

HOUSE OF REPRESENTATIVES
THIRTY-FIRST LEGISLATURE, 2021
STATE OF HAWAII

H.B. NO. 862
H.D. 2
S.D. 2
C.D. 1

A BILL FOR AN ACT

RELATING TO STATE GOVERNMENT.

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

PART I

SECTION 1. Chapter 304A, Hawaii Revised Statutes, is amended by adding a new subpart to part VII to be appropriately designated and to read as follows:

"SUBPART . PACIFIC INTERNATIONAL SPACE CENTER FOR EXPLORATION SYSTEMS.

§304A- Definitions. As used in this subpart:

"Board" means the board of directors of the Pacific international space center for exploration systems.

"Space center" means the Pacific international space center for exploration systems.

§304A- Pacific international space center for exploration systems. (a) There is established the Pacific international space center for exploration systems, to be placed within the University of Hawaii at Hilo for administrative purposes only.

(b) The space center may employ, subject to chapter 76, technical experts and officers, agents, and employees, permanent and temporary, as required. The space center may also employ officers, agents, and employees, prescribe their duties and qualifications, and fix their salaries, without regard to chapter 76, when in the determination of the board, the services to be performed by those employed are unique and essential to the execution of the functions of the space center.

§304A- Pacific international space center for exploration systems; board of directors; establishment; duties. (a) There is established the board of directors of the Pacific international space center for exploration systems, consisting of nine members, to include:

- (1) The director of business, economic development, and tourism, or the director's designee;
- (2) The president of the University of Hawaii, or the president's designee;
- (3) The chancellor of the University of Hawaii at Hilo, or the chancellor's designee; and
- (4) Six members from government, industry, and academia, both national and international, with appropriate professional interests and backgrounds;

provided that of the members appointed under paragraph (4), two members shall be appointed by the governor from a list of nominees submitted by the president of the senate, two members shall be appointed by the governor from a list of nominees submitted by the speaker of the house of representatives, and two members shall be appointed by the governor; provided further that the members appointed pursuant to paragraph (4) shall be subject to section 26-34.

The board shall select a chairperson from among its members.

(b) Five members shall constitute a quorum, whose affirmative vote shall be necessary for all actions by the space center. The members of the board shall serve without compensation, but shall be entitled to reimbursement for necessary expenses, including travel expenses, incurred in the performance of their duties.

(c) The board shall appoint an executive director to the space center who shall be exempt from chapter 76. The board shall set the salary and duties of the executive director.

§304A- General powers. (a) The board may:

- (1) Sue and be sued;
- (2) Adopt a seal and alter the seal at its pleasure;
- (3) Make and execute contracts and other instruments necessary or convenient to the exercise of its powers; and

(4) Adopt bylaws and rules, which shall be exempt from chapter 91, for its organization and internal management, and to carry into effect its purposes, powers, and programs.

(b) In addition to other powers conferred upon it, the board may do all things necessary and convenient to carry out the powers expressly provided in this subpart.

§304A- Powers and duties of the Pacific international space center for exploration systems executive director. In addition to any other powers and duties provided in this subpart, the executive director shall:

(1) Oversee, supervise, and direct the planning, evaluation, and coordination of space-related activities, and identify and promote opportunities for expanding and diversifying aerospace-related industries in the State pertaining to the space center;

(2) Establish partnerships with corporate, government, and University of Hawaii entities that can promote and enhance the State's aerospace industry; and where possible, help to generate additional revenue for the University of Hawaii and create classes and other educational opportunities for students;

(3) Work with local universities and community colleges to facilitate internships for students with the space center and associated companies;

(4) Continue to work with the University of Hawaii on course development, teaching, workforce development, and outreach;

(5) Promote innovative educational and workforce development programs that will enhance public awareness of the space center and enable residents to pursue employment in the State's aerospace industry;

(6) Act as the public representative of the space center;

(7) Monitor national and global trends in the aerospace industry and promote global awareness of the space center;

(8) Pursue projects in the aerospace sector that can be leveraged for improvements to the State's broadband and alternative energy capabilities;

(9) Serve as a clearinghouse for information on the space center and associated activities;

(10) Target existing businesses that can provide products or services of importance to the space center and its projects to support the expansion of these businesses in the State;

(11) Increase contacts and maintain liaisons with the National Aeronautics and Space Administration, related aerospace organizations, and other federal agencies and facilities;

- (12) Maintain and expand liaisons with local business and citizen groups;
- (13) Adopt, amend, and repeal rules pursuant to chapter 91 necessary to carry out this subpart;
- (14) Contract for services as may be necessary for the purposes of this subpart; and
- (15) Do all other things necessary or proper to carry out the purposes of this subpart.

