

JAN 27 2016

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# A BILL FOR AN ACT

RELATING TO FISCAL TRANSPARENCY.

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

1       SECTION 1. The legislature finds that the state budgeting  
2 process does not comply with best practices for financial  
3 transparency. The inability of the public and of legislators to  
4 access the state's financial information inhibits civic  
5 engagement, and makes fiscal oversight problematic.

6       Furthermore, adherence to a long-term financial plan is not  
7 only statutorily and constitutionally mandated, but also  
8 integral to sound decision-making regarding the sustainability  
9 of state programs and initiatives. It is of utmost importance  
10 that the state's long term financial plan is based on reliable  
11 data, continually updated, and taken into account in budget  
12 deliberations. The compound annual growth rate is an accurate  
13 measure to project the long-term costs of programs because it is  
14 not prone to volatility and represents the annualized average  
15 rate of growth for a given period of time.

16       The purpose of this act is to foster openness in the state  
17 budgeting process, and to make a commitment to the timely



1 publication of fiscal information by reforming the Executive  
2 Budget Act.

3 SECTION 2. Section 37-62, Hawaii Revised Statutes, is  
4 amended by adding two new definitions to be appropriately  
5 inserted and to read as follows:

6 "Assumption" means any justification, formula, method of  
7 calculation, reason, or data relied on in making a projection of  
8 expenditures, costs or revenues.

9 "Compound annual growth rate" means the mean annual growth  
10 rate over a period of time longer than one year."

11 SECTION 3. Section 37-66, Hawaii Revised Statutes, is  
12 amended to read as follows:

13 **"[§37-66] Responsibilities of the legislature. The**  
14 **legislature shall:**

15 (1) Consider the long-range plans, including the proposed  
16 objectives and policies, the six-year state program  
17 and financial plan, and the budget and revenue  
18 proposals recommended by the governor and any  
19 alternatives thereto.

20 (2) Foster civic engagement and fiscal oversight by making  
21 the legislative budget worksheets available to the



1        public no fewer than three days prior to a floor vote  
2        in each chamber of the legislature on its respective  
3        draft of the budget bill. Along with the budget  
4        worksheets, the legislature shall also publish a six-  
5        year financial plan updated with the most recent  
6        council on revenues growth forecast and that takes  
7        into consideration all appropriations. The  
8        legislature's six-year plan shall disclose any and all  
9        assumptions made in the projection of expenditures  
10       that extend beyond the fiscal biennium in which the  
11       legislature submits its financial plan. Any estimates  
12       or assumptions used to project expenditures shall use  
13       the compound annual growth rate. If projections of  
14       expenditures are arrived at by means other than use of  
15       the compound annual growth rate, the alternative means  
16       and reason for deviation from the compound annual  
17       growth rate shall be disclosed in the financial plan.

18       [~~2~~] (3) Adopt programs and the state budget, and  
19       appropriate moneys to implement the programs it deems  
20       appropriate.



1       ~~[(+3)]~~ (4)   Adopt such other legislation as necessary to  
2               implement state programs.

3       ~~[(+4)]~~ (5)   Review the implementation of the state budget and  
4               program accomplishments and execution of legislative  
5               policy direction. Implementation of the state budget  
6               and program management, execution, and performance  
7               shall be subject to post-audits by the auditor who  
8               shall report the auditor's findings and  
9               recommendations to the legislature as provided in  
10              chapter 23."

11       SECTION 4. Section 37-69, Hawaii Revised Statutes, is  
12       amended to read as follows:

13       "**§37-69 The six-year program and financial plan.** (a) The  
14       governor shall prepare a state six-year program and financial  
15       plan encompassing all state programs. Not fewer than thirty  
16       days before the legislature convenes in every odd-numbered year,  
17       the governor shall submit to the legislature and to each member  
18       thereof the six-year program and financial plan. The program  
19       and financial plan shall be annually and continually updated and  
20       maintained. The program and financial plan, in general, shall  
21       contain:



- 1 (1) The state program structure;
- 2 (2) Statements of statewide objectives and program  
3 objectives;
- 4 (3) Program plans that describe the programs recommended  
5 to implement the statewide and program objectives and  
6 the manner in which the recommended programs are  
7 proposed to be implemented over the next six fiscal  
8 years; and
- 9 (4) A financial plan that shows the fiscal implications of  
10 the recommended programs for the next six fiscal  
11 years.
- 12 (5) A financial plan that discloses any and all  
13 assumptions made in the projection of expenditures  
14 that extend beyond the fiscal biennium in which the  
15 financial plan is submitted to the legislature. Any  
16 estimates or assumptions used to project expenditures  
17 shall use the compound annual growth rate. If  
18 projections of expenditures are arrived at by means  
19 other than use of the compound annual growth rate, the  
20 alternative means and reason for deviation from the



1           compound annual growth rate shall be disclosed in the  
2           financial plan.

3           (b) The information contained in the program and financial  
4 plan shall be presented generally in the following manner:

5           (1) Information shall be displayed by programs, or groups  
6           of programs.

7           (2) Programs shall be appropriately crosswalked to  
8           expending agencies.

9           (3) Data shall be appropriately summarized at each level  
10          of the program structure.

11          (4) Program costs shall include all costs, including  
12          research and development, operating and capital,  
13          regardless of the means of financing except that the  
14          means of financing shall be expressly identified; all  
15          costs shall be displayed in the year of their  
16          anticipated expenditure, regardless of whether such  
17          costs have been authorized to be expended by prior  
18          appropriations acts or are authorized to be expended  
19          by existing law, or require new appropriations or  
20          authorizations.



1        (5) Any assumptions used to project the growth of program  
2                costs beyond the current fiscal biennium shall be  
3                disclosed.

4        ~~[(+5)]~~ (6)    Cost data shall be presented in units of  
5                thousands of dollars or less.

6        ~~[(+6)]~~ (7)    Comparative data for the last completed fiscal  
7                year and the fiscal year in progress shall be shown.

