



GOV. MSG. NO. 1165

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

June 6, 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 6, 2016, the following bill was signed into law:

SB2555 HD1 CD1

RELATING TO STATE FUNDS
ACT 064 (16)

Sincerely,

A handwritten signature in black ink that reads "David Y. Ige".

DAVID Y. IGE
Governor, State of Hawai'i

A BILL FOR AN ACT

RELATING TO STATE FUNDS.

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

1 SECTION 1. The purpose of this Act is to address state
2 funds.

3 The legislature finds that article VII, section 6, of the
4 Constitution of the State of Hawaii requires the legislature to
5 provide, when certain conditions occur, a tax refund or tax
6 credit to state taxpayers or make a deposit into one or more
7 funds, as provided by law, to serve as a reserve for the State.
8 The conditions are that the state general fund balances at the
9 end of two successive fiscal years exceed five per cent of the
10 state general revenues for those fiscal years.

11 The legislature finds that the state general fund balances
12 at the end of fiscal years 2013-2014 and 2014-2015 exceeded five
13 per cent of the state general revenues for those fiscal years.
14 The legislature recognized in Act 202, Session Laws of Hawaii
15 2015, that although the emergency and budget reserve fund
16 balance exceeded the statutory maximum established in section
17 328L-3(a)(3), the fiscally prudent course of action was to
18 deposit the excess general revenue fund balance into the



1 emergency and budget reserve fund as a bulwark against future
2 fiscal downturns. Therefore, the legislature exercised its
3 constitutional legislative powers to waive the statutory ceiling
4 on the emergency and budget reserve fund and, as provided by
5 law, deposit the excess general fund revenues into the emergency
6 and budget reserve fund to "serve as a temporary supplemental
7 sources of funding for the State in times of an emergency,
8 economic downturn, or unforeseen reduction in revenue" in
9 accordance with article VII, section 6.

10 The legislature finds that the best course of action during
11 the regular session of 2016 is to make a deposit into the
12 emergency and budget reserve fund instead of providing a tax
13 refund or credit. The legislature finds it preferable to
14 increase the reserve fund at present to address possible
15 emergencies and contingencies that may occur in the future when
16 state revenues slow down.

17 SECTION 2. Notwithstanding any law to the contrary, for
18 fiscal year 2015-2016, the director of finance shall transfer to
19 the emergency and budget reserve fund the total sum of the tax
20 credit or tax refund as determined by the legislature pursuant



1 to the provisions of article VII, section 6, of the Hawaii
2 Constitution.

3 SECTION 3. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$1,000,000 or so much
5 thereof as may be necessary for fiscal year 2015-2016 to be
6 deposited into the emergency and budget reserve fund by the
7 director of finance.

8 SECTION 4. This Act shall take effect upon its approval.

APPROVED this 6 day of JUN, 2016



GOVERNOR OF THE STATE OF HAWAII