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

By establishing maximum amounts for distribution, 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 legislature finds that this Act promotes budgetary planning and transparency.

The legislature further finds that the transient accommodations tax revenues are distributed among the convention
center, Hawaii tourism authority, and counties by dollar amounts. That distribution method serves as the model for this Act.

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

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

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

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

(A) 1.5 cents per cigarette shall be deposited to the credit of the Hawaii cancer research special fund, established pursuant to section 304A-2168,
for research and operating expenses and for
capital expenditures;

(B) 0.25 cents per cigarette shall be deposited to
the credit of the trauma system special fund
established pursuant to section 321-22.5; and

(C) 0.25 cents per cigarette shall be deposited to
the credit of the emergency medical services
special fund established pursuant to section 321-
234;

(3) Section 245-3(a)(7), after September 30, 2008, and
prior to July 1, 2009:

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

(B) 0.5 cents per cigarette shall be deposited to the
credit of the trauma system special fund
established pursuant to section 321-22.5;

(C) 0.25 cents per cigarette shall be deposited to
the credit of the community health centers
special fund established pursuant to section 321-1.65; and

(D) 0.25 cents per cigarette shall be deposited to the credit of the emergency medical services special fund established pursuant to section 321-234;

(4) Section 245-3(a)(8), after June 30, 2009, and prior to July 1, 2013:

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

(B) 0.75 cents per cigarette shall be deposited to the credit of the trauma system special fund established pursuant to section 321-22.5;

(C) 0.75 cents per cigarette shall be deposited to the credit of the community health centers special fund established pursuant to section 321-1.65; and
(D) 0.5 cents per cigarette shall be deposited to the credit of the emergency medical services special fund established pursuant to section 321-234;

(5) Section 245-3(a)(11), after June 30, 2013, and thereafter:

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

(B) 1.5 cents per cigarette shall be deposited to the credit of the trauma system special fund established pursuant to section 321-22.5;

(C) 1.25 cents per cigarette shall be deposited to the credit of the community health centers special fund established pursuant to section 321-1.65; and

(D) 1.25 cents per cigarette shall be deposited to the credit of the emergency medical services
special fund established pursuant to section 321-234[-]; and

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

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

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

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

(D) 1.25 cents per cigarette, but not more than $8,800,000 in a fiscal year, shall be deposited to the credit of the emergency medical services
special fund established pursuant to section 321-234.

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

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

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

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

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

(3) Federal funds granted by Congress or executive order for the purpose of this chapter; provided that the acceptance and use of federal funds shall not commit state funds for services and shall not place an obligation upon the legislature to continue the purpose for which the federal funds are made available;
(4) Funds appropriated by the legislature for this purpose, including grants-in-aid;
(5) Grants, donations, and contributions from private or public sources for the purposes of the trauma system special fund; and
(6) Interest on and other income from the fund, which shall be separately accounted for.

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

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

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

SECTION 5. This Act shall take effect on July 1, 2015.
Report Title:
Cigarette Tax and Tobacco Tax Law; Distribution Maximums

Description:
Amends the cigarette tax and tobacco tax law by changing the amount allocated to the trauma system special fund, and establishing maximum dollar amounts that shall be distributed among certain non-general funds after 6/30/2015. Annually lapses excess moneys in the trauma system special fund to the credit of the general fund. (CD1)

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