

JAN 19 2024

A BILL FOR AN ACT

RELATING TO A LEGISLATIVE BUDGET OFFICE.

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

1 SECTION 1. The legislature finds that the work of the
2 legislature is hampered by a lack of timely fiscal analysis
3 regarding the impact of proposed legislation on the revenues and
4 expenditures of the State. Without a system of neutral fact-
5 finding and fiscal analysis, the work of estimating the fiscal
6 impact of legislation falls upon the shoulders of the members of
7 the legislature and their staff, individuals who may or may not
8 possess the skills and training needed for such an endeavor.
9 Reports on the fiscal impact of legislation produced by
10 qualified personnel from a neutral, non-partisan point of view
11 would serve as an important tool for the legislature in the
12 performance of its duties.

13 The legislature further finds that fiscal reports of
14 legislation serve the interests of the public by providing an
15 additional resource to inform and educate the public on the
16 fiscal impact of the various proposals in the legislative



1 process. The reports would promote transparency and help
2 demystify the legislative process for the public.

3 The legislature further finds that the existence of various
4 legislative budget offices, whose duties involve the production
5 of fiscal notes and reports on the fiscal impact of proposed
6 legislation, at the federal and state level demonstrate the
7 utility and practicability of establishing a legislative budget
8 office within the legislature.

9 The legislature also finds that Act 347, Session Laws of
10 Hawaii 1990, established a permanent legislative committee, with
11 the assistance of an office of the legislative analyst, to
12 provide the legislature with information, facts, and analyses
13 concerning fiscal, budgetary, and tax matters of the State.
14 However, the joint legislative committee and legislative analyst
15 office has not been implemented or funded since their inception.

16 The purpose of this Act is to:

- 17 (1) Establish the legislative budget office to provide
18 reports and notes on the fiscal impact of legislation
19 appearing before the legislature; and



1 (2) Repeal the existing non-functional joint legislative
2 budget committee and office of the legislative
3 analyst.

4 SECTION 2. The Hawaii Revised Statutes is amended by
5 adding a new chapter to be appropriately designated and to read
6 as follows:

7 "CHAPTER

8 LEGISLATIVE BUDGET OFFICE

9 § -1 Legislative budget office; director, appointment,
10 tenure, removal, compensation, vacancy. (a) There is
11 established a legislative budget office. The legislature, by a
12 majority vote of each house in joint session, shall appoint a
13 director for the office who shall serve for a period of six
14 years and thereafter until a successor shall have been
15 appointed. The legislature, by two-thirds vote of the members
16 in joint session, may remove or suspend the director from office
17 but only for neglect of duty, misconduct, or disability.

18 (b) If the director dies, resigns, becomes ineligible to
19 serve, or is removed or suspended from office, the first
20 assistant to the director shall become the acting director until
21 a new director is appointed.



1 (c) The salary of the director shall be the same as the
2 salary of the director of the legislative reference bureau. The
3 salary of the director shall not be diminished during the
4 director's term of office, unless by general law applying to all
5 salaried officers of the State.

6 § -2 **Assistant; staff.** (a) The director shall appoint
7 a first assistant and other employees as may be necessary to
8 carry out the functions of the office. All employees, including
9 the first assistant, shall be hired by the director and shall
10 serve at the director's pleasure.

11 (b) In determining the salary of the employees of the
12 office, the director shall consult with the department of human
13 resources development; provided that the salary of the first
14 assistant shall not be more than ninety-two per cent of the
15 salary of the director.

16 (c) The director and the director's full-time staff shall
17 be entitled to participate in any employee benefit program plan
18 or privilege.

19 § -3 **Duties.** (a) In any regular session of the
20 legislature, if a bill introduced appears to affect the revenues
21 or expenditures of the State or a county, the legislative budget



1 office shall prepare a fiscal analysis of the bill before the
2 bill is:

3 (1) Recommended for passage by each house committee or the
4 senate committee of the legislature to which the bill
5 is referred; and

6 (2) Taken up for third reading and final reading by either
7 house of the legislature.