8        (c)   *[Subsection effective until June 30, 2016. For*  
9        *subsection effective July 1, 2016, see below.]* The financial  
10       plan for the ensuing six fiscal years shall more specifically  
11       include:

12        (1)   Economic data for the State and the counties of the  
13                following kinds:

14            (A)   Population: Including historical, current, and  
15                projected population count; population  
16                distribution by age and sex; estimated increases  
17                and decreases, including increases and decreases  
18                by immigration;

19            (B)   Employment: Including magnitude of labor force by  
20                age and sex; labor force participation rates;  
21                employment by age and sex; industry and



- 1 occupational surpluses and shortages; effects of
- 2 government programs on employment rate;
- 3 (C) Income: Including per capita and per family
- 4 income; disposable income; income distribution;
- 5 (D) Wages and prices: Including wages by industry and
- 6 occupational groups; prices for government
- 7 procurement items; construction costs; cost of
- 8 living index; price indices for components of
- 9 personal consumption;
- 10 (E) Industry and business trends; and
- 11 (F) Effects of national economic and financial
- 12 policies and conditions;
- 13 (2) Brief statements disclosing the basis upon which the
- 14 revenue estimates in the plan were made, including for
- 15 each specific tax and nontax revenue source:
- 16 (A) The previous projections for the last completed
- 17 fiscal year and the fiscal year in progress;
- 18 (B) The variance between the projections and the
- 19 actual or revised estimate, and the reasons for
- 20 the variances;
- 21 (C) Tax or source base and rates;





- 1 (D) Yield projections of existing revenue sources and
- 2 existing taxes at authorized rates;
- 3 (E) Assumptions made and methodology used in
- 4 projections;
- 5 (F) Changes recommended; and
- 6 (G) Projected yields if changes are adopted; etc.;
- 7 (3) At the lowest level on the state program structure,
- 8 for each program:
- 9 (A) The total actual program cost for the last
- 10 completed fiscal year, the estimated cost for the
- 11 fiscal year in progress, and the estimated cost
- 12 for each of the next six fiscal years~~+~~, and any
- 13 assumptions used to project the growth of program
- 14 costs beyond the current fiscal biennium;
- 15 research and development, operating, and capital
- 16 costs shall be included and the means of
- 17 financing shall be identified. The number of
- 18 personnel positions and all lease payments shall
- 19 be shown for the program, identified by their
- 20 means of financing;



1 (B) The program size indicators; the actual size  
2 attained in the last completed fiscal year, the  
3 estimated size for the fiscal year in progress,  
4 and the estimated size for each of the next six  
5 fiscal years; and

6 (C) The effectiveness measures; the actual level of  
7 effectiveness attained in the last completed  
8 fiscal year, the estimated level of effectiveness  
9 for the fiscal year in progress, and the  
10 estimated level for each of the next six fiscal  
11 years;

12 (4) Appropriate displays of paragraph (3)(A) and (C), at  
13 every level of the state program structure above the  
14 lowest level, by the major groupings of programs  
15 encompassed within the level. The displays of  
16 [paragraph] (3)(A) shall appropriately identify the  
17 means of financing and the number of positions  
18 included in the level;

19 (5) Financial summaries displaying the State's financial  
20 condition, actual for the last completed fiscal year,



1 and estimated for the fiscal year in progress and each  
2 of the next six fiscal years, including:

3 (A) A display of the programmed, total state  
4 expenditures, by cost categories, the total state  
5 resources anticipated from existing tax and  
6 nontax sources at existing rates, by resource  
7 categories, including the fund balance or deficit  
8 at the beginning of the fiscal year and bond  
9 receipts, and the resulting fund balance or  
10 deficit at the close of each fiscal year. Lease  
11 payments in each cost category shall be stated  
12 separately; and

13 (B) The changes proposed to the existing tax and  
14 nontax rates, sources or structure, and the  
15 estimated increases or reductions in revenues,  
16 the estimated cumulative increases or reductions,  
17 and the estimated fund balance or deficit in each  
18 of the next six fiscal years as a result of such  
19 proposed changes. Proposals for changes in the  
20 existing tax and nontax rates, sources or  
21 structure shall be made in every case where the



1           proposed, total state expenditures exceed the  
2           total resources anticipated from existing tax and  
3           nontax sources at existing rates.

4           Such financial summaries shall be prepared for the  
5           total state expenditures and resources and for the  
6           general fund and special fund portions thereof;

7       (6) A summary of the balance of each special fund, actual  
8           for the last completed fiscal year and estimated for  
9           the fiscal year in progress and estimated for each of  
10          the next six fiscal years;

11       (7) A summary of the State's total bond fund required to  
12          carry out the recommended programs and the kinds of  
13          bonds and amounts thereof through which the  
14          requirements were met in the last completed fiscal  
15          year, are to be met in the fiscal year in progress,  
16          and are proposed to be met in each of the next six  
17          fiscal years. The summary shall detail, for each  
18          fiscal year:

19           (A) Of the total bond fund requirements, the amount,  
20           by cost categories, requiring new bond issuance  
21           authorization and the kinds and amounts of bonds



1                   planned for issuance under such new  
2                   authorizations;  
3           (B) By bond categories, the total, cumulative balance  
4                   of bonds authorized in prior years but unissued  
5                   and the amount thereof proposed to be issued; and  
6           (C) A recapitulation of the total bonds to be issued,  
7                   including both new authorizations and prior  
8                   authorizations, by bond categories;  
9       (8) Separately for general fund tax revenues, special fund  
10           tax revenues, general fund nontax revenues, and  
11           special fund nontax revenues:  
12           (A) By kinds of taxes or sources, the amount of  
13                   revenue from existing, authorized taxes or  
14                   sources at existing rates received in the last  
15                   completed fiscal year and estimated to be  
16                   received in the fiscal year in progress and in  
17                   each of the next six fiscal years;  
18           (B) A summary of the proposed changes in the existing  
19                   taxes or sources or rates, and the estimated  
20                   increases or reductions in revenues in each of



1           the next six fiscal years resulting from such  
2           changes; and

3           (C) The total estimated revenues with and without the  
4           proposed changes in each of the next six fiscal  
5           years; and

6           (9) A summary of the State's total payments due under  
7           financing agreements required to carry out the  
8           recommended programs and the kinds of financing  
9           agreements and amounts thereof through which the  
10          requirements were met in the last completed fiscal  
11          year, are to be met in the fiscal year in progress,  
12          and are proposed to be met in each of the next six  
13          fiscal years. The summary shall detail, for each  
14          fiscal year:

15          (A) Of the total financing agreement requirements,  
16          the amount, by cost categories, requiring new  
17          financing agreement authorizations and the kinds  
18          and amounts of financing agreements planned for  
19          execution and delivery under such new  
20          authorizations;



1 (B) By cost category, the cumulative balance of  
2 financing agreements authorized in prior years  
3 but not executed and delivered and the amount  
4 proposed to be executed and delivered; and

5 (C) A recapitulation of the total financing  
6 agreements to be executed and delivered,  
7 including both new authorizations and prior  
8 authorizations, by cost categories.