§304A- Pacific international space center for exploration systems special fund. (a) There is established in the state treasury the Pacific international space center for exploration systems special fund, into which shall be deposited:

- (1) Revenues, moneys, and fees from services, rentals, publications, royalties, and patents generated under this subpart;
- (2) Gifts, donations, and grants received by the space center; and
- (3) Proceeds from revenue bonds issued by the director of finance.

(b) Moneys in the special fund shall be used by the space center for the operation, maintenance, and management of its projects, facilities, services, and publications and for the design and construction of new facilities and the renovation of or addition to existing facilities.

(c) All moneys remaining in the Pacific international space center for exploration systems special fund at the close of each fiscal year that are deemed by the director of finance to be in excess of the moneys necessary to carry out the purposes of this section in the next fiscal year shall lapse to the credit of the general fund."

SECTION 2. Chapter 201, part V, Hawaii Revised Statutes, is repealed.

SECTION 3. On July 1, 2021, any remaining unencumbered balance in the Pacific international space center for exploration

systems special fund established by section 201-80.2, Hawaii Revised Statutes, and repealed by section 2 of this Act shall lapse to the credit of the Pacific international space center for exploration systems special fund established under section 1 of this Act.

PART II

SECTION 4. (a) The Challenger center Hawaii program shall be transferred from the office of aerospace development and placed within the department of education for administrative purposes.

(b) All rights, powers, functions, and duties of the office of aerospace development as they relate to the Challenger center Hawaii program are transferred to the department of education.

All employees who occupy civil service positions and whose functions are transferred to the department of education by this part shall retain their civil service status, whether permanent or temporary. Employees shall be transferred without loss of salary, seniority (except as prescribed by applicable collective bargaining agreements), retention points, prior service credit, any vacation and sick leave credits previously earned, and other rights, benefits, and privileges, in accordance with state personnel laws and this part; provided that the employees possess the minimum qualifications and public employment requirements for the class or position to which transferred or appointed, as applicable; provided further that subsequent changes in status may be made pursuant to applicable civil service and compensation laws.

Any employee who, prior to this Act, is exempt from civil service and is transferred as a consequence of this Act may retain

the employee's exempt status, but shall not be appointed to a civil service position as a consequence of this Act. An exempt employee who is transferred by this Act shall not suffer any loss of prior service credit, vacation or sick leave credits previously earned, or other employee benefits or privileges as a consequence of this Act; provided that the employees possess legal and public employment requirements for the position to which transferred or appointed, as applicable; provided further that subsequent changes in status may be made pursuant to applicable employment and compensation laws. The superintendent of the department of education may prescribe the duties and qualifications of these employees and fix their salaries without regard to chapter 76, Hawaii Revised Statutes.

(c) All appropriations, records, equipment, machines, files, supplies, contracts, books, papers, documents, maps, and other personal property heretofore made, used, acquired, or held by the office of aerospace development for the Challenger center Hawaii program shall be transferred to the department of education with the functions to which they relate.

SECTION 5. On July 1, 2021, the budget of the office of aerospace development that is specifically allocated to the Challenger center Hawaii program shall be transferred to the department of education.

PART III

SECTION 6. Chapter 46, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§46-____ County transient accommodations tax. Each county may establish a transient accommodations tax not to exceed the maximum rate set forth in section 237D-____. The county transient accommodations tax shall be in addition to any state transient accommodations tax. A county electing to establish a transient accommodations tax pursuant to this section shall do so by ordinance."

SECTION 7. Chapter 237D, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§237D-____ County transient accommodations tax; administration. (a) The county transient accommodations tax, upon the adoption of a county ordinance and in accordance with the requirements of section 46-____, shall be levied, assessed, and collected as provided in this section on all gross rental, gross rental proceeds, and fair market rental value taxable under this chapter. No county shall set its transient accommodations tax at a rate greater than three per cent of all gross rental, gross rental proceeds, and fair market rental value taxable under this chapter. With respect to the county transient accommodations tax, the applicable county director of finance shall have all the rights and powers of the director of taxation provided under this chapter.

(b) The county transient accommodations tax, if adopted, shall be imposed on the gross rental, gross rental proceeds, and fair market rental value of all written contracts that require the passing on of the taxes imposed under this chapter; provided that if the gross rental, gross rental proceeds, and fair market rental

value are received as payments beginning in the taxable year in which the taxes become effective, on contracts entered into prior to the adoption of the ordinance pursuant to section 46-____, and the written contracts do not provide for the passing on of increased rates of taxes, the county transient accommodations tax shall not be imposed on the gross rental, gross rental proceeds, and fair market rental value covered under the written contracts. The county transient accommodations tax shall be imposed on the gross rental, gross rental proceeds, and fair market rental value from all contracts entered into on or after the adoption of the ordinance pursuant to section 46-____, regardless of whether the contract allows for the passing on of any tax or any tax increases.

