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## A BILL FOR AN ACT

MAKING AN APPROPRIATION FOR THE DEPARTMENT OF HUMAN SERVICES TO  
ADDRESS THE BUDGET SHORTFALL.

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

1           SECTION 1. Many unprecedented events have converged to  
2 create an economic, financial, and fiscal environment that  
3 threatens the very foundation of our national economy. Problems  
4 that arose in the national housing sector and sub-prime mortgage  
5 market last year have radiated from Wall Street to Main Street.  
6 Across the United States, the result has been increasing  
7 business bankruptcies and closures, lower consumer confidence  
8 and spending, and job losses coupled with rising unemployment.

9           For state governments, the financial crisis and economic  
10 downturn have adversely impacted tax revenues and budgets. Most  
11 states, including Hawaii, rely on income and sales taxes as  
12 their main sources of revenues. The slowdown in employment and  
13 consumer spending has reduced state revenues nationwide at a  
14 time when operating costs continue to rise.

15           Hawaii is experiencing a severe contraction in its visitor,  
16 retail, and construction industries. As a consequence, the  
17 council on revenues has revised its revenue projections downward



1 five times during 2008 and once again at the beginning of  
2 January 2009. The cumulative effect of these successive  
3 reductions in revenue estimates for fiscal years 2008-2009,  
4 2009-2010, and 2010-2011 is a substantial decrease in the amount  
5 of general funds that the State can expect in the immediate and  
6 near future. A \$1,760,000,000 general fund budget shortfall is  
7 projected by the end of fiscal year 2010-2011 if corrective  
8 action is not taken. This appropriation is one of the steps  
9 being taken to address this shortfall.

10 SECTION 2. The legislature finds and declares that:

- 11 (1) The health care payments program (HMS 401) of the  
12 department of human services is essential to the  
13 public health, safety, and welfare of the people of  
14 the State of Hawaii;
- 15 (2) An appropriation from the emergency and budget reserve  
16 fund is needed to fund the health care payments  
17 program for fiscal year 2009-2010 due to the severe  
18 economic downturn impacting the State that has reduced  
19 state general fund revenues;
- 20 (3) The appropriation in this Act will assist in  
21 addressing the critical budget shortfall facing the  
22 State in fiscal biennium 2009-2011 by allowing moneys



1 from the emergency and budget reserve fund to be used  
 2 as a source of funding to replace the general funds  
 3 that would be used to fund the health care payments  
 4 program for fiscal year 2009-2010; and

5 (4) The appropriation in this Act is consistent with the  
 6 purposes of the emergency and budget reserve fund.

7 The purpose of this Act is to appropriate \$15,000,000 from  
 8 the emergency and budget reserve fund to fund the health care  
 9 payments program of the department of human services for fiscal  
 10 year 2009-2010 in lieu of general funds to help address the  
 11 budget shortfall in fiscal biennium 2009-2011.

12 SECTION 3. There is appropriated out of the emergency and  
 13 budget reserve fund the sum of \$15,000,000 or so much thereof as  
 14 may be necessary for fiscal year 2009-2010 for the health care  
 15 payments program (HMS 401). The funds are in lieu of a like  
 16 amount of general funds that would have had to be appropriated  
 17 for the health care payments program for fiscal year 2009-2010.

18 The sum appropriated shall be expended by the department of  
 19 human services to carry out the purposes of this Act.

20 SECTION 4. This Act shall take effect on January 1, 2010.



**Report Title:**

Appropriation; Emergency Budget and Reserve Fund

**Description:**

Fiscal Year 2009-2010 appropriation from the Emergency and Budget Reserve Fund in lieu of general funds for the health care payments program (HMS 401) to address the budget shortfall in fiscal biennium 2009-2011. (HB1065 HD1)