9 (c) *[Subsection effective July 1, 2016. For subsection*  
10 *effective until June 30, 2016, see above.]* The financial plan  
11 for the ensuing six fiscal years shall more specifically  
12 include:

13 (1) Economic data for the State and the counties of the  
14 following kinds:

15 (A) Population: Including historical, current, and  
16 projected population count; population  
17 distribution by age and sex; estimated increases  
18 and decreases, including increases and decreases  
19 by immigration;

20 (B) Employment: Including magnitude of labor force by  
21 age and sex; labor force participation rates;



- 1 employment by age and sex; industry and
- 2 occupational surpluses and shortages; effects of
- 3 government programs on employment rate;
- 4 (C) Income: Including per capita and per family
- 5 income; disposable income; income distribution;
- 6 (D) Wages and prices: Including wages by industry and
- 7 occupational groups; prices for government
- 8 procurement items; construction costs; cost of
- 9 living index; price indices for components of
- 10 personal consumption;
- 11 (E) Industry and business trends; and
- 12 (F) Effects of national economic and financial
- 13 policies and conditions;
- 14 (2) Brief statements disclosing the basis upon which the
- 15 revenue estimates in the plan were made, including for
- 16 each specific tax and nontax revenue source:
- 17 (A) The previous projections for the last completed
- 18 fiscal year and the fiscal year in progress;
- 19 (B) The variance between the projections and the
- 20 actual or revised estimate, and the reasons for
- 21 the variances;





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- 1 (C) Tax or source base and rates;
- 2 (D) Yield projections of existing revenue sources and
- 3 existing taxes at authorized rates;
- 4 (E) Assumptions made and methodology used in
- 5 projections;
- 6 (F) Changes recommended; and
- 7 (G) Projected yields if changes are adopted; etc.;
- 8 (3) At the lowest level on the state program structure,
- 9 for each program:
- 10 (A) The total actual program cost for the last
- 11 completed fiscal year, the estimated cost for the
- 12 fiscal year in progress, ~~and~~ the estimated cost
- 13 for each of the next six fiscal years~~[+]~~, and the
- 14 assumptions used to estimate costs; research and
- 15 development, operating, and capital costs shall
- 16 be included and the means of financing shall be
- 17 identified. The position ceiling and all lease
- 18 payments shall be shown for the program,
- 19 identified by their means of financing;
- 20 (B) The program size indicators; the actual size
- 21 attained in the last completed fiscal year, the



- 1           estimated size for the fiscal year in progress,  
2           and the estimated size for each of the next six  
3           fiscal years; and
- 4           (C) The effectiveness measures; the actual level of  
5           effectiveness attained in the last completed  
6           fiscal year, the estimated level of effectiveness  
7           for the fiscal year in progress, and the  
8           estimated level for each of the next six fiscal  
9           years;
- 10          (4) Appropriate displays of paragraph (3)(A) and (C), at  
11          every level of the state program structure above the  
12          lowest level, by the major groupings of programs  
13          encompassed within the level. The displays of  
14          paragraph (3)(A) shall appropriately identify the  
15          means of financing and position ceiling included in  
16          the level;
- 17          (5) Financial summaries displaying the State's financial  
18          condition, actual for the last completed fiscal year,  
19          and estimated for the fiscal year in progress and each  
20          of the next six fiscal years, including:



1 (A) A display of the programmed, total state  
2 expenditures, by cost categories, the total state  
3 resources anticipated from existing tax and  
4 nontax sources at existing rates, by resource  
5 categories, including the fund balance or deficit  
6 at the beginning of the fiscal year and bond  
7 receipts, and the resulting fund balance or  
8 deficit at the close of each fiscal year. Lease  
9 payments in each cost category shall be stated  
10 separately; and

11 (B) The changes proposed to the existing tax and  
12 nontax rates, sources or structure, and the  
13 estimated increases or reductions in revenues,  
14 the estimated cumulative increases or reductions,  
15 and the estimated fund balance or deficit in each  
16 of the next six fiscal years as a result of such  
17 proposed changes. Proposals for changes in the  
18 existing tax and nontax rates, sources or  
19 structure shall be made in every case where the  
20 proposed, total state expenditures exceed the



1           total resources anticipated from existing tax and  
2           nontax sources at existing rates.

3           The financial summaries shall be prepared for the  
4           total state expenditures and resources and for the  
5           general fund and special fund portions thereof;

6           (6) A summary of the balance of each special fund, actual  
7           for the last completed fiscal year and estimated for  
8           the fiscal year in progress and estimated for each of  
9           the next six fiscal years;

10          (7) A summary of the State's total bond fund required to  
11          carry out the recommended programs and the kinds of  
12          bonds and amounts thereof through which the  
13          requirements were met in the last completed fiscal  
14          year, are to be met in the fiscal year in progress,  
15          and are proposed to be met in each of the next six  
16          fiscal years. The summary shall detail, for each  
17          fiscal year:

18          (A) Of the total bond fund requirements, the amount,  
19               by cost categories, requiring new bond issuance  
20               authorization and the kinds and amounts of bonds



1           planned for issuance under the new  
2           authorizations;

3           (B) By bond categories, the total, cumulative balance  
4           of bonds authorized in prior years but unissued  
5           and the amount thereof proposed to be issued; and

6           (C) A recapitulation of the total bonds to be issued,  
7           including both new authorizations and prior  
8           authorizations, by bond categories;

9           (8) Separately for general fund tax revenues, special fund  
10          tax revenues, general fund nontax revenues, and  
11          special fund nontax revenues:

12          (A) By kinds of taxes or sources, the amount of  
13          revenue from existing, authorized taxes or  
14          sources at existing rates received in the last  
15          completed fiscal year and estimated to be  
16          received in the fiscal year in progress and in  
17          each of the next six fiscal years;

18          (B) A summary of the proposed changes in the existing  
19          taxes or sources or rates, and the estimated  
20          increases or reductions in revenues in each of



1           the next six fiscal years resulting from such  
2           changes; and

3           (C) The total estimated revenues with and without the  
4           proposed changes in each of the next six fiscal  
5           years;

6           (9) A summary of the State's total payments due under  
7           financing agreements required to carry out the  
8           recommended programs and the kinds of financing  
9           agreements and amounts thereof through which the  
10          requirements were met in the last completed fiscal  
11          year, are to be met in the fiscal year in progress,  
12          and are proposed to be met in each of the next six  
13          fiscal years. The summary shall detail, for each  
14          fiscal year:

15          (A) Of the total financing agreement requirements,  
16          the amount, by cost categories, requiring new  
17          financing agreement authorizations and the kinds  
18          and amounts of financing agreements planned for  
19          execution and delivery under the new  
20          authorizations;



- 1 (B) By cost category, the cumulative balance of
- 2 financing agreements authorized in prior years
- 3 but not executed and delivered and the amount
- 4 proposed to be executed and delivered; and
- 5 (C) A recapitulation of the total financing
- 6 agreements to be executed and delivered,
- 7 including both new authorizations and prior
- 8 authorizations, by cost categories; and
- 9 (10) A summary of the state government's pension liability
- 10 and other post-employment benefit liability for which
- 11 the most current information is available, including:
- 12 (A) Unfunded actuarial accrued liability specified in
- 13 the latest actuarial valuation report available
- 14 in the pertinent fiscal year;
- 15 (B) Funded ratio specified in the latest actuarial
- 16 valuation report available in the pertinent
- 17 fiscal year;
- 18 (C) Funding period specified in the latest actuarial
- 19 valuation report available in the pertinent
- 20 fiscal year; and



1           (D) Annual required contribution for the pertinent  
2           fiscal year and the proportion of the annual  
3           required contribution budgeted to be paid in that  
4           fiscal year.

