

Honolulu, Hawaii

APR 29 2016

RE: S.B. No. 2555
H.D. 1
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2555, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO STATE FUNDS,"

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 measure is to appropriate moneys to be deposited into the emergency and budget reserve fund to comply with the constitutional mandate to provide a tax refund or credit or make such a deposit.

Your Committee on Conference finds that when certain economic conditions occur, article VII, section 6, of the Hawaii Constitution requires the Legislature to either provide a tax refund or tax credit to state taxpayers or make a deposit into one or more funds to serve as a reserve for the State. These constitutionally established conditions were met at the end of fiscal years 2013-2014



and 2014-2015. However, your Committee on Conference notes that pursuant to section 328L-3(a)(3), Hawaii Revised Statutes, general funds may only be deposited into the emergency budget and reserve fund when state general fund revenues for each of the two successive fiscal years exceeds revenues for each of the preceding fiscal years by five percent. While the general fund revenues for fiscal year 2014-2015 exceeded fiscal year 2013-2014's revenues by more than five percent, the general fund revenues for fiscal year 2013-2014 did not exceed the revenues for fiscal year 2012-2013 by more than five percent. Therefore, although the constitutionally established economic conditions have been met, the statutorily established economic conditions to make a deposit of general funds into the emergency budget and reserve fund were not met.

Your Committee on Conference finds that notwithstanding the statutory provisions, it is prudent to make a deposit into the emergency and budget reserve fund rather than provide a tax refund or tax credit. Increasing the reserve fund balance is in the public's best interest, as it will better enable the State to address possible emergencies and contingencies that may occur in the future when state revenues decline.

Your Committee on Conference has amended this measure by:

- (1) Inserting an appropriation of \$1,000,000 from the general revenues to be deposited into the emergency and budget reserve fund; and
- (2) Changing the effective date so that the measure becomes effective upon its approval.

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. 2555, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2555, H.D. 1, C.D. 1.




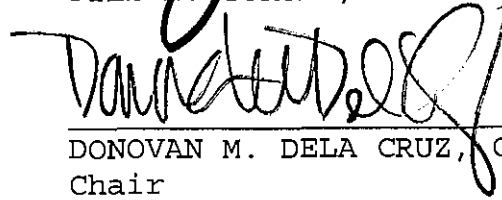
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



SYLVIA LUKE, Chair

JILL M. TOKUDA, Chair

DONOVAN M. DELA CRUZ, Co-
Chair

Hawaii State Legislature
Record of Votes of a
Conference Committee

CR 123-16

Bill / Concurrent Resolution No.: SB 2555, HD 1					Date/Time: 4/25/16 @ 10:36am				
<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
TOKUDA, Jill N., Chr.	✓				LUKE, Sylvia, Chr.	✓			
DELA CRUZ, Donovan M., Co-Chr.	✓				JOHANSON, Aaron Ling	✓			
SLOM, Sam				✓	NISHIMOTO, Scott Y.	✓			
					POUHA, Feki	✓			
TOTAL	2			1	TOTAL	4			
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									