(c) No county transient accommodations tax shall be established on any form of accommodation that is exempt from the taxes imposed by this chapter pursuant to section 237D-3."

PART IV

SECTION 8. Section 87A-42, Hawaii Revised Statutes, is amended to read as follows:

"§87A-42 Other post-employment benefits trust. (a) Notwithstanding sections 87A-31 and 87A-31.5, the board, upon terms and conditions set by the board, shall establish and administer a separate trust fund for the purpose of receiving employer contributions that will prefund other post-employment health and other benefit plan costs for retirees and their beneficiaries. The separate trust fund shall meet the requirements of the Governmental Accounting Standards Board regarding other post-employment benefits trusts. The board shall

establish and maintain a separate account for each public employer within the separate trust fund to accept and account for each public employer's contributions. Employer contributions to the separate trust fund shall be irrevocable, all assets of the fund shall be dedicated exclusively to providing health and other benefits to retirees and their beneficiaries, and assets of the fund shall not be subject to appropriation for any other purpose and shall not be subject to claims by creditors of the employers or the board or plan administrator. The board's powers under section 87A-24 shall also apply to the fund established pursuant to this section.

(b) Public employer contributions shall be paid into the fund in each fiscal year, and commencing with the 2018-2019 fiscal year, the amount of the annual public employer contribution shall be equal to the amount of the annual required contribution, as determined by an actuary retained by the board.

(c) In any fiscal year subsequent to the 2017-2018 fiscal year in which the state public employer's contributions into the fund are less than the amount of the annual required contribution, the amount that represents the excess of the annual required contribution over the state public employer's contributions shall be deposited into the appropriate account of the separate trust fund from a portion of all general excise tax revenues collected by the department of taxation under section 237-31.

If any general excise tax revenues are deposited into the separate trust fund in any fiscal year as a result of this subsection, the director of finance shall notify the legislature and governor whether the general fund expenditure ceiling for that

fiscal year would have been exceeded if those revenues had been legislatively appropriated instead of deposited without appropriation into the trust fund. The notification shall be submitted within thirty days following the end of the applicable fiscal year.

~~[(d) In any fiscal year subsequent to the 2017-2018 fiscal year in which a county public employer's contributions into the fund are less than the amount of the annual required contribution, the amount that represents the excess of the annual required contribution over the county public employer's contributions shall be deposited into the fund from a portion of all transient accommodations tax revenues collected by the department of taxation under section 237D-6.5(b)(4). The director of finance shall deduct the amount necessary to meet the county public employer's annual required contribution from the revenues derived under section 237D-6.5(b)(4) and transfer the amount to the board for deposit into the appropriate account of the separate trust fund.]~~

~~(e)]~~ (d). In any fiscal year subsequent to fiscal year 2017-2018 in which a public employer's contributions into the fund are less than the amount of the annual required contribution ~~[and the public employer is not entitled to transient accommodations tax revenues sufficient to satisfy the total amount of the annual required contribution]~~, the public employer's contributions shall be deposited into the fund from portions of any other revenues collected on behalf of the public employer or held by the State. The director of finance shall deduct the amount necessary to meet the public employer's annual required contribution from any

revenues collected on behalf of the public employer held by the State, except the tax revenues deposited into the mass transit special fund pursuant to section 237D-2(e)(1), and transfer the amount to the board for deposit into the appropriate account of the separate trust fund.

~~[(f)]~~ (e). For the purposes of this section, "annual required contribution" means a public employer's required contribution to the trust fund established in this section that is sufficient to cover:

(1) The normal cost, which is the cost of other post-employment benefits attributable to the current year of service; and

(2) An amortization payment, which is a catch-up payment for past service costs to fund the unfunded actuarial accrued liability over the next thirty years."

SECTION 9. Section 171-19, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) There is created in the department a special fund to be designated as the "special land and development fund". Subject to the Hawaiian Homes Commission Act of 1920, as amended, and section 5(f) of the Admission Act of 1959, all proceeds of sale of public lands, including interest on deferred payments; all moneys collected under section 171-58 for mineral and water rights; all rents from leases, licenses, and permits derived from public lands; all moneys collected from lessees of public lands within industrial parks; all fees, fines, and other administrative charges collected under this chapter and chapter 183C; a portion of the highway fuel tax collected under chapter 243; all moneys collected by the department for the commercial use of public trails and trail accesses under the jurisdiction of the

department; ~~[transient accommodations tax revenues collected pursuant to section 237D-6.5(b)(5);]~~ and private contributions for the management, maintenance, and development of trails and accesses shall be set apart in the fund and shall be used only as authorized by the legislature for the following purposes:

(1) To reimburse the general fund of the State for advances made that are required to be reimbursed from the proceeds derived from sales, leases, licenses, or permits of public lands;