5           (d) *[Subsection effective until June 30, 2016. For*  
6           *subsection effective July 1, 2016, see below.]* The program  
7           plans for the ensuing six fiscal years shall more specifically  
8           include:

9           (1) At the lowest level on the state program structure,  
10          for each program:

11          (A) A statement of its objectives;

12          (B) Measures by which the effectiveness in attaining  
13          the objectives is to be assessed;

14          (C) The level of effectiveness planned for each of  
15          the ensuing six fiscal years;

16          (D) A brief description of the activities  
17          encompassed;

18          (E) The program size indicators;

19          (F) The program size planned for each of the next six  
20          fiscal years;





- 1 (G) A narrative explanation of the plans for the  
2 program. It shall contain, and in general be  
3 limited to, the following:
- 4 (i) A description of the kinds of activities  
5 carried out or unusual technologies  
6 employed;
- 7 (ii) A statement of key policies pursued;
- 8 (iii) Identification of important program or  
9 organizational relationships involved;
- 10 (iv) A description of major external trends  
11 affecting the program;
- 12 (v) A discussion of significant discrepancies  
13 between previously planned cost,  
14 effectiveness, and program size levels and  
15 those actually achieved;
- 16 (vi) Comments on, and an interpretation of, cost,  
17 effectiveness, and program size data over  
18 the upcoming budget period, with special  
19 attention devoted to changes from the  
20 current budget period;



(vii) Comments on, and an interpretation of, cost, effectiveness, and program size data over the four years of the planning period and how they relate to the corresponding data for the budget period; and

(viii) A summary of the special analytic study, program evaluation, or other analytic report supporting a substantial change in the program where such a major program change recommendation has been made;

(H) The full cost implications of the recommended programs, by cost categories and cost elements, actually experienced in the last completed fiscal year, estimated for the fiscal year in progress, and estimated for each of the next six fiscal years. Any assumptions used in the projection of program cost implications shall be disclosed.

The means of financing shall be identified for each cost category. The personal services cost element and the lease payments cost element shall be shown separately; the cost elements of other



1 current expenses, equipment, and motor vehicles  
2 may be combined. The number of positions  
3 included in the program shall be appropriately  
4 identified by means of financing;

5 (I) A recapitulation of subparagraph (H) for the last  
6 completed fiscal year, the fiscal year in  
7 progress and each of the next six fiscal years,  
8 by means of financing grouped under each cost  
9 category. The number of positions included in  
10 any program shall be appropriately identified;

11 (J) An identification of the revenues generated in  
12 the last completed fiscal year and estimated to  
13 be generated in the fiscal year in progress and  
14 in each of the next six fiscal years, and the  
15 fund into which such revenues are deposited;

16 (K) Details of implementation of each capital  
17 improvement project included in the total program  
18 cost, including:

19 (i) A description of the project, location, and  
20 scope;



(ii) The initially estimated, currently estimated, and final cost of the project, by investment cost elements and by means of financing;

(iii) The amounts previously appropriated by the legislature for the project, by cost elements and by means of financing specified in the acts appropriating the sums, and an identification of the acts so appropriating;

(iv) The costs incurred in the last completed fiscal year and the estimated costs to be incurred in the fiscal year in progress and in each of the next six fiscal years, by cost elements and by means of financing; and

(v) A commencement and completion schedule, by month and year, of the various phases of the capital improvement project (i.e., land acquisition, design, construction, and occupancy) as originally intended, as currently estimated, and as actually experienced; and



1 (L) A crosswalk of the program expenditures, by cost  
2 categories and cost elements between the program  
3 and expending agencies for the next two fiscal  
4 years. The means of financing and the number of  
5 positions included in the program costs to be  
6 expended by each agency shall be specified; and

7 (2) Appropriate displays at every level of the state  
8 program structure above the lowest level. The  
9 displays shall include:

10 (A) A listing of all major groupings of programs  
11 included within the level, together with the  
12 objectives, measures of effectiveness, and  
13 planned levels of effectiveness for each of the  
14 ensuing six fiscal years for each such major  
15 groupings of programs; and

16 (B) A summary of the total cost of each cost category  
17 by the major groupings of programs encompassed  
18 within the level, actual for the last completed  
19 fiscal year and estimated for the fiscal year in  
20 progress and for each of the next six fiscal  
21 years.



1           (d) *[Subsection effective July 1, 2016. For subsection*  
2 *effective until June 30, 2016, see above.]* The program plans  
3 for the ensuing six fiscal years shall more specifically  
4 include:

5           (1) At the lowest level on the state program structure,  
6 for each program:

7           (A) A statement of its objectives;

8           (B) Measures by which the effectiveness in attaining  
9 the objectives is to be assessed;

10          (C) The level of effectiveness planned for each of  
11 the ensuing six fiscal years;

12          (D) A brief description of the activities  
13 encompassed;

14          (E) The program size indicators;

15          (F) The program size planned for each of the next six  
16 fiscal years;

17          (G) A narrative explanation of the plans for the  
18 program. It shall contain, and in general be  
19 limited to, the following:



- 1                   (i) A description of the kinds of activities  
2                   carried out or unusual technologies  
3                   employed;
- 4                   (ii) A statement of key policies pursued;
- 5                   (iii) Identification of important program or  
6                   organizational relationships involved;
- 7                   (iv) A description of major external trends  
8                   affecting the program;
- 9                   (v) A discussion of significant discrepancies  
10                  between previously planned cost,  
11                  effectiveness, and program size levels and  
12                  those actually achieved;
- 13                  (vi) Comments on, and an interpretation of, cost,  
14                  effectiveness, and program size data over  
15                  the upcoming budget period, with special  
16                  attention devoted to changes from the  
17                  current budget period;
- 18                  (vii) Comments on, and an interpretation of, cost,  
19                  effectiveness, and program size data over  
20                  the four years of the planning period and



1                   how they relate to the corresponding data  
2                   for the budget period; and

3           (viii) A summary of the special analytic study,  
4                   program evaluation, or other analytic report  
5                   supporting a substantial change in the  
6                   program where such a major program change  
7                   recommendation has been made;

8           (H) The full cost implications of the recommended  
9                   programs, by cost categories and cost elements,  
10                  actually experienced in the last completed fiscal  
11                  year, estimated for the fiscal year in progress,  
12                  and estimated for each of the next six fiscal  
13                  years. Any assumptions used in the projection of  
14                  program cost implications shall be disclosed.

