



GOV. MSG. NO. 1144

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

May 6, 2015

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 210
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on May 6, 2015, the following bill was signed into law:

HB1412 HD2 SD1

RELATING TO EDUCATION
ACT 044 (15)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

RECEIVED
SENATE
OFFICE OF THE PRESIDENT

'15 MAY -6 P4:09

'15 MAY -6 P5:24

RECEIVED
THE SENATE
CLERK'S OFFICE
STATE OF HAWAII

A BILL FOR AN ACT

RELATING TO EDUCATION.

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

1 SECTION 1. Section 40-1, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:
3 "(b) With respect to the executive branch, except the
4 University of Hawaii until June 30, 2016, the Hawaii tourism
5 authority, and the department of education [~~until June 30,~~
6 ~~2015~~], the comptroller shall have complete supervision of all
7 accounts. The comptroller shall preaudit all proposed payments
8 of \$10,000 or more to determine the propriety of expenditures
9 and compliance with executive orders and rules that may be in
10 effect. When necessary, the comptroller shall withhold approval
11 of any payment. Whenever approval is withheld, the department
12 or agency concerned shall be promptly notified. With respect to
13 the University of Hawaii, the Hawaii tourism authority, and the
14 department of education, the comptroller shall issue warrants
15 for the release of funds for the operating costs of the
16 university, the Hawaii tourism authority, or the department of
17 education, as applicable, in amounts and at times mutually
18 agreed upon by the governor or director of finance and the



1 university, the Hawaii tourism authority, or department of
2 education, as applicable; provided that:

- 3 (1) The amounts released shall not exceed the allotment
4 ceilings for the respective funding sources of the
5 university's or the department of education's
6 appropriations established by the governor for an
7 allotment period pursuant to section 37-34, or in the
8 case of the Hawaii tourism authority, revenues
9 received by the convention center enterprise special
10 fund and the tourism special fund pursuant to section
11 237D-6.5; and
- 12 (2) The comptroller may issue warrants as an advance from
13 the state treasury to the University of Hawaii, the
14 Hawaii tourism authority, and the department of
15 education to establish a checking account and provide
16 working capital in amounts and at times mutually
17 agreed upon by the governor or director of finance and
18 the University of Hawaii, the Hawaii tourism
19 authority, and the department of education.
- 20 The University of Hawaii and the department of education shall
21 preaudit all proposed payments of \$10,000 or more and shall



1 preaudit samples of the population of proposed payments of less
2 than \$10,000; provided that the sample size comprises at least
3 five per cent of the population, and is of a size that the chief
4 financial officers of the University of Hawaii and the
5 department of education, as applicable, determine appropriate,
6 to determine the propriety of expenditures and compliance with
7 applicable laws, executive orders, and rules. The Hawaii
8 tourism authority shall preaudit all proposed payments to
9 determine the propriety of expenditures and compliance with
10 applicable laws, executive orders, and rules as may be in
11 effect. The University of Hawaii, the Hawaii tourism authority,
12 and the department of education shall make disbursements for
13 operating expenses from the amounts released by the comptroller
14 and maintain records and documents necessary to support those
15 disbursements at times mutually agreed upon by the university
16 president, the executive director of the Hawaii tourism
17 authority, or the superintendent of education, as applicable,
18 and the comptroller; provided that when requested by the
19 university, the Hawaii tourism authority, or department of
20 education, the comptroller shall make all disbursements for the
21 university, the Hawaii tourism authority, or department of



1 education, as applicable, subject to available allotment. Funds
2 released pursuant to this section shall be deposited by the
3 university, the Hawaii tourism authority, or department of
4 education, as applicable, in accordance with the provisions
5 applicable to the director of finance by chapter 38. Except for
6 moneys deposited by the Hawaii tourism authority in the
7 convention center enterprise special fund pursuant to section
8 201B-8, and in the tourism special fund pursuant to section
9 201B-11, any interest earned on the deposit of funds released
10 pursuant to this section shall be deposited in the state
11 treasury at the end of each fiscal year."