(2) For the planning, development, management, operations, or maintenance of all lands and improvements under the control and management of the board pursuant to title 12, including but not limited to permanent or temporary staff positions who may be appointed without regard to chapter 76; ~~[provided that transient accommodations tax revenues allocated to the fund shall be expended as provided in section 237D-6.5(b)(5);]~~

(3) To repurchase any land, including improvements, in the exercise by the board of any right of repurchase specifically reserved in any patent, deed, lease, or other documents or as provided by law;

(4) For the payment of all appraisal fees; provided that all fees reimbursed to the board shall be deposited in the fund;

(5) For the payment of publication notices as required under this chapter; provided that all or a portion of the expenditures may be charged to the purchaser or lessee of public lands or any interest therein under rules adopted by the board;

(6) For the management, maintenance, and development of trails and trail accesses under the jurisdiction of the department;

(7) For the payment to private land developers who have contracted with the board for development of public lands under section 171-60;

(8) For the payment of debt service on revenue bonds issued by the department, and the establishment of debt service and other reserves deemed necessary by the board;

(9) To reimburse the general fund for debt service on general obligation bonds issued to finance departmental projects, where the bonds are designated to be reimbursed from the special land and development fund;

(10) For the protection, planning, management, and regulation of water resources under chapter 174C; and

(11) For other purposes of this chapter."

SECTION 10. Section 184-3.4, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) There is established within the state treasury a fund to be known as the state parks special fund, into which shall be deposited[÷

~~(1) All~~ all proceeds collected by the state parks programs involving park user fees, any leases or concession agreements, the sale of any article purchased from the department to benefit the state parks programs, or any gifts or contributions; provided that proceeds derived from the operation of Iolani Palace shall be used to supplement its educational and interpretive programs[; and

~~(2) Transient accommodations tax revenues pursuant to section 237D-6.5; provided that these moneys shall be expended in response to a master plan developed in coordination with the Hawaii tourism authority]."~~

SECTION 11. Section 198D-2, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (b) to read:

"(b) The trail and access program shall use funding for the management, maintenance, and development of trails and trail accesses under the jurisdiction of the department from the following sources:

(1) A portion of the highway fuel taxes collected under chapter 243;

(2) Federal government grants;

(3) Private contributions; and

(4) Fees, established pursuant to administrative rules and charged by the department for the commercial and other use of trails and trail accesses under the jurisdiction of the department[; and

~~(5) Transient accommodations tax revenues pursuant to section 237D-6.5]."~~

2. By amending subsection (d) to read:

"(d) The moneys specified in subsection (b)(1), (3), and (4) [~~; and (5)~~] shall be deposited in the special land and development fund under section 171-19 for the management, maintenance, and

development of trails and trail accesses under the jurisdiction of the department[; ~~provided that the moneys specified in subsection (b)(5) shall be expended for the management, maintenance, and development of trails and access areas frequented by visitors in response to a master plan developed in coordination with the Hawaii tourism authority~~]."

SECTION 12. Section 237D-2, Hawaii Revised Statutes, is amended by amending subsection (e) to read as follows:

"(e) Notwithstanding the tax rates established in subsections (a)(5) and (c)(3), the tax rates levied, assessed, and collected pursuant to subsections (a) and (c) shall be 10.25 per cent for the period beginning on January 1, 2018, to December 31, 2030; provided that:

(1) The tax revenues levied, assessed, and collected pursuant to this subsection that are in excess of the revenues realized from the levy, assessment, and collection of tax at the 9.25 per cent rate shall be deposited quarterly into the mass transit special fund established under section 248-2.7; and

(2) If a court of competent jurisdiction determines that the amount of county surcharge on state tax revenues deducted and withheld by the State, pursuant to section 248-2.6, violates statutory or constitutional law and, as a result, awards moneys to a county with a population greater than five hundred thousand, then an amount equal to the monetary award shall be deducted and withheld from the tax revenues deposited under paragraph (1) into the mass transit special fund, and those funds shall be a general fund realization of the State.

The remaining tax revenues levied, assessed, and collected at the 9.25 per cent tax rate pursuant to subsections (a) and (c) shall be [~~distributed~~] deposited into the general fund in accordance with section 237D-6.5(b)."

PART V

SECTION 13. Section 237D-6.5, Hawaii Revised Statutes, is amended as follows:

1. By amending its title to read:

"§237D-6.5 Remittances[; ~~distribution to counties~~]."