15               The means of financing shall be identified for  
16               each cost category. The personal services cost  
17               element and the lease payments cost element shall  
18               be shown separately; the cost elements of other  
19               current expenses, equipment, and motor vehicles  
20               may be combined. The position ceiling for the





1 program shall be appropriately identified by  
2 means of financing;

3 (I) A recapitulation of subparagraph (H) for the last  
4 completed fiscal year, the fiscal year in  
5 progress and each of the next six fiscal years,  
6 by means of financing grouped under each cost  
7 category. The position ceiling for any program  
8 shall be appropriately identified;

9 (J) An identification of the revenues generated in  
10 the last completed fiscal year and estimated to  
11 be generated in the fiscal year in progress and  
12 in each of the next six fiscal years, and the  
13 fund into which the revenues are deposited;

14 (K) Details of implementation of each capital  
15 improvement project included in the total program  
16 cost, including:

17 (i) A description of the project, location, and  
18 scope;

19 (ii) The initially estimated, currently  
20 estimated, and final cost of the project, by



1 investment cost elements and by means of  
2 financing;

3 (iii) The amounts previously appropriated by the  
4 legislature for the project, by cost  
5 elements and by means of financing specified  
6 in the acts appropriating the sums, and an  
7 identification of the acts so appropriating;

8 (iv) The costs incurred in the last completed  
9 fiscal year and the estimated costs to be  
10 incurred in the fiscal year in progress and  
11 in each of the next six fiscal years, by  
12 cost elements and by means of financing; and

13 (v) A commencement and completion schedule, by  
14 month and year, of the various phases of the  
15 capital improvement project (i.e., land  
16 acquisition, design, construction, and  
17 occupancy) as originally intended, as  
18 currently estimated, and as actually  
19 experienced; and

20 (L) A crosswalk of the program expenditures, by cost  
21 categories and cost elements between the program



1 and expending agencies for the next two fiscal  
2 years. The means of financing for the program  
3 costs to be expended by, and position ceiling  
4 for, each agency shall be specified; and

5 (2) Appropriate displays at every level of the state  
6 program structure above the lowest level. The  
7 displays shall include:

8 (A) A listing of all major groupings of programs  
9 included within the level, together with the  
10 objectives, measures of effectiveness, and  
11 planned levels of effectiveness for each of the  
12 ensuing six fiscal years for each of the major  
13 groupings of programs; and

14 (B) A summary of the total cost of each cost category  
15 by the major groupings of programs encompassed  
16 within the level, actual for the last completed  
17 fiscal year and estimated for the fiscal year in  
18 progress and for each of the next six fiscal  
19 years.

20 (e) Not more than 30 days after the deadline for the  
21 Governor to veto legislation, the department of budget and



1 finance shall publish and make accessible to the general public  
2 an updated six year financial plan that takes into account all  
3 appropriations included in the final version of the state  
4 operating budget as signed into law."

5 SECTION 5. Section 37-70, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "§37-70 Program memoranda. (a) Not later than the third  
8 Wednesday of January of each odd-numbered year, the governor  
9 shall submit to the legislature and to each member thereof, a  
10 program memorandum covering each of the major programs in the  
11 statewide program structure. Each program memorandum will  
12 include:

- 13 (1) An overview of the program as a whole including a  
14 discussion of:
- 15 (A) Objectives.
  - 16 (B) Component programs.
  - 17 (C) Departments involved.
  - 18 (D) Relationships to other agencies and  
19 jurisdictions.
  - 20 (E) Major activities.



(F) Important external developments affecting the program.

(G) Significant discrepancies between previously planned cost and effectiveness levels and those actually achieved.

(H) Trends and comparisons in costs, effectiveness, or activity data over the budget and planning period.

(I) Assumptions used to project growth of program costs beyond the fiscal biennium in which the program memorandum is submitted to the legislature. Projections of growth of program costs shall use the compound annual growth rate. If projections of growth of program costs are arrived at by means other than use of the compound annual growth rate, the alternative means and reason for deviation from use of the compound annual growth rate shall be disclosed.

(2) A statement of the major program changes being recommended for the budget and planning period to include for each proposed change:



- 1 (A) A brief statement of the recommended change.
- 2 (B) The cost and program performance consequences of
- 3 the change over the budget and planning period.
- 4 (C) A summary of the analytic rationale for the
- 5 change.
- 6 (3) A discussion of emerging conditions, trends and issues
- 7 including:
- 8 (A) Actual or potential impact on the State and its
- 9 programs.
- 10 (B) Possible alternatives for dealing with the
- 11 specific problems occasioned by the emerging
- 12 conditions, trends, and issues.
- 13 (C) Suggestions for a program of analyses to resolve
- 14 the most urgent of the problems.
- 15 (4) Appendices as needed to include appropriate issue
- 16 papers, special analytic studies, other reports, and
- 17 crucial source data.
- 18 (b) If it is deemed more desirable, the program memoranda
- 19 and the six-year program and financial plan may be combined into
- 20 a single document containing all the information required for
- 21 each separate document."



1       SECTION 6. Section 37-71, Hawaii Revised Statutes, is  
2 amended to read as follows:

3       "**§37-71 The budget.** (a) Not fewer than thirty days  
4 before the legislature convenes in every odd-numbered year, the  
5 governor shall submit to the legislature and to each member  
6 thereof a budget that shall contain the program and budget  
7 recommendations of the governor for the succeeding two fiscal  
8 years. The budget, in general, shall contain:

9       (1) The state program structure;

10       (2) Statements of statewide objectives;

11       (3) The financial requirements for the next two fiscal  
12 years to carry out the recommended programs; and

13       (4) A summary of state receipts and revenues in the last  
14 completed fiscal year, a revised estimate for the  
15 fiscal year in progress, ~~and~~ an estimate for the  
16 succeeding biennium[-], including any assumptions used  
17 in formulating estimates.

18       (b) The information contained in the budget shall be  
19 presented generally in the following manner:

20       (1) Information shall be displayed by programs or groups  
21 of programs.



1           (2) Program financial requirements shall be appropriately  
2           crosswalked between the programs and expending  
3           agencies.

4           (3) Data shall be appropriately summarized at each level  
5           of the program structure.

6           (4) Program costs shall include all costs, including  
7           research and development, operating and capital,  
8           regardless of the means of financing, except that the  
9           means of financing shall be expressly identified, and  
10          regardless of whether the expenditure of any sum was  
11          authorized by prior appropriations acts, is authorized  
12          by existing law, or requires new authorization, except  
13          that the amounts requiring new authorization shall be  
14          appropriately identified.

15          (5) Financial requirements shall be presented to the  
16          nearest dollar, omitting cents; and the summary of  
17          state receipts and revenues shall be presented to the  
18          nearest thousand dollars.

19          (6) The budget shall reflect the ensuing first two fiscal  
20          year program costs contained in the six-year program  
21          and financial plan.





