



GOV. MSG. NO. 1347

EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

July 14, 2015

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Twenty-Eighth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

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

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

Re: SB 1297 SD1 HD1 CD1

SB 1297 SD1 HD1 CD1, entitled "A BILL FOR AN ACT RELATING TO DISPOSITION OF TAX REVENUES" will become law without my signature, pursuant to Section 16 of Article III of the State Constitution.

This measure modifies annual deposits from the cigarette tax into the Trauma System Special Fund, Community Health Centers Special Fund, Emergency Medical Services Special Fund, and the Hawai'i Cancer Research Special Fund. However, by placing annual caps on deposits into these special funds – despite the fact that program costs will continue to increase – the practical effect of this bill is to constrain the flexibility of core public health services supporting statewide infrastructure for emergency medical services, injury prevention, and trauma.

For the Trauma System Special Fund, this reduction amounts to an approximately 17% cut in the program's budget, which will impact statewide trauma system development and personnel costs.



EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

For the foregoing reasons, SB 1297 SD1 HD1 CD1 will become law as ACT 238 (15), Session laws of Hawai'i 2015, effective July 14, 2015, without my signature.

Sincerely,

A handwritten signature in black ink that reads "David Y. Ige".

DAVID Y. IGE  
Governor, State of Hawaii

Governor's signature JUL 14 2015  
THE SENATE  
TWENTY-EIGHTH LEGISLATURE, 2015  
STATE OF HAWAII

**ACT 238**  
**S.B. NO.** 1297  
S.D. 1  
H.D. 1  
C.D. 1

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# A BILL FOR AN ACT

RELATING TO DISPOSITION OF TAX REVENUES.

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

1           SECTION 1. The purpose of this Act is to address taxes by  
2 setting maximum amounts to be distributed to various non-general  
3 funds pursuant to the cigarette tax and tobacco tax law. The  
4 tax revenues remaining after distribution shall continue to be  
5 deposited into the general fund.

6           By establishing maximum amounts for distribution, the  
7 legislature intends that this Act:

- 8           (1) Make forecasts of general fund revenues more reliable;
- 9           (2) Increase legislative oversight of the agencies and  
10           programs supported by the non-general funds; and
- 11           (3) Subject those agencies and programs to competition for  
12           limited public funds if the agencies or programs want  
13           more than the amount automatically distributed to  
14           their non-general funds.

15           The legislature finds that this Act promotes budgetary  
16 planning and transparency.

17           The legislature further finds that the transient  
18 accommodations tax revenues are distributed among the convention



1 center, Hawaii tourism authority, and counties by dollar  
2 amounts. That distribution method serves as the model for this  
3 Act.

4 SECTION 2. Section 245-15, Hawaii Revised Statutes, is  
5 amended to read as follows:

6 "§245-15 **Disposition of revenues.** All moneys collected  
7 pursuant to this chapter shall be paid into the state treasury  
8 as state realizations to be kept and accounted for as provided  
9 by law; provided that, of the moneys collected under the tax  
10 imposed pursuant to:

11 (1) Section 245-3(a)(5), after September 30, 2006, and  
12 prior to October 1, 2007, 1.0 cent per cigarette shall  
13 be deposited to the credit of the Hawaii cancer  
14 research special fund, established pursuant to section  
15 304A-2168, for research and operating expenses and for  
16 capital expenditures;

17 (2) Section 245-3(a)(6), after September 30, 2007, and  
18 prior to October 1, 2008:

19 (A) 1.5 cents per cigarette shall be deposited to the  
20 credit of the Hawaii cancer research special  
21 fund, established pursuant to section 304A-2168,



- 1 for research and operating expenses and for  
2 capital expenditures;
- 3 (B) 0.25 cents per cigarette shall be deposited to  
4 the credit of the trauma system special fund  
5 established pursuant to section 321-22.5; and
- 6 (C) 0.25 cents per cigarette shall be deposited to  
7 the credit of the emergency medical services  
8 special fund established pursuant to section 321-  
9 234;
- 10 (3) Section 245-3(a)(7), after September 30, 2008, and  
11 prior to July 1, 2009:
- 12 (A) 2.0 cents per cigarette shall be deposited to the  
13 credit of the Hawaii cancer research special  
14 fund, established pursuant to section 304A-2168,  
15 for research and operating expenses and for  
16 capital expenditures;
- 17 (B) 0.5 cents per cigarette shall be deposited to the  
18 credit of the trauma system special fund  
19 established pursuant to section 321-22.5;
- 20 (C) 0.25 cents per cigarette shall be deposited to  
21 the credit of the community health centers