2. By amending subsection (b) to read:

"(b) Except for the revenues collected pursuant to section 237D-2(e), revenues collected under this chapter shall be distributed in the following priority, with the excess revenues to be deposited into the general fund:

(1) \$1,500,000 shall be allocated to the Turtle Bay conservation easement special fund beginning July 1, 2015, for the reimbursement to the state general fund of debt service on reimbursable general obligation bonds, including ongoing expenses related to the issuance of the bonds, the proceeds of which were used to acquire the conservation easement and other real property interests in Turtle Bay, Oahu, for the protection, preservation, and enhancement of natural resources important to the State, until the bonds are fully amortized;

(2) ~~[\$16,500,000]~~ \$11,000,000 shall be allocated to the convention center enterprise special fund established under section 201B-8;

(3) ~~[\$79,000,000 shall be allocated to the tourism special fund established under section 201B-11; provided that:~~

~~(A) Beginning on July 1, 2012, and ending on June 30, 2015, \$2,000,000 shall be expended from the tourism special fund for development and implementation of initiatives to take advantage of expanded visa programs and increased travel opportunities for international visitors to Hawaii;~~

~~(B) Of the \$79,000,000 allocated:~~

~~(i) \$1,000,000 shall be allocated for the operation of a Hawaiian center and the museum of Hawaiian music and dance; and~~

~~(ii) 0.5 per cent of the \$79,000,000 shall be transferred to a sub-account in the tourism special fund to provide funding for a safety~~

~~and security budget, in accordance with the
Hawaii tourism strategic plan 2005-2015; and~~
(C) ~~Of the revenues remaining in the tourism special
fund after revenues have been deposited as provided
in this paragraph and except for any sum authorized
by the legislature for expenditure from revenues
subject to this paragraph, beginning July 1, 2007,
funds]~~ An allocation shall be deposited into the
tourism emergency special fund, established in
section 201B-10, in a manner sufficient to maintain
a fund balance of \$5,000,000 in the tourism
emergency special fund; and

~~[(4) \$103,000,000 shall be allocated as follows: Kauai county shall receive 14.5 per cent,
Hawaii county shall receive 18.6 per cent, city and county of Honolulu shall receive 44.1 per cent,
and Maui county shall receive 22.8 per cent; provided that commencing with fiscal year 2018-2019,
a sum that represents the difference between a county public employer's annual required
contribution for the separate trust fund established under section 87A-42 and the amount of the
county public employer's contributions into that trust fund shall be retained by the state director of
finance and deposited to the credit of the county public employer's annual required contribution into
that trust fund in each fiscal year, as provided in section 87A-42, if the respective county fails to
remit the total amount of the county's required annual contributions, as required under section 87A-
43; and~~

(5)] (4) \$3,000,000 shall be allocated to the special land and development fund established
under section 171-19; provided that the allocation shall be expended in accordance with the Hawaii
tourism authority strategic plan for:

- (A) The protection, preservation, maintenance, and
enhancement of natural resources, including
beaches, important to the visitor industry;
- (B) Planning, construction, and repair of facilities;
and
- (C) Operation and maintenance costs of public lands,
including beaches, connected with enhancing the

visitor experience.

All transient accommodations taxes shall be paid into the state treasury each month within ten days after collection and shall be kept by the state director of finance in special accounts for distribution as provided in this subsection.

As used in this subsection, "fiscal year" means the twelve-month period beginning on July 1 of a calendar year and ending on June 30 of the following calendar year."

PART VI

SECTION 14. Section 201B-11, Hawaii Revised Statutes, is amended as follows:

1. By amending the title of part II to read:

"PART II. [TOURISM SPECIAL FUND;] EXEMPTIONS; REPORTS"

2. By repealing section 201B-11, Hawaii Revised Statutes.

~~["§201B-11 Tourism special fund. (a) There is established in the state treasury the tourism special fund, into which shall be deposited:~~

~~(1) A portion of the revenues from any transient accommodations tax, as provided by section 237D-6.5; and~~

~~(2) Appropriations by the legislature to the tourism special fund; and~~

~~(3) Gifts, grants, and other funds accepted by the authority.~~

~~(b) Moneys in the tourism special fund may be:~~

~~(1) Placed in interest-bearing accounts; provided that the depository in which the money is deposited furnishes security as provided in section 38-3; or~~

~~(2) Otherwise invested by the authority until such time as the moneys may be needed; provided that the authority shall limit its investments to those listed in section 36-21.~~

~~All interest accruing from the investment of these moneys shall be credited to the tourism special fund.~~

~~(c) Moneys in the tourism special fund shall be used by the authority for the purposes of this chapter, provided that:~~

~~(1) Not more than 3.5 per cent of this amount shall be used for administrative expenses, including \$15,000 for a protocol fund to be expended at the discretion of the president and chief executive officer; and~~

~~(2) At least \$1,000,000 shall be made available to support efforts to manage, improve, and protect Hawaii's natural environment and areas frequented by visitors."]~~

PART VII

SECTION 15. Section 36-27, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) Except as provided in this section, and notwithstanding any other law to the contrary, from time to time, the director of finance, for the purpose of defraying the prorated estimate of central service expenses of government in relation to all special funds, except the:

- (1) Special out-of-school time instructional program fund under section 302A-1310;
- (2) School cafeteria special funds of the department of education;
- (3) Special funds of the University of Hawaii;
- ~~[(4) State educational facilities improvement special fund;~~
- ~~(5)]~~ (4). Convention center enterprise special fund under section 201B-8;
- ~~[(6)]~~ (5). Special funds established by section 206E-6;
- ~~[(7)]~~ (6). Aloha Tower fund created by section 206J-17;
- ~~[(8)]~~ (7). Funds of the employees' retirement system created by section 88-109;
- ~~[(9)]~~ (8). Hawaii hurricane relief fund established under chapter 431P;
- ~~[(10)]~~ (9). Hawaii health systems corporation special funds and the subaccounts of its regional system boards;
- ~~[(11) Tourism special fund established under section 201B-11;~~
- ~~(12)]~~ (10). Universal service fund established under section 269-42;

~~[(13)]~~ (11). Emergency and budget reserve fund under section 328L-3;

~~[(14)]~~ (12). Public schools special fees and charges fund under section 302A-1130;

~~[(15)]~~ (13). Sport fish special fund under section 187A-9.5;

~~[(16)]~~ (14). Neurotrauma special fund under section 321H-4;

~~[(17)]~~ (15). Glass advance disposal fee established by section 342G-82;

~~[(18)]~~ (16). Center for nursing special fund under section 304A-2163;

~~[(19)]~~ (17). Passenger facility charge special fund established by section 261-5.5;

~~[(20)]~~ (18). Solicitation of funds for charitable purposes special fund established by section 467B-15;

~~[(21)]~~ (19). Land conservation fund established by section 173A-5;

~~[(22)]~~ (20). Court interpreting services revolving fund under section 607-1.5;

~~[(23)]~~ (21). Trauma system special fund under section 321-22.5;

~~[(24)]~~ (22). Hawaii cancer research special fund;

~~[(25)]~~ (23). Community health centers special fund;

~~[(26)]~~ (24). Emergency medical services special fund;

~~[(27)]~~ (25). Rental motor vehicle customer facility charge special fund established under section 261-5.6;

~~[(28)]~~ (26). Shared services technology special fund under section 27-43;

~~[(29)]~~ (27). Automated victim information and notification system special fund established under section 353-136;

~~[(30)]~~ (28). Deposit beverage container deposit special fund under section 342G-104;

~~[(31)]~~ (29). Hospital sustainability program special fund under ~~[(f)]~~section 346G-4~~[(f)]~~;

~~[(32)]~~ (30). Nursing facility sustainability program special fund under ~~[(f)]~~section 346F-4~~[(f)]~~;

~~[(33)]~~ (31). Hawaii 3R's school improvement fund under section 302A-1502.4;

~~[(34)]~~ (32). After-school plus program revolving fund under section 302A-1149.5; and

~~[(35)]~~ (33). Civil monetary penalty special fund under section 321-30.2,

shall deduct five per cent of all receipts of all other special funds, which deduction shall be transferred to the general fund of

the State and become general realizations of the State. All officers of the State and other persons having power to allocate or disburse any special funds shall cooperate with the director in effecting these transfers. To determine the proper revenue base upon which the central service assessment is to be calculated, the director shall adopt rules pursuant to chapter 91 for the purpose of suspending or limiting the application of the central service assessment of any fund. No later than twenty days prior to the convening of each regular session of the legislature, the director shall report all central service assessments made during the preceding fiscal year."

SECTION 16. Section 36-30, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) Each special fund, except the:

- (1) Special out-of-school time instructional program fund under section 302A-1310;
- (2) School cafeteria special funds of the department of education;
- (3) Special funds of the University of Hawaii;
- ~~[(4) State educational facilities improvement special fund;~~
- ~~(5)]~~ (4) Special funds established by section 206E-6;
- ~~[(6)]~~ (5) Aloha Tower fund created by section 206J-17;
- ~~[(7)]~~ (6) Funds of the employees' retirement system created by section 88-109;
- ~~[(8)]~~ (7) Hawaii hurricane relief fund established under chapter 431P;
- ~~[(9)]~~ (8) Convention center enterprise special fund established under section 201B-8;
- ~~[(10)]~~ (9) Hawaii health systems corporation special funds and the subaccounts of its regional system boards;
- ~~[(11) Tourism special fund established under section 201B-11;~~
- ~~(12)]~~ (10) Universal service fund established under section 269-42;

~~[(13)]~~ (11). Emergency and budget reserve fund under section 328L-3;

~~[(14)]~~ (12). Public schools special fees and charges fund under section 302A-1130;

~~[(15)]~~ (13). Sport fish special fund under section 187A-9.5;

~~[(16)]~~ (14). Neurotrauma special fund under section 321H-4;