1           (c) *[Subsection effective until June 30, 2016. For*  
2 *subsection effective July 1, 2016, see below.]* The display of  
3 financial requirements for the ensuing two fiscal years shall  
4 more specifically include:

5           (1) At the lowest level on the state program structure,  
6 for each program:

7           (A) The total recommended expenditures, including  
8 research and development, capital and operating  
9 costs, by cost categories and cost elements for  
10 the ensuing biennium; the planned allocation of  
11 the total biennial request, by cost categories,  
12 and cost elements, between the two fiscal years  
13 of the biennium. The means of financing and the  
14 number of positions included in any cost category  
15 amount shall be appropriately identified;

16           (B) A summary showing means of financing the total  
17 recommended expenditures, those amounts requiring  
18 and those amounts not requiring legislative  
19 appropriation or authorization for spending in  
20 each fiscal year of the biennium;



1 (C) A crosswalk of the total proposed biennial  
2 expenditures between the program and expending  
3 agencies. The means of financing the number of  
4 positions and the lease payments included in any  
5 cost amount, and the net amount requiring  
6 appropriation or authorization shall be  
7 appropriately identified for each expending  
8 agency; and

9 (D) The proposed changes in the levels of  
10 expenditures, by cost categories, between the  
11 biennium in progress and the ensuing biennium,  
12 together with a brief explanation of the major  
13 reasons for each change. The reasons shall  
14 include, as appropriate, the following:

15 (i) Salary adjustments to existing positions of  
16 personnel;

17 (ii) The addition or deletion of positions;

18 (iii) Changes in the number of persons being  
19 served or to be served by the program;

20 (iv) Changes in the program implementation  
21 schedule;



(v) Changes in the actual or planned level of program effectiveness;

(vi) Increases due to the establishment of a program not previously included in the State's program structure;

(vii) Decreases due to the phasing out of a program previously included in the State's program structure; and

(viii) Changes in the purchase price of goods or services;

As appropriate, references to the program and financial plan shall be noted for an explanation of the changes. Notwithstanding the provisions of subsection (b)(5), the proposed changes in the levels of expenditures may be shown to the nearest thousand dollars;

(2) Appropriate summaries of paragraph (1)(A) and (C) immediately above at every level of the state program structure above the lowest level. Such summaries shall be by the major groupings of programs encompassed within the level. The summaries of



1 paragraph (1)(A) shall identify the means of financing  
2 and the number of positions and the lease payments  
3 included in any cost category amount; and

4 (3) A summary listing of all capital improvement projects  
5 included in the proposed capital investment costs for  
6 the ensuing biennium. The listing shall be by  
7 programs at the lowest level of the state program  
8 structure and shall show for each project, by  
9 investment cost elements:

10 (A) The cost of the project;

11 (B) The amount of funds previously appropriated and  
12 authorized by the legislature; and

13 (C) The amount of new appropriations and  
14 authorizations proposed in each of the two fiscal  
15 years of the ensuing biennium and in each of the  
16 succeeding four years. The amount of the new  
17 appropriations and authorizations proposed shall  
18 constitute the proposed new requests for the  
19 project in each of the fiscal bienniums.

20 In every instance, the means of financing shall be  
21 noted.



1           (c) *[Subsection effective July 1, 2016. For subsection*  
2 *effective until June 30, 2016, see above.]* The display of  
3 financial requirements for the ensuing two fiscal years shall  
4 more specifically include:

5           (1) At the lowest level on the state program structure,  
6 for each program:

7           (A) The total recommended expenditures, including  
8 research and development, capital and operating  
9 costs, by cost categories and cost elements for  
10 the ensuing biennium; the planned allocation of  
11 the total biennial request, by cost categories,  
12 and cost elements, between the two fiscal years  
13 of the biennium. The means of financing and  
14 position ceiling included in any cost category  
15 amount shall be appropriately identified;

16           (B) A summary showing means of financing the total  
17 recommended expenditures, those amounts requiring  
18 and those amounts not requiring legislative  
19 appropriation or authorization for spending in  
20 each fiscal year of the biennium;



1 (C) A crosswalk of the total proposed biennial  
2 expenditures between the program and expending  
3 agencies. The means of financing, position  
4 ceiling, and the lease payments included in any  
5 cost amount, and the net amount requiring  
6 appropriation or authorization shall be  
7 appropriately identified for each expending  
8 agency; and

9 (D) The proposed changes in the levels of  
10 expenditures, by cost categories, between the  
11 biennium in progress and the ensuing biennium,  
12 together with a brief explanation of the major  
13 reasons for each change. The reasons shall  
14 include, as appropriate, the following:

15 (i) Salary adjustments to existing positions of  
16 personnel;

17 (ii) The addition or deletion of positions to or  
18 from the position ceiling;

19 (iii) Changes in the number of persons being  
20 served or to be served by the program;



(iv) Changes in the program implementation  
schedule;

(v) Changes in the actual or planned level of  
program effectiveness;

(vi) Increases due to the establishment of a  
program not previously included in the  
State's program structure;

(vii) Decreases due to the phasing out of a  
program previously included in the State's  
program structure; and

(viii) Changes in the purchase price of goods or  
services[.]

As appropriate, references to the program and  
financial plan shall be noted for an explanation of  
the changes. Notwithstanding the provisions of  
subsection (b)(5), the proposed changes in the levels  
of expenditures may be shown to the nearest thousand  
dollars;

(2) Appropriate summaries of paragraph (1)(A) and (C)  
immediately above at every level of the state program  
structure above the lowest level. The summaries shall



1 be by the major groupings of programs encompassed  
2 within the level. The summaries of paragraph (1) (A)  
3 shall identify the means of financing, position  
4 ceiling, and lease payments included in any cost  
5 category amount; and

6 (3) A summary listing of all capital improvement projects  
7 included in the proposed capital investment costs for  
8 the ensuing biennium. The listing shall be by  
9 programs at the lowest level of the state program  
10 structure and shall show for each project, by  
11 investment cost elements:

12 (A) The cost of the project;

13 (B) The amount of funds previously appropriated and  
14 authorized by the legislature; and

15 (C) The amount of new appropriations and  
16 authorizations proposed in each of the two fiscal  
17 years of the ensuing biennium and in each of the  
18 succeeding four years. The amount of the new  
19 appropriations and authorizations proposed shall  
20 constitute the proposed new requests for the  
21 project in each of the fiscal bienniums.





1 In every instance, the means of financing shall be  
2 noted.

3 (d) *[Subsection effective until June 30, 2016. For*  
4 *subsection effective July 1, 2016, see below.]* The summaries of  
5 the state receipts and revenues shall more specifically include:

6 (1) Financial summaries displaying the State's financial  
7 condition, to-wit:

8 (A) A display of the proposed, total state  
9 expenditures, by cost categories, the total state  
10 resources anticipated from existing taxes and  
11 nontax sources at existing rates, by resource  
12 categories (including the available fund balances  
13 or deficits and anticipated bond receipts), and  
14 the fund balance or deficit resulting therefrom  
15 for the biennium in progress, for the ensuing  
16 biennium, and for each of the two fiscal years of  
17 the ensuing biennium; and

18 (B) The changes proposed to the existing tax and  
19 nontax rates, sources, or structure, and the  
20 estimated cumulative increases or reductions, and  
21 the estimated fund balance or deficit in the



1           ensuing biennium and in each of the two fiscal  
2           years of the biennium as a result of such  
3           proposed changes. Proposals for changes in the  
4           existing tax and nontax rates, sources, or  
5           structure shall be made in every case where the  
6           proposed, total state expenditures exceed the  
7           total state resources anticipated from existing  
8           tax and nontax sources at existing rates.

