June 3, 2015

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
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 June 3, 2015, the following bill was signed into law:

SB1299 HD1 CD1 RELATING TO DISPOSITION OF TAX REVENUES
ACT 084 (15)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i
A BILL FOR AN ACT

RELATING TO DISPOSITION OF TAX REVENUES.

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

SECTION 1. The legislature finds that budgetary planning and transparency are key components to ensuring the ongoing fiscal health of the State.

By establishing maximum amounts for distribution among the non-general funds, the legislature intends that this Act:

(1) Make forecasts of general fund revenues more reliable;

(2) Increase legislative oversight of the agencies and programs supported by the non-general funds; and

(3) Subject those agencies and programs to competition for limited public funds if the agencies or programs want more than the amount automatically distributed to their non-general funds.

The purpose of this Act is to address budgetary planning and transparency in the disposition of conveyance tax revenues by:

(1) Setting maximum amounts to be distributed to various non-general funds from the conveyance tax; and
(2) Appropriating general funds to provide continued support of programs either similar to or previously supported by distributions to the natural area reserve fund and its associated programs from conveyance tax revenues.

SECTION 2. Section 195F-4, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) There is established a special fund within the state treasury known as the forest stewardship fund which shall be used as follows:

(1) Payments shall be made by the board pursuant to agreements entered into with qualified landowners to further the purposes of this chapter; and

(2) Moneys collected from:

(A) The harvest of non-native forest products from forest reserves;

(B) The harvest of native forest products from degraded forests as defined in section 186-5.5, within forest reserves;

(C) The sale of forest products found dead and lying on the ground;
(D) The sale of tree seedlings from state nurseries; 

(E) The sale of any other products or services, or 
anything of value derived from forest reserves 
not described above; or 

(F) The imposition of fines or penalties for 
vViolations of this chapter and chapters 183 and 
185 or any rule adopted thereunder; 

shall be used for: (i) replanting, managing, and 
maintaining designated timber management areas; (ii) 
Enhancing the management of public forest reserves 
with an emphasis on restoring degraded koa forests; 
and (iii) developing environmental education and 
training programs pertaining to sustainable forestry; 
provided that the activities described in clauses (ii) 
and (iii) may not be funded unless the activities 
described in approved management plans pertaining to 
clause (i) are adequately funded[; and 

(2) Moneys deposited into the fund as authorized by 
section 247-7 may also be used by the department to 
administer the program and manage the forest reserve 
system]."
SECTION 3. Section 247-7, Hawaii Revised Statutes, is amended to read as follows:

"§247-7 Disposition of taxes. All taxes collected under this chapter shall be paid into the state treasury to the credit of the general fund of the State, to be used and expended for the purposes for which the general fund was created and exists by law; provided that of the taxes collected each fiscal year:

(1) Ten per cent or $6,800,000, whichever is less, shall be paid into the land conservation fund established pursuant to section 173A-5; and

(2) Twenty-five per cent from July 1, 2009, until June 30, 2012; thirty per cent from July 1, 2012, until June 30, 2014; and fifty per cent [in each fiscal year thereafter] or $38,000,000, whichever is less, shall be paid into the rental housing trust fund established by section 201H-202[; and

(3) Twenty per cent from July 1, 2009, until June 30, 2012, and twenty-five per cent in each fiscal year thereafter shall be paid into the natural area reserve fund established by section 195-9; provided that the funds paid into the natural area reserve fund shall be
annually disbursed by the department of land and
natural resources in the following priority:

(A) To natural area partnership and forest
stewardship programs after joint consultation
with the forest stewardship committee and the
natural area reserves system commission;

(B) Projects undertaken in accordance with watershed
management plans pursuant to section 171-58 or
watershed management plans negotiated with
private landowners, and management of the natural
area reserves system pursuant to section 195-3;

(C) The youth conservation corps established under
chapter 193]."

SECTION 4. All remaining moneys deposited into the forest
stewardship fund, established pursuant to section 195F-4, Hawaii
Revised Statutes, in accordance with section 247-7, Hawaii
Revised Statutes, as of the effective date of this Act, may
continue to be used for the administration of forest stewardship
programs and the management of the forest reserve system.
SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of $7,556,128 or so much thereof as may be necessary for fiscal year 2015-2016 and the same sum or so much thereof as may be necessary for fiscal year 2016-2017 to fund positions and other operating expenditures in natural area reserves and watershed management (LNR407); provided that funds appropriated in this section may be transferred with the approval of the governor to natural area reserves and watershed management (LNR407) in the General Appropriations Act of 2015 (House Bill No. 500, H.D. 1, S.D. 1, C.D. 1) for expenditure. The appropriations of this section shall be expended for the following:

(1) Natural area partnership and forest stewardship programs after joint consultation with the forest stewardship committee and the natural area reserves system commission;

(2) Projects undertaken in accordance with watershed management plans pursuant to section 171-58, Hawaii Revised Statutes, or watershed management plans negotiated with private landowners, and management of
the natural area reserves system pursuant to section 195-3, Hawaii Revised Statutes; and
(3) The youth conservation corps established under chapter 193, Hawaii Revised Statutes.