~~[(17)]~~ (15). Center for nursing special fund under section 304A-2163;

~~[(18)]~~ (16). Passenger facility charge special fund established by section 261-5.5;

~~[(19)]~~ (17). Court interpreting services revolving fund under section 607-1.5;

~~[(20)]~~ (18). Trauma system special fund under section 321-22.5;

~~[(21)]~~ (19). Hawaii cancer research special fund;

~~[(22)]~~ (20). Community health centers special fund;

~~[(23)]~~ (21). Emergency medical services special fund;

~~[(24)]~~ (22). Rental motor vehicle customer facility charge special fund established under section 261-5.6;

~~[(25)]~~ (23). Shared services technology special fund under section 27-43;

~~[(26)]~~ (24). Nursing facility sustainability program special fund established pursuant to ~~[(1)]~~section 346F-4~~[(1)]~~;

~~[(27)]~~ (25). Automated victim information and notification system special fund established under section 353-136;

~~[(28)]~~ (26). Hospital sustainability program special fund under ~~[(1)]~~section 346G-4~~[(1)]~~; and

~~[(29)]~~ (27). Civil monetary penalty special fund under section 321-30.2,

shall be responsible for its pro rata share of the administrative expenses incurred by the department responsible for the operations supported by the special fund concerned."

SECTION 17. Section 171-172, Hawaii Revised Statutes, is amended by amending subsection (e) to read as follows:

"(e) Upon reimbursement to the state general fund of all debt service on reimbursable general obligation bonds issued to acquire the conservation easement in Turtle Bay, Oahu, any

unencumbered and unexpended moneys in the Turtle Bay conservation easement special fund shall be transferred to the ~~[tourism special fund established under section 201B-11.]~~ general fund."

SECTION 18. Section 201B-2, Hawaii Revised Statutes, is amended by amending subsection (f) to read as follows:

"(f) The board shall appoint one person to serve as president and chief executive officer, exempt from chapters 76 and 88 who shall oversee the authority staff; ~~[provided that the compensation package, including salary, shall not exceed fifteen per cent of the 3.5 per cent authorized for administrative expenses under section 201B-11(c); and]~~ provided further that the compensation package shall not include private sector moneys or other contributions. The board shall set the president and chief executive officer's duties, responsibilities, holidays, vacations, leaves, hours of work, and working conditions. It may grant other benefits as it deems necessary."

SECTION 19. Section 201B-3, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) Except as otherwise limited by this chapter, the authority may:

- (1) Sue and be sued;
- (2) Have a seal and alter the same at its pleasure;
- (3) Through its president and chief executive officer, make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this chapter; provided that the authority may enter into contracts and agreements for a period of up to five years, subject to the availability of funds; and provided further that the authority may enter into agreements for the use of the convention center facility for a period of up to ten years;
- (4) Make and alter bylaws for its organization and internal management;
- (5) Unless otherwise provided in this chapter, adopt rules in accordance with chapter 91 with respect to its projects, operations, properties, and facilities;

(6) Through its president and chief executive officer, represent the authority in communications with the governor and the legislature;

(7) Through its president and chief executive officer, provide for the appointment of officers, agents, a sports coordinator, and employees, subject to the approval of the board, prescribing their duties and qualifications, and fixing their salaries, without regard to chapters 76 and 78, if ~~[there is no anticipated revenue shortfall in the tourism special fund and]~~ funds have been appropriated by the legislature and allotted as provided by law;

(8) Through its president and chief executive officer, purchase supplies, equipment, or furniture;

(9) Through its president and chief executive officer, allocate the space or spaces that are to be occupied by the authority and appropriate staff;

(10) Through its president and chief executive officer, engage the services of qualified persons to implement the State's tourism marketing plan or portions thereof as determined by the authority;

(11) Through its president and chief executive officer, engage the services of consultants on a contractual basis for rendering professional and technical assistance and advice;

(12) Procure insurance against any loss in connection with its property and other assets and operations in amounts and from insurers as it deems desirable;

(13) Contract for or accept revenues, compensation, proceeds, and gifts or grants in any form from any public agency or any other source;

(14) Develop, coordinate, and implement state policies and directions for tourism and related activities taking into account the economic, social, and physical impacts of tourism on the State, Hawaii's natural environment, and areas frequented by visitors;

(15) Have a permanent, strong focus on Hawaii brand management;

~~[(16) Conduct market development-related research as necessary;~~

~~(17)]~~ (16). Coordinate all agencies and advise the private sector in the development of tourism-related activities and resources;

~~[(18)]~~ (17). Work to eliminate or reduce barriers to travel to provide a positive and competitive business environment, including coordinating with the department of transportation on issues affecting airlines and air route development;

~~[(19)]~~ (18). Market and promote sports-related activities and events;

