

JAN 27 2016

A BILL FOR AN ACT

RELATING TO DISPOSITION OF EXCESS REVENUES.

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

1 SECTION 1. The legislature found during the 2015 regular
2 session that article VII, section 6, of the Hawaii Constitution
3 requires the legislature to provide, when certain conditions
4 occur, a tax refund or tax credit to state taxpayers or make a
5 deposit into one or more funds, as provided by law, to serve as
6 a reserve for the State. The conditions are that the state
7 general fund balances at the end of two successive fiscal years
8 exceed five per cent of the state general revenues for those
9 fiscal years.

10 The legislature found during the regular session of 2015
11 that the state general fund balances at the end of fiscal years
12 2012-2013 and 2013-2014 exceeded five per cent of the state
13 general revenues for those fiscal years. However, the
14 legislature also found that the legislature was required during
15 the regular session of 2015 to provide a tax refund or credit
16 and could not, pursuant to section 328L-3(a)(3), Hawaii Revised
17 Statutes, make a deposit into a reserve fund.

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1 The legislature found that the best course of action during
2 the regular session of 2015 was to make a deposit into the
3 emergency and budget reserve fund instead of providing a tax
4 refund or credit. The legislature found it preferable during
5 the regular session of 2015 to increase the reserve fund at that
6 time to address possible emergencies and contingencies that may
7 occur in the future when state revenues slow down.

8 Although the legislature intended to provide a \$10,000,000
9 deposit of general fund revenues into the emergency and budget
10 reserve fund in fiscal year 2014-2015 and authorized such
11 action, the funds could not be deposited because of an
12 inadvertent error in the approval processing of senate bill no.
13 1312, senate draft 1, house draft 1, conference draft 1.

14 The purpose of this Act is to re-appropriate moneys to
15 comply with article VII, section 6, of the Hawaii Constitution
16 Hawaii for the fiscal year 2014-15 period.

17 SECTION 2. Notwithstanding any law to the contrary, for
18 the fiscal year 2014-2015 period, the director of finance shall
19 transfer to the emergency and budget reserve fund the total sum
20 of the tax credit or tax refund as determined by the legislature
21 pursuant to the provisions of article VII, section 6, of the
22 Hawaii Constitution.

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SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$10,000,000 or so much thereof as may be necessary for fiscal year 2015-2016 to be deposited into the emergency and budget reserve fund by the director of finance for the fiscal year 2014-2015 period.

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

INTRODUCED BY:

Rev. H. W.

BY REQUEST

S.B. NO. 2844

Report Title:

Disposition of Excess Revenues

Description:

To re-appropriate \$10,000,000 in general funds to the Emergency and Budget Reserve Fund for fiscal year 2015-2016.

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

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO DISPOSITION OF EXCESS REVENUES.

PURPOSE: To make a re-appropriation for fiscal year 2015-2016 to recapitalize the Emergency and Budget Reserve Fund (EBRF).

MEANS: Make a \$10,000,000 general fund re-appropriation to the EBRF for fiscal year 2015-2016.

JUSTIFICATION: When the State general fund balances at the end of two successive fiscal years exceed 5 per cent of the state general revenues for those fiscal years, article VII, section 6, of the Constitution of the State of Hawaii, requires the Legislature to provide a tax refund or tax credit to state taxpayers or make a deposit into one or more reserve funds such as the EBRF. Those conditions were met at the end of fiscal years 2012-2013 and 2013-2014. Accordingly, the 2015 Legislature intended to provide a \$10,000,000 deposit of general fund revenues into the EBRF in fiscal year 2014-2015. However, the funds could not be deposited due to an inadvertent processing error.

The purpose of this measure is to re-appropriate moneys to comply with article VII, section 6, of the Hawaii Constitution for the fiscal year 2014-2015 period.

The general fund appropriation included in this measure has been made in accordance with the statutorily defined appropriation ceiling for the Executive Branch pursuant to section 37-92, Hawaii Revised Statutes. Including appropriations made up to and including the regular session of 2015, the Executive Branch appropriation ceiling for fiscal year 2015-16 has already been exceeded by \$57,056,901 or

0.9 percent. Funding requested in this measure to provide a general fund appropriation to the EBRF will result in the appropriation ceiling for the Executive Branch to now be exceeded in fiscal year 2015-16 by an additional \$10,000,000 or 0.15 percent. This current declaration takes into account additional general fund appropriations authorized for fiscal year 2015-16 in this measure only, and does not include other general fund appropriations for fiscal year 2015-16 that may be authorized for the Executive Branch in other legislation submitted to the Legislature during the regular session of 2016.

Impact on the public: Further recapitalization of the Emergency and Budget Reserve Fund will increase the State's fiscal reserves for times of unforeseen economic downturns and natural disasters.

Impact on the department and other agencies: The general fund appropriation will be made to the department that administers the Emergency and Budget Reserve Fund (Department of Budget and Finance).

GENERAL FUND: \$10,000,000 in fiscal year 2015-2016.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: BUF 101.

OTHER AFFECTED
AGENCIES: Not applicable.

EFFECTIVE DATE: Upon approval.