12 SECTION 2. Section 40-2, Hawaii Revised Statutes, is
13 amended by amending subsection (a) to read as follows:

14 "(a) The accounting system installed by the commission on
15 public accountancy under Act 181, Session Laws of Hawaii 1923,
16 as amended by Act 220, Session Laws of Hawaii 1925, for use in
17 the offices of the comptroller, director of finance,
18 departmental and agency services of the State, and the auditors,
19 treasurers, departmental and agency services of the several
20 counties shall be the accounting and reporting systems of the
21 State and counties; provided that the University of Hawaii,



1 until June 30, 2016, may install a different accounting system
2 that shall be in conformity with generally accepted accounting
3 principles as applied to colleges and universities; and provided
4 further that the department of education [~~, until June 30, 2011,~~]
5 may install a different accounting system that shall be in
6 conformity to generally accepted accounting principles. The
7 comptroller shall make such changes and modifications in the
8 accounting system as shall from time to time appear to be in the
9 best interest of the State and counties."

10 SECTION 3. Section 40-4, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§40-4 Publication of statements.** The comptroller shall
13 prepare and submit to the governor, immediately following the
14 close of each fiscal year, a statement of income and expenditure
15 by funds, showing the principal sources of revenue, the function
16 or purpose for which expenditures were made, together with a
17 consolidated statement showing similar information for all
18 funds; also a statement showing the balance in each fund at the
19 beginning of the fiscal year, plus the receipts, minus the
20 disbursements, and the balance on hand at the close of the
21 fiscal year after deducting outstanding warrants and vouchers.



1 The comptroller may request all agencies, the judiciary, the
2 University of Hawaii until June 30, 2016, the Hawaii tourism
3 authority, the department of education [~~until June 30, 2011~~],
4 and the legislature to provide such information as may be
5 required for the preparation of statements."

6 SECTION 4. Section 40-6, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "§40-6 Approval of business and accounting forms. The
9 comptroller shall determine the forms required to adequately
10 supply accounting and statistical data for the state government.
11 The comptroller shall require heads of departments and
12 establishments of the state government to submit proposed new
13 forms or proposed changes in current business and accounting
14 forms for review and approval before ordering the same printed;
15 except that the University of Hawaii until June 30, 2016, the
16 Hawaii tourism authority, and the department of education [~~until
17 June 30, 2011,~~] shall be subject to this requirement only with
18 respect to uniform business and accounting forms of statewide
19 use in the State's accounting system. All standard state forms
20 shall be classified, numbered, and standardized in design,
21 dimensions, color, and grade of paper and recorded in a



1 catalogue of accounting and statistical forms by the
2 comptroller."

3 SECTION 5. Section 40-58, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "§40-58 In favor of assignees. No assignment of moneys by
6 a person to whom the State is directly indebted shall be
7 effective unless the assignment is first approved by the
8 comptroller or, in the case of the University of Hawaii until
9 June 30, 2016, and the department of education [~~until June 30,~~
10 ~~2011~~], by their respective chief financial officers. The
11 comptroller or the chief financial officers of the University of
12 Hawaii and the department of education may prescribe the form
13 for an assignment, and may approve the assignment within a
14 reasonable time period if, in their respective discretion, the
15 rights or obligations of the State, the University of Hawaii, or
16 the department of education under any contract or other
17 undertaking or under any law, rule, or order by a competent
18 authority will not be prejudiced thereby. Upon approval of the
19 assignment, the comptroller or the respective chief financial
20 officers of the University of Hawaii and the department of
21 education shall draw a warrant payable to the assignee. Except



1 as to contracts encumbered by the comptroller, the University of
2 Hawaii, or the department of education, each expending agency,
3 upon notification of the comptroller's approval of an
4 assignment, shall prepare a claim for payment in accordance with
5 the terms of the assignment."

6 SECTION 6. Section 40-81, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "§40-81 Report by agencies receiving special moneys. All
9 state officers, departments, boards, bureaus, commissions, or
10 agencies collecting or receiving any moneys not required by law
11 to be deposited in the state treasury shall report to the
12 comptroller all receipts and disbursements on account thereof
13 for each quarterly period of the calendar year not later than
14 the fifteenth day following the end of each quarterly period on
15 such forms and under such rules as may be prescribed by the
16 comptroller; provided that with respect to all moneys held
17 outside the state treasury by the University of Hawaii until
18 June 30, 2016, or the department of education [~~until June 30,~~
19 ~~2011,~~] pursuant to the authority granted to the university and
20 the department of education by this chapter, the University of
21 Hawaii and the department of education shall report to the



1 comptroller all transactions for each quarterly period not later
2 than the fifteenth day following the end of each quarterly
3 period on such forms and under such rules as may be prescribed
4 by the comptroller."