1 special fund established pursuant to section 321-  
2 1.65; and  
3 (D) 0.25 cents per cigarette shall be deposited to  
4 the credit of the emergency medical services  
5 special fund established pursuant to section 321-  
6 234;  
7 (4) Section 245-3(a)(8), after June 30, 2009, and prior to  
8 July 1, 2013:  
9 (A) 2.0 cents per cigarette shall be deposited to the  
10 credit of the Hawaii cancer research special  
11 fund, established pursuant to section 304A-2168,  
12 for research and operating expenses and for  
13 capital expenditures;  
14 (B) 0.75 cents per cigarette shall be deposited to  
15 the credit of the trauma system special fund  
16 established pursuant to section 321-22.5;  
17 (C) 0.75 cents per cigarette shall be deposited to  
18 the credit of the community health centers  
19 special fund established pursuant to section 321-  
20 1.65; and



- 1 (D) 0.5 cents per cigarette shall be deposited to the  
2 credit of the emergency medical services special  
3 fund established pursuant to section 321-234;  
4 [and]
- 5 (5) Section 245-3(a)(11), after June 30, 2013, and  
6 ~~[thereafter:]~~ prior to July 1, 2015:
- 7 (A) 2.0 cents per cigarette shall be deposited to the  
8 credit of the Hawaii cancer research special  
9 fund, established pursuant to section 304A-2168,  
10 for research and operating expenses and for  
11 capital expenditures;
- 12 (B) 1.5 cents per cigarette shall be deposited to the  
13 credit of the trauma system special fund  
14 established pursuant to section 321-22.5;
- 15 (C) 1.25 cents per cigarette shall be deposited to  
16 the credit of the community health centers  
17 special fund established pursuant to section 321-  
18 1.65; and
- 19 (D) 1.25 cents per cigarette shall be deposited to  
20 the credit of the emergency medical services



1 special fund established pursuant to section 321-  
2 234 [-]; and

3 (6) Section 245-3(a)(11), after June 30, 2015, and  
4 thereafter:

5 (A) 2.0 cents per cigarette shall be deposited to the  
6 credit of the Hawaii cancer research special  
7 fund, established pursuant to section 304A-2168,  
8 for research and operating expenses and for  
9 capital expenditures;

10 (B) 1.125 cents per cigarette, but not more than  
11 \$7,400,000 in a fiscal year, shall be deposited  
12 to the credit of the trauma system special fund  
13 established pursuant to section 321-22.5;

14 (C) 1.25 cents per cigarette, but not more than  
15 \$8,800,000 in a fiscal year, shall be deposited  
16 to the credit of the community health centers  
17 special fund established pursuant to section 321-  
18 1.65; and

19 (D) 1.25 cents per cigarette, but not more than  
20 \$8,800,000 in a fiscal year, shall be deposited  
21 to the credit of the emergency medical services



1                   special fund established pursuant to section 321-  
2                   234.

3 The department shall provide an annual accounting of these  
4 dispositions to the legislature."

5           SECTION 3. Section 321-22.5, Hawaii Revised Statutes, is  
6 amended by amending subsection (a) to read as follows:

7           "(a) There is established within the state treasury a  
8 special fund to be known as the trauma system special fund to be  
9 administered and expended by the department of health. The fund  
10 shall consist of:

11           (1) Surcharges collected pursuant to sections 291-15,  
12           291C-2, and 291E-7;

13           (2) Cigarette tax revenues designated under section 245-  
14           15;

15           (3) Federal funds granted by Congress or executive order  
16 for the purpose of this chapter; provided that the  
17 acceptance and use of federal funds shall not commit  
18 state funds for services and shall not place an  
19 obligation upon the legislature to continue the  
20 purpose for which the federal funds are made  
21 available;



- 1 (4) Funds appropriated by the legislature for this
- 2 purpose, including grants-in-aid;
- 3 (5) Grants, donations, and contributions from private or
- 4 public sources for the purposes of the trauma system
- 5 special fund; and
- 6 (6) Interest on and other income from the fund, which
- 7 shall be separately accounted for.

8 ~~[Moneys in the trauma system special fund shall not lapse~~  
 9 ~~at the end of the fiscal year.]~~ The unexpended and unencumbered  
 10 moneys in the fund in excess of \$7,400,000 on June 30 of each  
 11 fiscal year shall be transferred by the director of finance into  
 12 and become a realization of the general fund on that date.

13 Expenditures from the trauma system special fund shall be exempt  
 14 from chapters 103D and 103F."

15 SECTION 4. Statutory material to be repealed is bracketed  
 16 and stricken. New statutory material is underscored.

17 SECTION 5. This Act shall take effect on July 1, 2015.

APPROVED this                      day of                      , 2015