8 (b) The fiscal analysis shall include an estimate, in
9 dollars, of the amount by which the bill would increase or
10 decrease revenues or expenditures and any other information the
11 legislative budget office considers necessary to explain the
12 fiscal effect of the bill.

13 (c) The legislative budget office shall distribute copies
14 of a fiscal analysis to:

15 (1) The primary introducer of the bill;

16 (2) Each standing committee member to which a bill is
17 referred; and

18 (3) Each member of the house that is considering the bill
19 for third reading and final reading.



1 (d) In preparing a fiscal analysis, the legislative budget
2 office may request any state or county department, office, or
3 agency to provide any of the following information:

4 (1) An estimate, in dollars, of the amount by which the
5 bill would increase or decrease the revenues or
6 expenditures received or made by the agency, officer,
7 or entity; and

8 (2) Any other information the legislative budget office
9 considers necessary for it to understand or explain
10 the fiscal effect of the bill.

11 (e) An agency, officer, or entity shall comply with a
12 request pursuant to subsection (d) within five days after it
13 receives the request. The legislative budget office shall
14 specify the manner of compliance in its request, and if
15 necessary, may specify a longer period of time than five days
16 for compliance. The legislative budget office may consider any
17 information provided in preparing a fiscal analysis.

18 (f) The failure of the legislative budget office to
19 prepare a fiscal analysis before a bill is taken up for
20 consideration by the house or senate committees, or by either
21 houses for third reading or final reading shall not be construed



1 to impair the validity of any bill passed by either house of the
2 legislature.

3 **§ -4 Publication of fiscal analyses and reports.** (a)

4 Any fiscal analysis produced by the legislative budget office
5 for a bill up for consideration shall be a legislative document
6 attached to the bill and made available to the public through
7 the legislature's website.

8 (b) The legislative budget office shall annually compile a
9 volume of all completed fiscal analyses and any other reports
10 published by the legislative budget office to be delivered to
11 the legislative reference bureau reference library."

12 SECTION 3. Chapter 21F, Hawaii Revised Statutes, is
13 repealed.

14 SECTION 4. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$ or so
16 much thereof as may be necessary for fiscal year 2024-2025 for
17 the establishment and implementation of the legislative budget
18 office.

19 The sum appropriated shall be expended by the legislature
20 for the purposes of this Act.



1 SECTION 5. In accordance with section 9 of article VII of
2 the Hawaii State Constitution and sections 37-91 and 37-93,
3 Hawaii Revised Statutes, the legislature has determined that the
4 appropriations contained in H.B. No. , will cause the state
5 general fund expenditure ceiling for fiscal year 2024-2025 to be
6 exceeded by \$ or per cent. In addition, the
7 appropriation contained in this Act will cause the general fund
8 expenditure ceiling for fiscal year 2024-2025 to be further
9 exceeded by \$ or per cent. The combined total
10 amount of general fund appropriations contained in only these
11 two Acts will cause the state general fund expenditure ceiling
12 for fiscal year 2024-2025 to be exceeded by
13 \$ or per cent. The reasons for exceeding the
14 general fund expenditure ceiling are that:

- 15 (1) The appropriation made in this Act is necessary to
16 serve the public interest; and
17 (2) The appropriation made in this Act meets the needs
18 addressed by this Act.

19 SECTION 6. This Act shall take effect on July 1, 2024.



S.B. NO. 2444

1

INTRODUCED BY:

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S.B. NO. 2644

Report Title:

Legislative Budget Office; Fiscal Analysis; Appropriation;
Expenditure Ceiling

Description:

Establishes the legislative budget office to produce fiscal analyses and reports on bills impacting state or county finances. Repeals the joint legislative budget committee and the office of the legislative analyst. Appropriates funds.

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