5 SECTION 7. Act 58, Session Laws of Hawaii 2004, as amended
6 by section 50 of Act 22, Session Laws of Hawaii 2005, as amended
7 by section 1 of Act 306, Session Laws of Hawaii 2006, as amended
8 by section 12 of Act 5, Special Session Laws of Hawaii 2009, as
9 amended by section 5 of Act 102, Session Laws of Hawaii 2010, is
10 amended by amending section 14 to read as follows:

11 "SECTION 14. This Act shall take effect upon its approval;
12 provided that:

13 (1) The amendments made to sections 40-1, 40-4, and 40-6,
14 Hawaii Revised Statutes, by part I of this Act shall
15 not be repealed when those sections are reenacted on
16 June 30, 2006, by section 1 of Act 137, Session Laws
17 of Hawaii 2005;

18 (2) Sections 3, 4, 5, 6, and 7 of part I shall be repealed
19 on June 30, 2015, and:

20 (A) Sections 201B-2 and 201B-11, Hawaii Revised
21 Statutes, shall be reenacted in the form in which



1 they read on May 5, 2004; except that the
2 amendments made by Act 5, Special Session Laws of
3 Hawaii 2009, to section 201B-2, Hawaii Revised
4 Statutes, and subsection (c) of section 201B-11,
5 Hawaii Revised Statutes, shall not be repealed;
6 and

7 (B) Sections 40-1, 40-4, and 40-6, Hawaii Revised
8 Statutes, shall be reenacted in the form in which
9 they read on [~~June 30, 1986;~~] May 5, 2004; and

10 (3) Section 9 shall take effect on July 1, 2004."

11 SECTION 8. Act 124, Session Laws of Hawaii 2010, is
12 amended by amending section 15 to read as follows:

13 "SECTION 15. This Act, upon its approval, shall take
14 effect retroactive to April 30, 2010; provided that:

15 (1) Part II shall only take effect upon the repeal and
16 reenactment of sections 40-1, 40-4, and 40-6, Hawaii
17 Revised Statutes, on June 30, 2010, pursuant to Act
18 58, Session Laws of Hawaii 2004, as amended; and

19 (2) Part III shall only take effect upon the repeal of
20 paragraph (2)(B) of section 14 of Act 58, Session Laws
21 of Hawaii 2004, as amended, pursuant to an Act of the



1 2010 legislature; or in the absence of that repeal,
2 upon the extension of the June 30, 2010, repeal date
3 in paragraph (2) of section 14 of Act 58, Session Laws
4 of Hawaii 2004, as amended, pursuant to an Act of the
5 2010 legislature[-]; provided further that the
6 amendments to sections 40-1, 40-4, and 40-6, Hawaii
7 Revised Statutes, by part III shall not be repealed
8 when those sections are repealed and reenacted
9 pursuant to section 5 of Act 102, Session Laws of
10 Hawaii 2010."

11 SECTION 9. Act 161, Session Laws of Hawaii 2010, is
12 amended by amending section 8 to read as follows:

13 "SECTION 8. This Act, upon its approval, shall take effect
14 retroactive to April 30, 2010; provided that:

15 (1) Part II shall only take effect upon the repeal and
16 reenactment of section 40-1, Hawaii Revised Statutes,
17 on June 30, 2010, pursuant to Act 58, Session Laws of
18 Hawaii 2004, as amended; and

19 (2) Part III shall only take effect upon the repeal of
20 paragraph (2)(B) of section 14 of Act 58, Session Laws
21 of Hawaii 2004, as amended, pursuant to an Act of the



1 2010 legislature; or in the absence of that repeal,
2 upon the extension of the June 30, 2010, repeal date
3 in paragraph (2) of section 14 of Act 58, Session Laws
4 of Hawaii 2004, as amended, pursuant to an Act of the
5 2010 legislature[-]; provided that the amendment to
6 section 40-1, Hawaii Revised Statutes, by part III
7 shall not be repealed when that section is repealed
8 and reenacted pursuant to section 5 of Act 102,
9 Session Laws of Hawaii 2010."

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

12 SECTION 11. This Act shall take effect on June 29, 2015;
13 provided that the amendments made to sections 40-1, 40-4, and
14 40-6, Hawaii Revised Statutes, by sections 1, 3, and 4 of this
15 Act shall not be repealed when those sections are repealed and
16 reenacted pursuant to section 5 of Act 102, Session Laws of
17 Hawaii 2010.

APPROVED this 6 day of MAY , 2015


GOVERNOR OF THE STATE OF HAWAII