9           Such financial summaries shall be prepared for the  
10          total state expenditures and resources and for the  
11          general fund and special fund portions thereof;

12        (2) A summary of the balances of each special fund, actual  
13          for the last completed fiscal year and estimated for  
14          the fiscal year in progress and for each of the two  
15          fiscal years in the ensuing biennium;

16        (3) A summary of the State's total bond fund required to  
17          carry out the recommended programs and the kinds of  
18          bonds and amounts thereof through which such  
19          requirements are to be met in the biennium in progress  
20          and in each of the two fiscal years in the ensuing  
21          biennium. The summary shall detail for the biennium



1 in progress and for each of the two years of the  
2 ensuing biennium:

3 (A) Of the total requirements, the amount, by cost  
4 categories, requiring new bond issuance  
5 authorization and the kinds and amounts of bonds  
6 planned for issuance under such new  
7 authorization;

8 (B) By bond categories, the total, cumulative balance  
9 of bonds authorized in prior years but unissued  
10 and the amount thereof planned to be issued; and

11 (C) A recapitulation of the total bonds, both new  
12 authorizations and prior authorizations, by bond  
13 categories, proposed to be issued;

14 (4) A tentative schedule by quarter and fiscal year of the  
15 amount of general obligation bonds and the amount of  
16 revenue bonds proposed to be issued in the ensuing  
17 fiscal biennium;

18 (5) A schedule of projected debt service charges for  
19 general obligation bonds outstanding at the time of  
20 the submission of the budget and to be issued by the  
21 close of the budget biennium in progress and the close



1 of the ensuing budget biennium. The projection shall  
2 be separately stated for:

3 (A) Bonds currently outstanding;

4 (B) Bonds to be issued during the remainder of the  
5 fiscal biennium in progress and during the  
6 ensuing fiscal biennium; and

7 (C) The total bonds currently outstanding and to be  
8 issued.

9 In each case, the projection shall be categorized into  
10 debt service to be paid directly from the general  
11 fund, debt service to be paid through reimbursements,  
12 and total debt service. The projection shall extend  
13 at least five years beyond the close of the ensuing  
14 fiscal biennium. An explanation shall be appended to  
15 the schedule, which shall include among other things,  
16 the amount of bonds to be issued during the fiscal  
17 year in progress and in each of the two fiscal years  
18 of the ensuing biennium, the maturities of the bonds  
19 to be issued, the method of retirement, and the  
20 interest rate assumed in the projection;



1           (6) A schedule of the current state funded debt, legal  
2           debt limit, and the legal debt margin, including the  
3           details thereof. In any budget which proposes  
4           appropriations for which the source of funding is  
5           general obligation bonds, the schedule shall include a  
6           declaration by the director of finance and  
7           computations showing that the total amount of  
8           principal and interest, estimated for such proposed  
9           appropriations and for all bonds authorized and  
10          unissued and calculated for all bonds issued and  
11          outstanding, will not cause the debt limit to be  
12          exceeded at the time of issuance;

13          (7) Separately for general fund tax revenues, special fund  
14          tax revenues, general fund nontax revenues, and  
15          special fund nontax revenues:

16           (A) By kinds of taxes or sources, the amount of  
17           revenue from existing, authorized taxes or  
18           sources at existing rates received in the last  
19           completed fiscal year and estimated to be  
20           received in the fiscal year in progress and in  
21           each of the two fiscal years in the ensuing



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1 biennium, with appropriate totals for the two  
2 bienniums;

3 (B) A summary of the proposed changes in the existing  
4 taxes or sources or rates, and the estimated  
5 increases or reductions in revenues in each of  
6 the two years in the ensuing fiscal biennium  
7 resulting from such changes; and

8 (C) The total estimated revenues with and without the  
9 proposed changes; and

10 (8) A summary of the State's total payments due under  
11 financing agreements required to carry out the  
12 recommended programs and the kinds of financing  
13 agreements and amounts thereof through which such  
14 requirements are to be met in the biennium in progress  
15 and in each of the two fiscal years in the ensuing  
16 biennium. The summary shall detail for the biennium  
17 in progress and for each of the two years of the  
18 ensuing biennium:

19 (A) Of the total financing agreement requirements,  
20 the amount, by cost categories, requiring new  
21 financing agreement authorizations and the kinds



1 and amounts of financing agreements planned for  
2 execution and delivery under such new  
3 authorizations;

4 (B) By cost category, the cumulative balance of  
5 financing agreements authorized in prior years  
6 but not executed and delivered and the amount  
7 thereof proposed to be executed and delivered;  
8 and

9 (C) A recapitulation of the total financing  
10 agreements to be executed and delivered,  
11 including both new authorizations and prior  
12 authorizations, by cost categories.

13 (d) *[Subsection effective July 1, 2016. For subsection*  
14 *effective until June 30, 2016, see above.]* The summaries of the  
15 state receipts and revenues shall more specifically include:

16 (1) Financial summaries displaying the State's financial  
17 condition, to-wit:

18 (A) A display of the proposed, total state  
19 expenditures, by cost categories, the total state  
20 resources anticipated from existing taxes and  
21 nontax sources at existing rates, by resource



1 categories (including the available fund balances  
2 or deficits and anticipated bond receipts), and  
3 the fund balance or deficit resulting therefrom  
4 for the biennium in progress, for the ensuing  
5 biennium, and for each of the two fiscal years of  
6 the ensuing biennium; and

7 (B) The changes proposed to the existing tax and  
8 nontax rates, sources, or structure, and the  
9 estimated cumulative increases or reductions, and  
10 the estimated fund balance or deficit in the  
11 ensuing biennium and in each of the two fiscal  
12 years of the biennium as a result of such  
13 proposed changes. Proposals for changes in the  
14 existing tax and nontax rates, sources, or  
15 structure shall be made in every case where the  
16 proposed, total state expenditures exceed the  
17 total state resources anticipated from existing  
18 tax and nontax sources at existing rates.

19 Such financial summaries shall be prepared for the  
20 total state expenditures and resources and for the  
21 general fund and special fund portions thereof;





1       (2) A summary of the balances of each special fund, actual  
2           for the last completed fiscal year and estimated for  
3           the fiscal year in progress and for each of the two  
4           fiscal years in the ensuing biennium;

5       (3) A summary of the State's total bond fund required to  
6           carry out the recommended programs and the kinds of  
7           bonds and amounts thereof through which such  
8           requirements are to be met in the biennium in progress  
9           and in each of the two fiscal years in the ensuing  
10          biennium. The summary shall detail for the biennium  
11          in progress and for each of the two years of the  
12          ensuing biennium:

13       (A) Of the total requirements, the amount, by cost  
14           categories, requiring new bond issuance  
15           authorization and the kinds and amounts of bonds  
16           planned for issuance under such new  
17           authorization;

18       (B) By bond categories, the total, cumulative balance  
19           of bonds authorized in prior years but unissued  
20           and the amount thereof planned to be issued; and



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(C) A recapitulation of the total bonds, both new authorizations and prior authorizations, by bond categories, proposed to be issued;

(4) A tentative schedule by quarter and fiscal year of the amount of general obligation bonds and the amount of revenue bonds proposed to be issued in the ensuing fiscal biennium;

(5) A schedule of projected debt service charges for general obligation bonds outstanding at the time of the submission of the budget and to be issued by the close of the budget biennium in progress and the close of the ensuing budget biennium. The projection shall be separately stated for:

(A) Bonds currently outstanding;

(B) Bonds to be issued during the remainder of the fiscal biennium in progress and during the ensuing fiscal biennium; and

(C) The total bonds currently outstanding and to be issued.

