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# A BILL FOR AN ACT

RELATING TO STATE FUNDS.

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

1           SECTION 1. The legislature finds that Hawaii is  
2 experiencing a climate emergency. Climate change impacts are  
3 felt statewide and threaten the future of the State's economy,  
4 sustainability, environment, security, culture, and way of life.  
5 Successful mitigation of and adaptation to climate change  
6 requires comprehensive action to address its detrimental  
7 impacts.

8           The legislature finds that Hawaii needs to invest in  
9 efforts immediately to reduce climate change impacts and limit  
10 current and future costs of climate change. The anticipated  
11 extent of the impact of climate change is such that the State  
12 needs to take comprehensive and coordinated mitigation efforts  
13 as soon as possible.

14           The purpose of this Act is to address the impacts of  
15 climate change on the State and mitigate further impacts by:

16           (1) Allocating the interest earned on balances within the  
17           emergency and budget reserve fund to the general fund



1 in years in which the emergency and budget reserve  
2 fund's balance exceeds the fund balance objective set  
3 for the emergency and budget reserve fund established  
4 in administrative directive number 22-01; and

- 5 (2) Requiring the governor, for any fiscal year that  
6 follows a fiscal year in which emergency and budget  
7 reserve fund interest is deposited into the general  
8 fund, to include in the budget or supplemental budget  
9 submitted to the legislature pursuant to section 37-71  
10 or 37-72, Hawaii Revised Statutes, a request that an  
11 amount of general funds equal to the amount of  
12 interest deposited be expended to advance projects  
13 that address climate change impacts.

14 SECTION 2. Chapter 37, Hawaii Revised Statutes, is amended  
15 by adding a new section to part IV to be appropriately  
16 designated and to read as follows:

17 **"§37- Climate change impacts; projects; budget request.**

18 For any fiscal year that follows a fiscal year in which interest  
19 accrued from moneys in the emergency and budget reserve fund is  
20 deposited into the general fund pursuant to section 328L-3(b),  
21 the governor shall request, in the budget or supplemental budget



1 submitted to the legislature pursuant to section 37-71 or 37-72,  
 2 that an amount of general funds equal to the amount of interest  
 3 that was deposited into the general fund in the preceding fiscal  
 4 year be expended to advance specific projects that address  
 5 climate change impacts, including projects that mitigate, adapt  
 6 to, or increase resiliency to climate change."

7 SECTION 3. Section 328L-3, Hawaii Revised Statutes, is  
 8 amended by amending subsection (b) to read as follows:

9 "(b) All interest earned from moneys in the emergency and  
 10 budget reserve fund shall be credited to the emergency and  
 11 budget reserve fund[-]; provided that if the accrual of interest  
 12 would cause the balance of the emergency and budget reserve fund  
 13 to exceed the fund balance objective set for the emergency and  
 14 budget reserve fund, as established in administrative directive  
 15 number 22-01, then:

16 (1) Any interest amounts that would cause the fund's  
 17 balance to exceed the fund balance objective shall be  
 18 credited to the general fund; and

19 (2) The governor, in the following fiscal year, shall  
 20 request that an amount of general funds equal to the  
 21 amount of interest deposited into the general fund



1           pursuant to paragraph (1) be expended to advance  
2           specific projects that address climate change,  
3           pursuant to section 37- ."

4           SECTION 4. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6           SECTION 5. This Act shall take effect on July 1, 2050.



**Report Title:**

Emergency and Budget Reserve Fund; Interest; General Fund;  
Executive Budget; Projects; Climate Change Impacts

**Description:**

Allocates interest earned on balances within the emergency and budget reserve fund to the general fund in years in which the emergency and budget reserve fund's balance exceeds the State's fund balance objective. For any fiscal year following a fiscal year in which emergency and budget reserve fund interest is deposited into the general fund, requires the Governor to include in the budget or supplemental budget submitted to the Legislature a request that an amount of general funds equal to the amount of interest deposited be expended to advance projects that address climate change impacts. Effective 7/1/2050. (SD2)

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