The sums appropriated shall be expended by the department of land and natural resources for the purposes of this Act.

SECTION 6. There is appropriated out of the general revenues of the State of Hawaii the sum of $2,832,996 or so much thereof as may be necessary for fiscal year 2015-2016 and the same sum or so much thereof as may be necessary for fiscal year 2016-2017 to fund positions and other operating expenditures in forestry - resource management and development (LNR172) for forest reserve management, natural area partnership, and forest stewardship programs after joint consultation with the forest stewardship committee and the natural area reserves system commission; provided that funds appropriated in this section may be transferred with the approval of the governor to forestry - resource management and development (LNR172) in the General Appropriations Act of 2015 (House Bill No. 500, H.D. 1, S.D. 1, C.D. 1) for expenditure.
The sums appropriated shall be expended by the department of land and natural resources for the purposes of this Act.

SECTION 7. There is appropriated out of the general revenues of the State of Hawaii the sum of $3,405,749 or so much thereof as may be necessary for fiscal year 2015-2016 and the same sum or so much thereof as may be necessary for fiscal year 2016-2017 to fund positions and other operating expenditures in the native resources and fire protection program (LNR402) for endangered species, watershed, and fire protection; provided that funds appropriated in this section may be transferred with the approval of the governor to the native resources and fire protection program (LNR402) in the General Appropriations Act of 2015 (House Bill No. 500, H.D. 1, S.D. 1, C.D. 1) for expenditure.

The sums appropriated shall be expended by the department of land and natural resources for the purposes of this Act.

SECTION 8. There is appropriated out of the general revenues of the State of Hawaii the sum of $1,500,000 or so much thereof as may be necessary for fiscal year 2015-2016 and the same sum or so much thereof as may be necessary for fiscal year 2016-2017 for the native resources and fire protection program
(LNR402) for fire, natural disaster, and emergency response equipment and other current expenses of the native resources and fire protection program.

The sums appropriated shall be expended by the department of land and natural resources for the purposes of this Act.

SECTION 9. There is appropriated out of the general revenues of the State of Hawaii the sum of $4,000,000 or so much thereof as may be necessary for fiscal year 2015-2016 and the same sum or so much thereof as may be necessary for fiscal year 2016-2017 for the native resources and fire protection program (LNR402) to be expended as directed by the Hawaii invasive species council for invasive species programs statewide; provided that portions of this appropriation may be transferred to other state departments to implement the directions of the invasive species council.

The sums appropriated shall be expended by the department of land and natural resources for the purposes of this Act.

SECTION 10. There is appropriated out of the general revenues of the State of Hawaii the sum of $1,000,000 or so much thereof as may be necessary for fiscal year 2015-2016 and the same sum or so much thereof as may be necessary for fiscal year
2016-2017 for LNR - natural and physical environment (LNR906) for the Kahoolawe island reserve commission.

The sums appropriated shall be expended by the department of land and natural resources for the purposes of this Act.

SECTION 11. There is appropriated out of the general revenues of the State of Hawaii the sum of $101,715 or so much thereof as may be necessary for fiscal year 2015-2016 and the same sum or so much thereof as may be necessary for fiscal year 2016-2017 to fund positions and other expenditures in LNR - natural and physical environment (LNR906) for administrative operating expenses; provided that funds appropriated in this section may be transferred with the approval of the governor to LNR - natural and physical environment (LNR906) in the General Appropriations Act of 2015 (House Bill No. 500, H.D. 1, S.D. 1, C.D. 1) for expenditure.

The sums appropriated shall be expended by the department of land and natural resources for the purposes of this Act.

SECTION 12. There is appropriated out of the general revenues of the State of Hawaii the sum of $350,000 or so much thereof as may be necessary for fiscal year 2015-2016 and the same sum or so much thereof as may be necessary for fiscal year
2016-2017 for the funding of soil and water conservation districts in water and land development (LNR141).

The sums appropriated shall be expended by the department of land and natural resources for the purposes of this Act.

SECTION 13. There is appropriated out of the general revenues of the State of Hawaii the sum of $76,260 or so much thereof as may be necessary for fiscal year 2015-2016 and the sum of $152,520 or so much thereof as may be necessary for fiscal year 2016-2017 for the funding of the following positions to support the implementation of the Hawaii ocean resources management plan in ecosystem protection and restoration (LNR401):

<table>
<thead>
<tr>
<th>Position</th>
<th>Six-Month Salary</th>
<th>Twelve-Month Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0 FTE planner IV</td>
<td>$23,700</td>
<td>$47,400</td>
</tr>
<tr>
<td>1.0 FTE program specialist IV</td>
<td>$23,700</td>
<td>$47,400</td>
</tr>
<tr>
<td>1.0 FTE program specialist VI</td>
<td>$28,860</td>
<td>$57,720</td>
</tr>
</tbody>
</table>

The sums appropriated shall be expended by the department of land and natural resources for the purposes of this Act.

SECTION 14. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.
SECTION 15. This Act shall take effect on July 1, 2015.