust  
19 fund.

20 2. By amending subsection (e) to read:



1 (e) The assets of the Hawaii tobacco prevention and  
2 control trust fund shall consist of:

3 (1) Moneys appropriated under section [~~328L-2(b)(3)~~] 328L-  
4 (b)(2);

5 (2) Moneys appropriated to the Hawaii tobacco prevention  
6 and control trust fund by the state, county, or  
7 federal government;

8 (3) Private contributions of cash or property; and

9 (4) Income and capital gains earned by the trust fund."

10 SECTION 4. Section 328L-4, Hawaii Revised Statutes, is  
11 repealed.

12 [~~"§328L-4 Use of funds appropriated to the department.~~

13 ~~The department, immediately upon receipt of the moneys~~  
14 ~~appropriated pursuant to section 328L-2(b)(2) shall:~~

15 ~~(1) Transfer up to ten per cent of the total moneys~~  
16 ~~received by the State from tobacco settlement moneys~~  
17 ~~to the department of human services for the children's~~  
18 ~~health insurance program; and~~

19 ~~(2) Expend the remainder of the moneys received by the~~  
20 ~~department for health promotion and disease prevention~~  
21 ~~programs, including but not limited to, maternal child~~



1 ~~health and child development programs, promotion of~~  
2 ~~healthy lifestyles (including fitness, nutrition, and~~  
3 ~~tobacco control), and prevention oriented public~~  
4 ~~health programs.~~

5 ~~For purposes of paragraph (2), the director shall convene~~  
6 ~~an advisory group that shall be separate from the tobacco~~  
7 ~~prevention and control advisory board, to strategically plan the~~  
8 ~~development and implementation of preventive systems to achieve~~  
9 ~~measurable outcomes and to make recommendations for the~~  
10 ~~expenditure of these moneys. The advisory group shall be~~  
11 ~~composed of nine members with expertise in the programs under~~  
12 ~~paragraph (2), and shall be selected at the discretion of the~~  
13 ~~director." ]~~

14 SECTION 5. There is appropriated out of the general  
15 revenues of the State of Hawaii the sum of \$4,716,750 or so much  
16 thereof as may be necessary for fiscal year 2015-2016 and the  
17 same sum or so much thereof as may be necessary for fiscal year  
18 2016-2017 for health care payments (HMS401) for operating  
19 expenses of the children's health insurance program.

20 The sums appropriated shall be expended by the department  
21 of human services for the purposes of this Act.



1           SECTION 6. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$6,363,263 or so much  
3 thereof as may be necessary for fiscal year 2015-2016 and the  
4 sum of \$6,446,158 or so much thereof as may be necessary for  
5 fiscal year 2016-2017 for chronic disease prevention and health  
6 promotion (HTH590) for tobacco prevention and cessation  
7 operating expenses.

8           The sums appropriated shall be expended by the department  
9 of health for the purposes of this Act.

10          SECTION 7. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

12          SECTION 8. This Act shall take effect on July 1, 2015;  
13 provided that the amendments made in section 2 of this Act shall  
14 not be repealed when section 328L-2, Hawaii Revised Statutes, is  
15 reenacted on June 30, 2015, pursuant to section 2 of Act 138,  
16 Session Laws of Hawaii 2010.





**S.B. NO.** 101  
S.D. 1  
H.D. 1  
PROPOSED

**Report Title:**

Hawaii Tobacco Settlement Special Fund; Budget; MSA; Tobacco Settlement

**Description:**

Repeals the Hawaii Tobacco Settlement Special Fund.  
Appropriates general fund revenues to various programs supported by Hawaii Tobacco Settlement funds. (SB101 HD1 PROPOSED)

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