~~[(20)]~~ (19). Coordinate the development of new products with the counties and other persons in the public sector and private sector, including the development of sports, culture, health and wellness, education, technology, agriculture, and nature tourism;

~~[(21)]~~ (20). Establish a public information and educational program to inform the public of tourism and tourism-related problems;

~~[(22)]~~ (21). Encourage the development of tourism educational, training, and career counseling programs;

~~[(23)]~~ (22). Establish a program to monitor, investigate, and respond to complaints about problems resulting directly or indirectly from the tourism industry and taking appropriate action as necessary;

~~[(24)]~~ (23). Develop and implement emergency measures to respond to any adverse effects on the tourism industry, pursuant to section 201B-9;

~~[(25)]~~ (24). Set and collect rents, fees, charges, or other payments for the lease, use, occupancy, or disposition of the convention center facility without regard to chapter 91;

~~[(26)]~~ (25). Notwithstanding chapter 171, acquire, lease as lessee or lessor, own, rent, hold, and dispose of the convention center facility in the exercise of its powers and the performance of its duties under this chapter; and

~~[(27)]~~ (26). Acquire by purchase, lease, or otherwise, and develop, construct, operate, own, manage, repair, reconstruct, enlarge, or otherwise effectuate, either directly or through developers, a convention center facility."

SECTION 20. Section 201B-8, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) There is established the convention center enterprise special fund, into which shall be deposited:

(1) A portion of the revenues from the transient accommodations tax, as provided by section 237D-6.5;

(2) All revenues or moneys derived from the operations of the convention center to include all revenues from the food and beverage service, all revenues from the parking facilities or from any concession, and all revenues from the sale of souvenirs, logo items, or any other items offered for purchase at the convention center;

(3) Private contributions, interest, compensation, gross or net revenues, proceeds, or other moneys derived from any source or for any purpose arising from the use of the convention center facility; and

(4) Appropriations by the legislature~~[-including any transfers from the tourism special fund established under section 201B-11]~~ for marketing the facility pursuant to section 201B-7(a)(7)."

SECTION 21. Section 201B-10, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) There is established outside the state treasury a tourism emergency special fund to be administered by the board,

into which shall be deposited the revenues prescribed by section 237D-6.5(b)~~[-. All]~~ and all investment earnings ~~[from moneys in the special fund shall be credited to the tourism special fund established pursuant to section 201B-11.]~~ credited to the assets of the fund."

PART VIII

SECTION 22. Section 201B-12, Hawaii Revised Statutes, is amended to read as follows:

"[~~f~~]§201B-12[~~f~~] Exemption of authority from taxation and Hawaii public procurement code. [~~a~~] All revenues and receipts derived by the authority from any project or a project agreement or other agreement pertaining thereto shall be exempt from all state taxation. Any right, title, and interest of the authority in any project shall also be exempt from all state taxation. Except as otherwise provided by law, the interest of a qualified person or other user of a project or a project agreement or other agreements related to a project shall not be exempt from taxation to a greater extent than it would be if the costs of the project were directly financed by the qualified person or user.

~~[(b) The authority shall not be subject to chapter 103D and any and all other requirements of law for competitive bidding for project agreements, construction contracts, lease and sublease agreements, or other contracts unless a project agreement with respect to a project otherwise shall require.]"~~

PART IX

SECTION 23. There is appropriated out of the funds received by the State from the American Rescue Plan Act, Public Law 117-2, Section 9901, the sum of \$60,000,000 or so much thereof as may be

necessary for fiscal year 2021-2022 for the Hawaii tourism authority.

The sum appropriated shall be expended by the department of business, economic development, and tourism for the purposes of this part.

PART X

SECTION 24. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 25. This Act shall take effect on July 1, 2021; provided that parts VI and VII of this Act shall take effect on January 1, 2022.

Report Title:

Pacific International Space Center for Exploration Systems; University of Hawaii at Hilo; Challenger Center Hawaii Program; Tourism Special Fund; Hawaii Tourism Authority; County Transient Accommodations Tax; Appropriation

Description:

Abolishes the office of aerospace development, aerospace advisory committee, and Hawaii unmanned aerial systems test site advisory board. Transfers administration of the Pacific international space center for exploration systems from DBEDT to the University of Hawaii at Hilo. Transfers the administration of and the budget for the Challenger center Hawaii program from the office of aerospace development to DOE. Decreases transient accommodations tax allocation to the convention center enterprise special fund.

Repeals transient accommodation tax allocation to the counties.

Authorizes the counties to establish a county transient accommodations tax at a rate not to exceed three per cent.

Effective 1/1/2022, repeals the tourism special fund and repeals certain compensation package limits for the president and chief executive officer of HTA. Repeals the HTA's exemption from the public procurement code. Makes an appropriation for HTA. (CD1)

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