In each case, the projection shall be categorized into debt service to be paid directly from the general



1 fund, debt service to be paid through reimbursements,  
2 and total debt service. The projection shall extend  
3 at least five years beyond the close of the ensuing  
4 fiscal biennium. An explanation shall be appended to  
5 the schedule, which shall include among other things,  
6 the amount of bonds to be issued during the fiscal  
7 year in progress and in each of the two fiscal years  
8 of the ensuing biennium, the maturities of the bonds  
9 to be issued, the method of retirement, and the  
10 interest rate assumed in the projection;

11 (6) A schedule of the current state funded debt, legal  
12 debt limit, and the legal debt margin, including the  
13 details thereof. In any budget which proposes  
14 appropriations for which the source of funding is  
15 general obligation bonds, the schedule shall include a  
16 declaration by the director of finance and  
17 computations showing that the total amount of  
18 principal and interest, estimated for such proposed  
19 appropriations and for all bonds authorized and  
20 unissued and calculated for all bonds issued and



1 outstanding, will not cause the debt limit to be  
2 exceeded at the time of issuance;

3 (7) Separately for general fund tax revenues, special fund  
4 tax revenues, general fund nontax revenues, and  
5 special fund nontax revenues:

6 (A) By kinds of taxes or sources, the amount of  
7 revenue from existing, authorized taxes or  
8 sources at existing rates received in the last  
9 completed fiscal year and estimated to be  
10 received in the fiscal year in progress and in  
11 each of the two fiscal years in the ensuing  
12 biennium, with appropriate totals for the two  
13 bienniums;

14 (B) A summary of the proposed changes in the existing  
15 taxes or sources or rates, and the estimated  
16 increases or reductions in revenues in each of  
17 the two years in the ensuing fiscal biennium  
18 resulting from such changes; and

19 (C) The total estimated revenues with and without the  
20 proposed changes;



1           (8) A summary of the State's total payments due under  
2           financing agreements required to carry out the  
3           recommended programs and the kinds of financing  
4           agreements and amounts thereof through which those  
5           requirements are to be met in the biennium in progress  
6           and in each of the two fiscal years in the ensuing  
7           biennium. The summary shall detail for the biennium  
8           in progress and for each of the two years of the  
9           ensuing biennium:

10          (A) Of the total financing agreement requirements,  
11             the amount, by cost categories, requiring new  
12             financing agreement authorizations and the kinds  
13             and amounts of financing agreements planned for  
14             execution and delivery under the new  
15             authorizations;

16          (B) By cost category, the cumulative balance of  
17             financing agreements authorized in prior years  
18             but not executed and delivered and the amount  
19             thereof proposed to be executed and delivered;  
20             and



(C) A recapitulation of the total financing agreements to be executed and delivered, including both new authorizations and prior authorizations, by cost categories; and

(9) The same information required under section 37-69(c)(10) for the state government's pension and other post-employment benefits liabilities.

(e) The proposed budget shall include:

(1) A statement of the percentage differences between the current biennium recommendations and the previous biennium appropriations for education programs. The information shall be displayed by programs or groups of programs, with corresponding amounts and percentage differences. If any component of an education program is added or removed, the governor shall provide an estimate of how the addition or removal affects the current biennium recommendations;

(2) A statement of the difference between the total amount proposed for the current biennium and the total amount expended in the previous biennium for education programs per pupil; and



1           (3) Other financial statements, information, and data that  
2           in the opinion of the governor are necessary or  
3           desirable in order to make known in all practical  
4           detail the programs, program plans, and financial  
5           conditions of the State.

6           As used in this subsection, "education programs" include  
7           instructional, personnel, transportation, facilities, facilities  
8           repair and maintenance, and other programs deemed appropriate by  
9           the department of education.

10          (f) The proposed budget shall contain an item to be known  
11          as the "contingent fund", which sum, upon approval by the  
12          legislature, shall be available for allocation by the governor  
13          during the ensuing fiscal biennium to meet contingencies as they  
14          arise.

15          (g) If it is deemed more practical, the six-year program  
16          and financial plan and the budget may be combined into a single  
17          document containing all the information required for each  
18          separate document."

19          SECTION 7. Section 37-112, Hawaii Revised Statutes, is  
20          amended to read as follows:



1        "[§37-112] Use of estimates. (a) The estimates prepared  
2 by the council shall be considered by the governor in preparing  
3 the budget, recommending appropriations and revenue measures,  
4 projecting revenues and controlling expenditures. The  
5 legislature shall consider these estimates in appropriating  
6 funds and enacting revenue measures. The governor and  
7 legislature shall use the latest council estimate as the base  
8 estimate against which their revenue estimates shall be  
9 compared.

10        (b) All estimates submitted by the council and any  
11 tangible materials used to arrive at those estimates shall be  
12 made public. If the legislature in appropriating funds, or if  
13 the governor in preparing the budget uses a revenue estimate  
14 which differs from the estimate prepared by the council, then  
15 the governor or the legislature shall make that fact public  
16 together with reasons for using the differing revenue  
17 estimates."

18        SECTION 8. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.





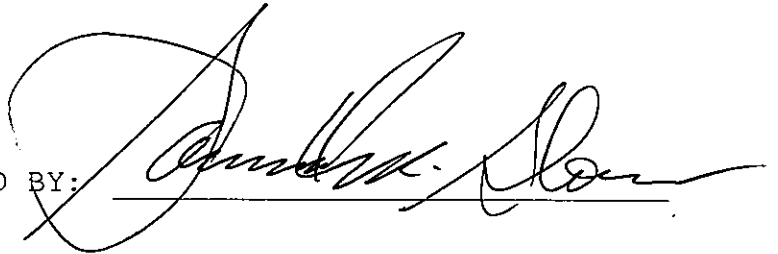
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1       SECTION 9. This Act shall take effect upon its approval.

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INTRODUCED BY:

A handwritten signature in black ink, written over a horizontal line. The signature is cursive and appears to be "Dennis M. Brown".

# S.B. NO. 2728

**Report Title:**

Transparency in State Budgeting Process

**Description:**

Promotes transparency, fosters legislative oversight of and civic engagement with the state budgeting process.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

