June 21, 2016

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 21, 2016, the following bill was signed into law:

HB2466 HD1 SD1 RELATING TO NON-GENERAL FUNDS
ACT 086 (16)

Sincerely,

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

RELATING TO NON-GENERAL FUNDS.

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

SECTION 1. The purpose of this Act is to address the
distribution of cigarette tax revenues.

During the regular session of 2015, Act 238 was enacted to
set maximum amounts on the distribution of cigarette tax
revenues to various non-general funds, with the remainder to be
deposited into the general fund. The legislature took this
action to increase legislative oversight of agencies and
programs supported by cigarette tax revenues, and subject those
agencies and programs to competition for limited public funds by
restricting their automatic share of cigarette tax revenues.

This Act expands the legislature's focus on the
distribution of cigarette tax revenues. The legislature finds
that focusing on the cigarette tax is imperative because these
tax revenues are declining, a laudable result of public health
efforts. Consequently, evaluation of the future budgetary needs
and funding of agencies and programs dependent on cigarette tax
revenues should commence now.
The purpose of this Act is to require the department of health and department of budget and finance to jointly conduct a study of the distribution of the cigarette tax revenues.

SECTION 2. (a) The department of health and department of budget and finance shall jointly conduct a study on the distribution of the cigarette tax revenues.

(b) The study shall include the following:

(1) Estimated total revenues derived from the cigarette tax through fiscal year 2024-2025;

(2) Estimated distribution of cigarette tax revenues among the non-general funds specified in section 245-15(6), Hawaii Revised Statutes, through fiscal year 2024-2025;

(3) Estimated budgetary needs of the agencies and programs supported by the non-general funds listed in section 245-15(6), Hawaii Revised Statutes, through fiscal year 2024-2025; and

(4) Differences between the estimated budgetary needs of the agencies and programs under paragraph (3) and their estimated cigarette tax revenue distribution.
The department of health and department of budget and finance shall include a recommendation in the study of whether to:

1. Continue the cigarette tax revenue distribution to the non-general funds, with or without modification; or
2. Re-distribute all or most of the cigarette tax revenues to the general fund and change the means of financing of affected agencies and programs to general funds.

SECTION 3. Upon the request of the department of health or the department of budget and finance for assistance and information, the department of taxation, and any other relevant executive department, shall cooperate with the department of health or department of budget and finance.

SECTION 4. The department of health and department of budget and finance shall submit the findings and recommendations of the study to the legislature and governor by November 1, 2016.

SECTION 5. This Act shall take effect on July 1, 2016.
I.

APPROVED this 21 day of JUN, 2016

GOVERNOR OF THE STATE OF HAWAII