

Honolulu, Hawaii

APR 23 2010 , 2010

RE: S.B. No. 2806  
S.D. 2  
H.D. 1  
C.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2806, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE EMERGENCY AND BUDGET RESERVE FUND,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to ensure that the Emergency and Budget Reserve Fund (EBRF) has adequate reserves during times of emergency, economic downturn, or unforeseen reduction in revenues by:

- (1) Authorizing the transfer of five percent of the general fund balance at the close of the fiscal year when general fund revenues for each of two successive fiscal years exceed revenue for each of the preceding fiscal years by five percent;



- (2) Requiring that the end-of-fiscal-year general fund balance be calculated before any tax refund or tax credit is authorized;
- (3) Prohibiting the transfer of funds to the EBRF whenever the its balance is equal to or greater than ten percent of general fund revenues for the preceding fiscal year;
- (4) Requiring that general fund revenues deposited into the EBRF be kept in separate accounts from other moneys in the EBRF;
- (5) Requiring that all interest earned from moneys in the EBRF be credited to the EBRF; and
- (6) Clarifying that economic downturns must be severe before EBRF funds may be expended.

Your Committee on Conference finds that the EBRF is being steadily depleted while there are no new sources of revenue to replenish it. This measure would help to ensure that a fiscal reserve is available to support the State's financial obligations during periods of severe economic difficulty and would provide an alternative to raising taxes at times when the people of the State can least afford it.

Your Committee further finds that, in the interest of fiscal accountability, moneys deposited into the EBRF should be kept in separate accounts to prevent moneys transferred from the general fund from becoming co-mingled with other moneys in the fund. It is your Committee's intent that the statutory requirement of a two-thirds majority vote of each House of the Legislature, imposed by section 328L-3(d), Hawaii Revised Statutes, be followed when appropriating funds from either of these separate accounts in the Emergency and Budget Reserve Fund.

Your Committee has amended this measure by changing the effective date to July 1, 2010.


As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2806, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2806, S.D. 2, H.D. 1, C.D. 1.



Respectfully submitted on behalf  
of the managers:


ON THE PART OF THE HOUSE .

ON THE PART OF THE SENATE

  
MARCUS R. OSHIRO, Chair

  
SUZANNE CHUN OAKLAND, Chair

  
DAVID Y. IGE, Co-Chair

  
SHAN S. TSUTSUI, Co-Chair



# Hawaii State Legislature

## Record of Votes of a Conference Committee

96-10

Bill / Concurrent Resolution No.: <b>SB 2806, SD 2, HD 1</b>					Date/Time: <b>4/22/10, 11:30a.m.</b>				
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).									
<input type="checkbox"/> The Committee is reconsidering its previous decision.									
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
CHUN OAKLAND, Suzanne, Chr.	✓				OSHIRO, Marcus R., Chr.	✓			
IGE, David Y., Co-Chr.	✓				CHONG, Pono	✓			
TSUTSUI, Shan S., Co-Chr.	✓				RHOADS, Karl	✓			
					FINNEGAN, Lynn	✓			
TOTAL	3	0	0	0	TOTAL	4	0	0	0
A = Aye		WR = Aye with Reservations			N = Nay		E = Excused		
Senate Recommendation is:					House Recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
Distribution:      Original      Yellow      Pink      Goldenrod File with Conference Committee Report      House Clerk's Office      Senate Clerk's Office      Drafting Agency									