

Honolulu, Hawaii

FEB 12 2025

RE: S.B. No. 1081
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 1081 entitled:

"A BILL FOR AN ACT RELATING TO LEGISLATIVE BUDGET OFFICE,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the Legislative Budget Office to report on the fiscal impact of legislation;
- (2) Repeal the existing non-functional Joint Legislative Budget Committee and Office of the Legislative Analyst; and
- (3) Appropriate funds for the establishment and implementation of the Legislative Budget Office.

Your Committee received testimony in support of this measure from the Grassroot Institute of Hawaii, Hawai'i Children's Action Network Speaks!, League of Women Voters of Hawaii, Maui Chamber of Commerce, Public First Law Center, and two individuals.

Your Committee finds that a majority of laws have a fiscal impact. Therefore, it is critical that policymakers comprehend the potential fiscal impact of a measure before its passing, in order to fully evaluate its merits and make an informed decision.



However, the State currently lacks a functional body to perform these assessments. While the Joint Legislative Budget Committee and the Office of the Legislative Analyst were established in 1990, your Committee finds that neither were properly funded, and are currently not functional. This measure will repeal the nonfunctional offices and establishing a new Legislative Budget Office to provide fiscal analyses of measures during the Legislative session.

Your Committee acknowledges that the cost of establishing a Legislative Budget Office has varied widely in other states, and that estimates to fully fund an office with the proposed scope of duties outlined in this measure are as high as \$1,000,000, for office space, equipment, staff, and benefits. Therefore, your Committee finds that a feasibility study is first needed to determine the proper funding amount.

Accordingly, your Committee has amended this measure by:

- (1) Deleting language that would have established the Legislative Budget Office and appropriated funds therefor;
- (2) Inserting language requiring the Department of Budget and Finance to conduct a feasibility study that includes the costs associated with the establishment and implementation of a Legislative Budget Office and report its findings to the Legislature;
- (3) Appropriating an unspecified amount of funds for the feasibility study;
- (4) Inserting an effective date of July 1, 2491, to encourage further discussion;
- (5) Amending section 1 to reflect its amended purpose; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes that this measure, as amended, contains an unspecified appropriation amount. Should your Committee on Ways and Means choose to deliberate on this measure, your



Committee respectfully requests that it consider inserting an appropriation amount of \$50,000 for the feasibility study, given its expected size and scope.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1081, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1081, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Government
Operations,



ANGUS L.K. MCKELVEY, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:* SB1081	Committee Referral: GVO, WAM/JDC	Date: 2.4.25		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
MCKELVEY, Angus L.K. (C)	X			
GABBARD, Mike (VC)				X
MORIWAKI, Sharon Y.	X			
SAN BUENAVENTURA, Joy A.	X			
FEVELLA, Kurt	X M			X
TOTAL	3	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; margin-top:10px;"> </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes