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**TESTIMONY BY SETH S. COLBY, Ph.D.**  
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**STATE OF HAWAII**  
**TO THE SENATE COMMITTEE ON WAYS AND MEANS**

**January 7, 2026**

Chair Dela Cruz and Members of the Committee:

Thank you for the opportunity to provide information on the Administration's  
FY 27 Executive Supplemental Budget and Multi-Year General Fund Financial Plan.

This testimony covers the following:

- Responding to federal policy changes;
- Green Administration priorities;
- Budget and fiscal considerations;
- Constitutional and statutory requirements relating to the Executive Budget;
- A brief synopsis of the FY 27 Supplemental operating and capital improvement program (CIP) budgets;
- The Multi-Year General Fund Financial Plan based on the Council on Revenues' (COR) September 4, 2025 revenue projections; and
- The general fund expenditure ceiling, the requirement to provide a tax refund or credit and deposit to the Emergency and Budget Reserve Fund (EBRF), and the State debt limit.

## RESPONDING TO FEDERAL POLICY CHANGES

The federal landscape has changed, and the federal government is no longer providing for certain costs it has historically funded. H.R. 1 – One Big Beautiful Bill Act, signed by President Trump earlier this year, shifts costs related to Medicaid and the Supplemental Nutrition Assistance Program (SNAP) to the states. Therefore, we have directed State funding to support these programs, as many in our community rely on them.

The Executive Supplemental Budget Request reflects the revenue impacts from federal policy changes and adds a small amount of general funds to the State's FY 27 operating budget. Departments were advised to work within their existing budgets to fund priority programs and services, as Act 250, SLH 2025, already appropriates more in general funds in the current FY 27 operating budget than the FY 26 operating budget.

## GREEN ADMINISTRATION PRIORITIES

The Green Administration's primary concern is the health and welfare of all of Hawai'i's families, and includes reducing Hawai'i's high cost of living. We will continue to address these State priorities and invest in Hawai'i's future through innovative approaches.

While certain federal policy changes may reduce funding that was previously awarded to states, the Rural Health Transformation Fund directs a new and large source of federal dollars to rural healthcare. This program is expected to deliver between \$150 million and \$200 million annually to Hawai'i over the next five years. Our proposal to the federal government outlines a bold vision for these funds: expanding telehealth in rural communities, improving access to care, and addressing physician and

medical professional shortages. This will ensure that residents in every corner of our State receive the quality healthcare they deserve.

Residents and visitors on the neighbor islands must have adequate access to emergency medical services. Thus, we have requested \$8.1 million in general funds for FY 27 to meet increases in service contracts for 911 emergency ground ambulance and aeromedical ambulance service for the Counties of Kaua'i and Maui.

Improving the availability of mental healthcare remains a high priority. Every resident deserves access to the mental healthcare they need, when and where they need it. The Executive Supplemental Budget requests \$8 million in general funds for FY 27 for psychiatric beds, overtime, and other payroll costs for the Hawai'i State Hospital. We have also requested to add 35.00 permanent full-time equivalent (FTE) positions and repurpose \$2.6 million in general funds for FY 27 to fund constitutionally mandated Mental Health Services positions for the Department of Corrections and Rehabilitation.

Medicaid, jointly funded by states and the federal government, provides health coverage to eligible low-income adults, children, pregnant women, elderly, and people with disabilities. Due to expected increases in healthcare payment capitation expenditures, the FY 27 Executive Supplemental Budget requests \$45 million in general funds and \$65.4 million in federal funds to maintain access to care.

H.R. 1 made significant changes to Medicaid policy with implications for eligibility, coverage, and access to healthcare services. To implement these requirements, we have requested \$30 million in general funds and \$30 million in federal funds for FY 27 for system upgrades to the Department of Human Services' existing eligibility system,

KOLEA, as well as the Hawai'i Prepaid Medical Management Information System and staff augmentation.

In addition, H.R. 1 also changed the federal government's share of administrative costs for SNAP from 50% to 25%, starting in federal FY 27. Consequently, the Executive Supplemental Budget seeks to change the means of financing (MOF) for 101.53 FTE permanent positions from federal to general funds, add \$13.4 million in general funds, and reduce \$13.8 million in federal funds to offset the reduction of federal funds.

### THE GREEN FEE

With the enactment of Act 96 earlier this year, Hawai'i became the first state in the nation to enact a Green Fee – a dedicated source of funding to support environmental conservation, climate resilience, and sustainable tourism projects statewide.

Effective January 1, 2026, a 0.75% increase to the Transient Accommodation Tax (TAT) has been designated to support the Green Fee. Act 96 also levies the TAT on cruise ships docking in Hawai'i's ports for the first time, which will also support the Green Fee. Based on estimates by the Department of Taxation, the Green Fee is expected to generate approximately \$42 million in FY 26 and \$87 million in FY 27.

To ensure a thorough, equitable, and transparent evaluation of projects for potential Green Fee funding, the Green Fee Advisory Council (GFAC) was established. The GFAC, composed of representatives from a broad range of stakeholders, collaborates to provide strategic guidance and recommendations to direct Green Fee resources toward initiatives that reflect community priorities and the intent of Act 96. Its

approach emphasizes equitable distribution of funds across the Legislature's three priority areas:

- Environmental Stewardship – Projects that protect and restore Hawai'i's natural resources, including coverage of native flora and fauna.
- Climate and Hazard Resilience – Projects that harden infrastructure, such as those that mitigate wildfire and flood risks.
- Sustainable Tourism – Projects that support destination management, beach nourishment, and park improvements.

Act 96 requires that the Governor request, through the Executive Budget or Supplemental Budget, funds approximating the additional revenue generated for the Green Fee. The GFAC is responsible for providing the Governor with a recommended list of projects and an accompanying budget for inclusion in the Governor's budget request. Ultimately, the Legislature will decide on appropriations through the State's annual budget process.

The FY 27 Executive Supplemental Budget currently includes placeholders in the Department of Budget and Finance of \$43.5 million in general funds for FY 27 for operating expenses, and \$42 million for FY 26 and \$43.5 million in general obligation (G.O.) bond funds for FY 27 for CIP projects to earmark funding for Green Fee projects. A Governor's Message will be submitted during the 2026 Legislative Session to request the specific projects that have been approved by the Governor.

## BUDGET AND FISCAL CONSIDERATIONS

In developing the Executive Supplemental Budget, we considered the State's fiscal health and the impact of proposed budget requests. To the extent possible, we

considered potential stressors to the State's economy that might impact the State's revenues and fiscal well-being.

Administrative Directive No. 25-02, State Reserve Policy, requires that for each year of the six-year planning period, the State shall endeavor to attain a minimum fund balance as a percentage of the preceding year's general fund revenues as follows:

1. 5% unassigned general fund carryover balance;
2. 10% to the EBRF; and
3. 25% combined State reserves or 20% combined State reserves, if the EBRF fund balance objective has been met.

The balance of the EBRF is at its highest level, with a balance of \$1.568 billion at the end of FY 25. The EBRF is projected to be 14.4% of FY 25 general fund revenues this fiscal year, providing a well-funded source of fiscal reserves.

Through November 2025, preliminary general fund tax revenues for FY 26 have decreased by 10.5%, below the COR's current projection of -4.7%. The percent decline in revenues in FY 26 is due to a higher-than-expected base in FY 25 and the impacts of the 2024 income tax cut. The one-time boost of \$315 million in estate tax collections in September 2024 increased the FY 25 base, contributing to the year-over-year percent decline. IIT collections are down 15.4% on the year, which is largely due to the tax cuts codified in Act 46, SLH 2024. The growth rate of general fund tax revenues is expected to improve after January 2026, when the comparison will start to reflect the IIT withholding changes in both 2025 and 2026 (calendar years).

## CONSTITUTIONAL AND STATUTORY REQUIREMENTS

In preparing the supplemental budget, the Executive Branch is bound by constitutional and statutory requirements, which include, but are not limited to, the following:

Article VII, Section 9, of the State Constitution provides that “. . . in each regular session in an even-numbered year, at such time as may be provided by law, the governor may submit to the legislature a bill to amend any appropriation for operating expenditures of the current fiscal biennium, to be known as the supplemental appropriations bill, and bills to amend any appropriations for capital expenditures of the current fiscal biennium . . .”

Section 37-72, Supplemental Budget, the Hawai'i Revised Statutes (HRS), states that the Governor may submit to the Legislature a supplemental budget to amend any appropriation for the current fiscal biennium. The supplemental budget shall reflect the changes being proposed in the State's program and financial plan and shall be submitted, as applicable, in the manner provided in Section 37-71, The Budget, HRS.

Section 37-71(b)(4), HRS, prescribes that the information provided in the budget be formatted such that “[p]rogram costs shall include all costs, including research and development, operating and capital, regardless of the means of financing . . .”

Section 37-71(c)(3), HRS, requires a summary listing of all capital improvement projects by program, at the lowest level of the program structure, which shows for each project, by investment cost elements, the amount of new appropriations and authorizations proposed. Under Section 37-62, Definitions, HRS, “cost elements” means the major subdivisions of a cost category. The category “capital investment” includes planning, land acquisition, design, construction, and equipment and furnishing.

Thus, the Executive Supplemental Budget includes all appropriations from Act 250, SLH 2025, the General Appropriations Act. To meet the requirements of Section 37-71, HRS, we have also designated the funding for CIP projects included in the Executive Supplemental Budget by cost element (i.e., plans, land acquisition, design, construction, and equipment). This includes providing cost element breakdowns for CIP projects that were originally appropriated in Act 250, SLH 2025.

### THE FY 27 EXECUTIVE SUPPLEMENTAL BUDGET

As managers of the public's funds, it is our responsibility to make the best use of the State's resources, especially during uncertain times. The Green Administration's core priorities remain the same: improving healthcare access and outcomes, reducing homelessness, building affordable housing, investing in climate resiliency, education, strengthening our economy, and reducing the cost of living for our residents. This budget invests in these priority areas for the State while exercising fiscal prudence to account for the uncertainty.

In addition to submitting Executive Supplemental Budget requests to support our priorities in FB 2025-27, we will be submitting emergency appropriation bills for FY 26 which total \$137 million in general funds, including funding for \$98.9 million (subject to change based on updated estimates) for temporary hazard pay. These appropriations are necessary to provide critical support for the respective programs this fiscal year.

The Executive Supplemental Budget contains operating and CIP requests for FY 26 and FY 27 that propose changes and adjustments to Act 250, SLH 2025, including transfers (operating only), which authorized funding for the two-year fiscal period that began on July 1, 2025 and ends on June 30, 2027. We will also be



proposing to reinstate standard operating and CIP provisions necessary for effective and efficient implementation of the budget.

### ***The Operating Budget***

#### **General Funds**

For FY 26, total proposed general fund adjustments to the operating budget amount to a net decrease of \$149.5 million, or 1.4% less than the current appropriation level of \$10.534 billion. The recommended general fund amount for FY 26 is \$10.384 billion.

For FY 27, total proposed general fund adjustments to the operating budget amount to a net decrease of \$1.6 million, or 1% less than the current appropriation level of \$10.590 billion. The recommended general fund amount for FY 27 is \$10.588 billion.

#### **All MOF**

For FY 26, total proposed adjustments to the operating budget amount to a net decrease of \$149.5 million, or 1% less than the current appropriation level of \$19.881 billion. The recommended amount for all MOF for FY 26 is \$19.731 billion.

For FY 27, total proposed adjustments to the operating budget for all MOF amount to a net increase of \$646.3 million, or 3.3% more than the current appropriation level of \$19.711 billion for all MOF. The recommended amount for all MOF for FY 27 is \$20.357 billion.

Breakdowns by MOF are as follows:

<u>Means of Financing</u>	<u>FY 26 Act 250/2025 Appropriation (\$)</u>	<u>FY 26 Proposed Adjustment (\$)</u>	<u>FY 26 Recommended Appropriation (\$)</u>
General Funds	10,533,526,869	(149,543,339)	10,383,983,530
Special Funds	4,299,832,113	.....	4,299,832,113
Federal Funds	3,593,772,273	.....	3,593,772,273
Other Federal Funds	301,427,907	.....	301,427,907
Private Contributions	903,067	.....	903,067
County Funds	.....	.....	.....
Trust Funds	429,002,313	.....	429,002,313
Interdept. Transfers	99,787,264	.....	99,787,264
Revolving Funds	591,518,464	.....	591,518,464
Other Funds	<u>30,773,357</u>	<u>.....</u>	<u>30,773,357</u>
Total	19,880,543,627	(149,543,339)	19,731,000,288

<u>Means of Financing</u>	<u>FY 27 Act 250/2025 Appropriation (\$)</u>	<u>FY 27 Proposed Adjustment (\$)</u>	<u>FY 27 Recommended Appropriation (\$)</u>
General Funds	10,589,981,757	(1,613,800)	10,588,367,957
Special Funds	4,126,532,651	156,928,505	4,283,461,156
Federal Funds	3,576,217,392	100,696,447	3,676,913,839
Other Federal Funds	284,784,097	8,841,165	293,625,262
Private Contributions	903,067	.....	903,067
County Funds	.....	.....	.....
Trust Funds	429,146,032	139,598	429,285,630
Interdept. Transfers	99,787,264	(212,095)	99,575,169
Revolving Funds	577,783,900	377,882,669	955,666,569
Other Funds	<u>25,727,960</u>	<u>3,650,806</u>	<u>29,378,766</u>
Total	19,710,864,120	646,313,295	20,357,177,415

## ***The Capital Improvement Program Budget***

### **G.O. Bond Funds**

For FY 26, total proposed CIP adjustments for G.O. bond funds amount to a net increase of \$42 million, 2.9% more than the total of the current G.O. bond fund appropriation level of \$1.428 billion. The recommended G.O. bond fund amount for FY 26 is \$1.470 billion. There was no G.O. reimbursable (G.O.R.) bond fund appropriation or proposed adjustment for FY 26.

For FY 27, total proposed CIP adjustments for G.O. bond funds amount to a net increase of \$903.8 million, or 213.7% more than the total of the current G.O. bond fund appropriation level of \$423.0 million. The recommended G.O. bond fund amount for FY 27 is \$1.327 billion. There was no G.O.R. bond fund appropriation or proposed adjustment for FY 27.

### **All MOF**

For FY 26, total proposed CIP adjustments for all MOF amount to a net increase of \$42 million, or 1.2% of the current level for all MOF of \$3.380 billion. The recommended amount for all MOF for FY 26 is \$3.422 billion.

For FY 27, total proposed CIP adjustments for all MOF amount to a net increase of \$1.967 billion, or 84.4% of the current level for all MOF of \$2.331 billion. The recommended amount for all MOF for FY 27 is \$4.299 billion.

Breakdowns by MOF are as follows:

<u>Means of Financing</u>	<u>FY 26 Act 250/2025 Appropriation (\$)</u>	<u>FY 26 Proposed Adjustment (\$)</u>	<u>FY 26 Recommended Appropriation (\$)</u>
General Funds	.....	.....	.....
Special Funds	86,917,000	.....	86,917,000
G.O. Bond Funds	1,428,063,000	42,000,000	1,470,063,000
G.O.R. Bond Funds	.....	.....	.....
Revenue Bonds	755,024,000	.....	755,024,000
Federal Funds	719,392,000	.....	719,392,000
Other Federal Funds	62,723,000	.....	62,723,000
Private Contributions	32,000	.....	32,000
County Funds	26,200,000	.....	26,200,000
Trust Funds	.....	.....	.....
Interdept. Transfers	.....	.....	.....
Revolving Funds	.....	.....	.....
Other Funds	<u>301,200,000</u>	<u>.....</u>	<u>301,200,000</u>
Total	3,379,551,000	42,000,000	3,421,551,000

<u>Means of Financing</u>	<u>FY 27 Act 250/2025 Appropriation (\$)</u>	<u>FY 27 Proposed Adjustment (\$)</u>	<u>FY 27 Recommended Appropriation (\$)</u>
General Funds	.....	.....	.....
Special Funds	179,291,000	28,842,000	208,133,000
G.O. Bond Funds	423,022,000	903,794,000	1,326,816,000
G.O.R. Bond Funds	.....	.....	.....
Revenue Bond Funds	991,790,000	482,033,000	1,473,823,000
Federal Funds	590,424,000	486,512,000	1,076,936,000
Other Federal Funds	121,500,000	22,351,000	143,851,000
Private Contributions	25,032,000	.....	25,032,000
County Funds	.....	7,500,000	7,500,000
Trust Funds	.....	.....	.....
Interdept. Transfers	.....	.....	.....
Revolving Funds	.....	.....	.....
Other Funds	<u>200,000</u>	<u>36,280,000</u>	<u>36,480,000</u>
Total	2,331,259,000	1,967,312,000	4,298,571,000

A department-by-department summary and highlights of what is contained in the FY 27 Executive Supplemental CIP budget can be found in “The FY 27 Executive Supplemental Budget - Budget in Brief” that is available on B&F’s website at [Budget in Brief FY 27 BIB](#).

#### THE MULTI-YEAR GENERAL FUND FINANCIAL PLAN

Attachment 1 is the Multi-Year General Fund Financial Plan that is based on the COR projections adopted at its September 4, 2025 meeting. The economic impact of fluctuating federal policies was a key point of consideration by the COR. The COR lowered its general fund tax revenue growth forecast for FY 26 from -3.5% to -4.7% but raised its forecasts for FY 27 from 1% to 2% and FY 28 from 1.5% to 1.9%. In addition, the COR lowered its forecasts for FY 29 from 2.6% to 2.5%, and FY 30 from 1.9% to 1.8%, while leaving the forecast for FY 31 at 3.1% and setting a new forecast for FY 32 at 3.4%.

The COR’s downward revision in FY 26 reflects the weakening U.S. economy and the anticipated decline in the tourism industry. The negative growth in FY 26 is due, in part, to an adjustment for the higher base in FY 25 due to the one-time boost of \$315 million in estate tax collections in September 2024.

The COR’s forecast also accounts for the impact of several acts: Act 46, SLH 2024, regarding individual income tax reductions; Act 47, SLH 2024, regarding general excise tax exemptions of medical and dental services paid with Medicare, Medicaid and TRICARE; Act 58, SLH 2025, regarding the Pass-Through Entity tax add-back; and Act 96, SLH 2025, regarding the establishment of the Green Fee.

Also included in the revenue section are other non-tax revenues not reflected in the COR's non-tax revenue projection and estimated revenue impacts from various Administration measures that we will be submitting, including adjustments to Act 46, SLH 2025, that are necessary due to the State's increased financial burden of supporting essential federal programs.

In the expenditure section, the financial plan reflects expenditures based on the FY 27 Executive Supplemental Budget, Judiciary's FY 27 Supplemental Budget, and continuation of FY 26 funding levels for the Legislature and Office of Hawaiian Affairs.

Additionally, the expenditure section reflects various emergency and specific appropriation measures that the Administration will be submitting. We will be submitting emergency appropriation bills for FY 26, which total \$137 million in general funds, including funding for \$98.9 million (subject to change based on updated estimates) for temporary hazard pay. These appropriations are necessary to provide critical support for the respective programs this fiscal year. Also, there will be a cost-neutral, intra-department transfer bill to address specific Program ID funding shortfalls within certain departments.

For FY 25, total revenues were \$11,266.9 million and total expenditures were \$10,888.0 million, resulting in revenues over expenditures of \$378.8 million and an ending balance of \$2,120.5 million. For FY 26, estimated total revenues are \$10,959.1 million and estimated total expenditures are \$11,197.1 million, resulting in revenues under expenditures of -\$238.0 million and an estimated ending balance of \$1,882.5 million. For FY 27, estimated total revenues are \$10,585.0 million and estimated total expenditures are \$11,337.7 million, resulting in revenues under expenditures of -\$752.7 million and an estimated ending balance of \$1,129.8 million.

For FY 28, revenues are estimated to be less than expenditures, resulting in an estimated balance of \$1,035.9 million. For FY 29, revenues are expected to be less than expenditures, resulting in an estimated balance of \$891.2 million. Revenues are estimated to exceed expenditures for FY 30 and FY 31, resulting in estimated balances of \$1,016.0 million and \$1,414.9 million, respectively.

At the bottom of Attachment 1 (below the dotted line), we reflect the actual and estimated balances of the EBRF and the percentages of the EBRF fund balances of prior year revenues. After the infusion of \$500.0 million into the EBRF in FY 24, the percentages are between 14.4% and 16.4%, which exceeds the target EBRF reserve of 10.0%. The combined general fund ending balance and EBRF balance for each fiscal year exceed the 20% overall reserve target for all fiscal years.

The COR will be meeting on January 7, 2026, to review and deliberate on its projections.

#### THE GENERAL FUND EXPENDITURE CEILING

By law, general fund appropriations must comply with the expenditure ceiling requirements that are set forth in Section 9 of Article VII of the Hawai'i State Constitution and Section 37-92 of HRS. At the aggregate level that includes all branches of government, the total proposed appropriations from the general fund are within the expenditure ceiling for FY 26 and FY 27.

For the Executive Branch, the total proposed appropriations from the general fund (which include the Executive Supplemental Budget for FY 2025-27 and other specific appropriation measures to be submitted) are within the appropriation ceiling for FY 26 and FY 27.

A summary statement on the General Fund Expenditure Ceiling and Executive Branch Appropriation Ceiling is included as Attachment 2.

#### TAX REFUND OR CREDIT AND DEPOSIT TO THE EBRF

Article VII, Section 6, of the Hawai'i State Constitution, requires that whenever the State general fund balance at the close of each of two successive fiscal years exceeds 5% of general fund revenues for each of the two fiscal years, the Legislature must provide for a tax refund or tax credit to the taxpayers of the State or make a deposit into one or more emergency funds, as provided by law.

Section 328L-3, HRS, provides that whenever general fund revenues for each of two successive fiscal years exceed revenues for each of the preceding fiscal years by 5%, 5% of the general fund balance shall be deposited into the EBRF.

For FY 24 and FY 25, general fund balances were greater than 5% of general fund revenues. However, it is important to note that the FY 24 and FY 25 general fund balances were adjusted to include certain transactions that were authorized for FY 24 and FY 25 but processed in the subsequent fiscal year. Due to a combination of timing issues with the enactment of the authorizing legislation and accounting system limitations, those transactions were processed in FY 25 and FY 26 but, for the purposes of the general fund financial plan, have been reflected as authorized in FY 24 and FY 25, respectively.

Since the FY 24 and FY 25 general fund balances exceeded 5% of general fund revenues (tax and non-tax) for FY 23 and FY 24 respectively, the 2026 Legislature must provide for a tax refund or tax credit or make a deposit into one or more funds that serve as temporary supplemental sources of funding in times of emergency, economic



downturn, or unforeseen reduction in revenues, or appropriate general funds for the prepayment of either or both of 1) debt service or 2) pension or other post-employment benefit liabilities. General fund revenues did not exceed the respective previous year's revenues by 5% or more in two consecutive years, so 5% of the general fund balance does not need be deposited into the Emergency and Budget Reserve Fund.

### THE DEBT LIMIT

Section 13 of Article VII of the Hawai'i State Constitution places a debt limit on G.O. bonds that may be issued by the State. It has been determined that the total amount of principal and interest calculated on: a) all bonds issued and outstanding; b) all bonds authorized and unissued; and c) all bonds proposed in the Executive Supplemental Budget (including State guaranties) will not cause the debt limit to be exceeded at the time of each bond issuance.

The Declaration of Findings with respect to the G.O. bond debt limit is included as Attachment 3.

In summary, the FY 27 Executive Supplemental Budget and Multi-Year General Fund Financial Plan reflect our continued commitment to manage the State's near- and long-term obligations, meet federal and State mandates, and improve operations to efficiently deliver much needed public services. You will be hearing from the respective departments on details of their FY 27 Executive Supplemental Budget requests in the coming weeks. The Green Administration will work with you on a continual basis during the 2026 Session deliberations on the FY 27 Executive Supplemental Budget and the Multi-Year General Fund Financial Plan.

Thank you for the opportunity to make this presentation.

Attachments

**MULTI-YEAR FINANCIAL SUMMARY  
GENERAL FUND  
FISCAL YEARS 25 - 31  
(in millions of dollars)**

	<u>Adj. Act. FY 25*</u>	<u>Estimated FY 26</u>	<u>Estimated FY 27</u>	<u>Estimated FY 28</u>	<u>Estimated FY 29</u>	<u>Estimated FY 30</u>	<u>Estimated FY 31</u>
<b>REVENUES:</b>							
<b>Executive Branch:</b>	4.2%	-4.7%	2.0%	1.9%	2.5%	1.8%	3.1%
Tax revenues	9,974.2	9,505.4	9,695.5	9,876.1	10,122.1	10,300.6	10,616.3
Nontax revenues	1,267.1	877.7	875.8	899.8	916.8	915.8	913.9
Judicial Branch revenues	25.6	26.1	26.1	26.1	26.6	26.6	26.6
Other revenues	0.0	550.0	(12.4)	246.7	297.7	598.3	646.7
<b>TOTAL REVENUES</b>	<b>11,266.9</b>	<b>10,959.1</b>	<b>10,585.0</b>	<b>11,048.6</b>	<b>11,363.2</b>	<b>11,841.3</b>	<b>12,203.5</b>
<b>EXPENDITURES</b>							
<b>Executive Branch:</b>							
Operating	10,321.7	10,384.0	10,588.4	10,727.2	10,968.5	11,163.9	11,249.9
CIP	113.3	0.0	(35.0)	0.0	0.0	0.0	0.0
Specific appropriation/CB	689.9	762.1	743.2	364.8	482.3	493.6	494.1
Other expenditures/adjustments	0.0	38.0	17.5	21.1	21.1	21.1	21.1
<b>Sub-total - Exec Branch</b>	<b>11,124.8</b>	<b>11,184.0</b>	<b>11,314.0</b>	<b>11,113.1</b>	<b>11,472.0</b>	<b>11,678.6</b>	<b>11,765.0</b>
Legislative Branch	58.0	50.9	52.7	53.8	54.1	54.5	54.9
Judicial Branch	235.3	209.1	217.9	222.7	228.9	230.5	231.6
OHA	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Counties	-	0.1	0.1	-	-	-	-
Lapses	(533.1)	(250.0)	(250.0)	(250.0)	(250.0)	(250.0)	(250.0)
<b>TOTAL EXPENDITURES</b>	<b>10,888.0</b>	<b>11,197.1</b>	<b>11,337.7</b>	<b>11,142.6</b>	<b>11,507.9</b>	<b>11,716.6</b>	<b>11,804.5</b>
<b>REV. OVER (UNDER) EXPEND.</b>	<b>378.8</b>	<b>(238.0)</b>	<b>(752.7)</b>	<b>(93.9)</b>	<b>(144.7)</b>	<b>124.7</b>	<b>398.9</b>
<b>CARRY-OVER BALANCE (DEFICIT)</b>							
Beginning	1,741.7	2,120.5	1,882.5	1,129.8	1,035.9	891.2	1,016.0
Ending	2,120.5	1,882.5	1,129.8	1,035.9	891.2	1,016.0	1,414.9
<hr/>							
Ending fund bal as % of prior yr revenues	19.9%	16.7%	10.3%	9.8%	8.1%	8.9%	11.9%
Emergency and Budget Reserve Fund (EBRF)	1,568.2	1,624.7	1,678.1	1,733.1	1,795.5	1,860.1	1,927.1
EBRF fund balance as % of prior yr revenues	14.7%	14.4%	15.3%	16.4%	16.3%	16.4%	16.3%

\* unaudited

Notes:

Due to rounding, details may not add to totals.

The budgetary General Fund resources, expenditures and balances above are presented on a modified cash-basis. The State's normal practice is to utilize this modified cash-basis methodology for budgetary and financial planning purposes. Due to a combination of timing issues with enactment of various laws and accounting system limitations, certain transactions authorized for a fiscal year were recorded in the following fiscal year by the Department of Accounting and General Services. However, the financial plan records appropriations in the fiscal year for which the appropriation was authorized. In contrast, the State's audited financial statements are prepared on a modified accrual basis. Consequently, the modified cash basis information presented in this table is not directly comparable to the modified accrual basis information presented in the State's audited financial statements, and the differences in reporting may vary substantially.

**SUMMARY STATEMENT OF GENERAL FUND  
EXPENDITURE CEILING AND APPROPRIATIONS**

**A. Total State Personal Income and State Growth**

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Total State Personal Income (in \$ millions)

Calendar Year 2021	88,650
Calendar Year 2022	91,008
Calendar Year 2023	96,961
Calendar Year 2024	102,704
Calendar Year 2025*	107,326

\* As estimated by the Council on Revenues Nov. 2025

State Growth

Fiscal Year 2026	5.04%
Fiscal Year 2027	5.65%

**B. All Branches of Government**

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General Fund Appropriations

Fiscal Year 2025 (incl proposed)	11,421,138,857
Fiscal Year 2026 (incl proposed)	11,447,110,296
Fiscal Year 2027 (incl proposed)	11,587,739,237

General Fund Expenditure Ceiling

Fiscal Year 2026	11,950,328,638
Fiscal Year 2027	12,626,105,382

**C. Executive Branch**

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Recommended General Fund Appropriations

Fiscal Year 2026	11,184,047,167
Fiscal Year 2027	11,314,027,614

Actual and Proposed General Fund Appropriations

Fiscal Year 2025	11,124,820,820
------------------	----------------

Fiscal Year 2026	11,196,746,794
Proposed reduced appropriations	(12,699,627)
Total - FY 2026 apprns	11,184,047,167

Fiscal Year 2027	11,328,183,159
Proposed reduced appropriations	(14,155,545)
Total - FY 2027 apprns	11,314,027,614

General Fund Appropriation Ceiling

Fiscal Year 2026	11,685,638,843
Fiscal Year 2027	11,816,491,614

## DECLARATION OF FINDINGS

Pursuant to Section 37-72 of the Hawaii Revised Statutes, the Acting Director of Finance finds and declares that with respect to the proposed capital improvement appropriations for the budget period 2026-2027 for which the source of funding is general obligation bonds:

(1) Limitation on general obligation debt. Article VII, Section 13, of the State Constitution, states in part: "General obligation bonds may be issued by the State; provided that such bonds at the time of issuance would not cause the total amount of principal and interest payable in the current or any future fiscal year, whichever is higher, on such bonds and on all outstanding general obligation bonds to exceed ... a sum equal to eighteen and one-half percent of the average of the general fund revenues of the State in the three fiscal years immediately preceding such issuance." Article VII, Section 13, also provides that in determining the power of the State to issue general obligation bonds, certain bonds are excludable, including "reimbursable general obligation bonds issued for a public undertaking, improvement or system but only to the extent that reimbursements to the general fund are in fact made from the net revenue, or net user tax receipts, or combination of both, as determined for the immediately preceding fiscal year."

(2) Actual and estimated debt limits. The limit on principal and interest of general obligation bonds issued by the State, actual for fiscal year 2025-2026 and estimated for each fiscal year from fiscal year 2026-2027 to 2028-2029, is as follows:

<u>Fiscal Year</u>	<u>Net General Fund Revenues</u>	<u>Debt Limit</u>
2022-2023	10,183,780,738	
2023-2024	10,629,766,311	
2024-2025	11,260,938,822	
2025-2026	10,402,698,000	1,977,926,629
2026-2027	10,593,115,000	1,991,426,527
2027-2028	10,797,954,000	1,989,166,362
2028-2029	(not applicable)	1,960,615,632

For fiscal years, 2025-2026, 2026-2027, 2027-2028 and 2028-2029 respectively, the debt limit is derived by multiplying the average of the net general fund revenues for the three preceding fiscal years by eighteen and one-half percent. The net general fund revenues for fiscal years 2022-2023, 2023-2024 and 2024-2025 are actual, as certified by the Acting Director of Finance in the Statement of the Debt Limit of the State of Hawaii as of July 1, 2025, dated December 1, 2025. The net general fund revenues for fiscal years 2025-2026 to 2027-2028 are estimates, based on general fund revenue estimates made as of September 4, 2025, by the Council on Revenues, the body assigned by Article VII, Section 7, of the State Constitution to make such estimates, and based on estimates made by the Department of Budget and Finance of those receipts which cannot be included as general fund revenues for the purpose of calculating the debt limit, all of which estimates the Acting Director of Finance finds to be reasonable.

(3) Principal and interest on outstanding bonds applicable to the debt limit. In determining the power of the State to issue general obligation bonds for the fiscal years 2025-2026 to 2041-2044, the total amount of principal and interest on outstanding general obligation bonds are as follows:

Fiscal Year Ending June 30	Gross			Excludable			Net Debt Service		
	Principal Payable	Interest Payable	Debt Service Payable	Principal Payable	Interest Payable	Debt Service Payable	Principal Payable	Interest Payable	Debt Service Payable
2026	778,645,747	317,210,376	1,095,856,123	4,949,940	962,877	5,912,817	773,695,807	316,247,499	1,089,943,306
2027	644,651,178	293,568,962	938,220,140	3,010,535	756,364	3,766,899	641,640,643	292,812,598	934,453,241
2028	641,974,107	269,585,859	911,559,966	2,823,484	647,663	3,471,147	639,150,623	268,938,196	908,088,819
2029	633,769,815	245,776,069	879,545,884	1,985,000	545,069	2,530,069	631,784,815	245,231,000	877,015,815
2030	610,132,126	222,766,593	832,898,719	2,050,000	484,544	2,534,544	608,082,126	222,282,049	830,364,175
2031	585,628,919	199,821,338	785,450,257	2,110,000	420,825	2,530,825	583,518,919	199,400,513	782,919,432
2032	607,092,152	178,284,275	785,376,427	2,180,000	352,431	2,532,431	604,912,152	177,931,844	782,843,996
2033	556,113,856	158,003,038	714,116,894	2,250,000	280,444	2,530,444	553,863,856	157,722,594	711,586,450
2034	535,354,932	139,011,790	674,366,722	2,325,000	206,100	2,531,100	533,029,932	138,805,690	671,835,622
2035	499,860,000	120,015,530	619,875,530	2,405,000	127,734	2,532,734	497,455,000	119,887,796	617,342,796
2036	464,895,000	101,899,052	566,794,052	2,490,000	43,575	2,533,575	462,405,000	101,855,477	564,260,477
2037	425,225,000	83,821,715	509,046,715	0	0	0	425,225,000	83,821,715	509,046,715
2038	364,525,000	67,190,782	431,715,782	0	0	0	364,525,000	67,190,782	431,715,782
2039	324,875,000	51,886,427	376,761,427	0	0	0	324,875,000	51,886,427	376,761,427
2040	300,840,000	38,395,294	339,235,294	0	0	0	300,840,000	38,395,294	339,235,294
2041	313,310,000	25,926,135	339,236,135	0	0	0	313,310,000	25,926,135	339,236,135
2042	222,470,000	14,060,273	236,530,273	0	0	0	222,470,000	14,060,273	236,530,273
2043	109,440,000	5,716,937	115,156,937	0	0	0	109,440,000	5,716,937	115,156,937
2044	55,570,000	1,419,536	56,989,536	0	0	0	55,570,000	1,419,536	56,989,536

Additionally, the outstanding principal amount of bonds constituting instruments of indebtedness in which the State has incurred a contingent liability as a guarantor is \$233,500,000, all or a portion of which pursuant to Article VII, Section 13 of the State Constitution, is excludable in determining the power of the State to issue general obligation bonds.

(4) Amount of authorized and unissued general obligation bonds and proposed bonds. As calculated from the State Comptroller's bond fund report as of September 30, 2025, adjusted for (a) appropriations made in Acts 250, 227, and 131, Session Laws of Hawaii 2025, to be expended in fiscal year 2026-2027 (b) lapses proposed in THE EXECUTIVE BUDGET SUPPLEMENTAL [Budget Period: 2025-2027] (referred to as the "Budget") the total amount of authorized but unissued general obligation bonds amounts to \$5,644,083,063. The amount of general obligation bonds proposed in the Budget is \$1,423,023,000 (does not include capital improvement appropriations to be funded through the issuance of general obligation bonds proposed by the Judiciary). The total amount of general obligation bonds previously authorized and unissued and the general obligation bonds proposed in the Budget is \$7,067,106,063.

(5) Proposed general obligation bond issuance. As reported in the Budget, as it applies to the fiscal period 2025-2026 to 2028-2029, the State proposed to issue \$1,800,000,000 in general obligation bonds during the second half of fiscal year 2025-2026, \$900,000,000 in general obligation bonds during the first half of fiscal year 2026-2027, and \$900,000,000 in general obligation bonds during the second half of fiscal year 2026-2027, \$900,000,000 in general obligation bonds during the first half of fiscal year 2027-2028, and \$900,000,000 in general obligation bonds during the second half of fiscal year 2027-2028, \$850,000,000 in general obligation bonds during the first half of fiscal year 2028-2029 and \$850,000,000 in general obligation bonds during the second half of fiscal year 2028-2029. The State anticipates issuing a combination of twenty-year serial bonds with principal repayments beginning the first year and ten-year serial bonds with principal repayments beginning the first year, payable in substantially equal annual installments of principal and interest payment with interest payments commencing six months from the date of issuance and being paid semi-annually thereafter. It is assumed that this practice will continue to be applied to the bonds which are proposed to be issued.

(6) Sufficiency of proposed general obligation bond issuance to meet the requirements of authorized and unissued bonds and the bonds proposed in the Budget. From the schedule reported in paragraph (5), the total amount of general obligation bonds, which the State proposes to issue during this fiscal year and in fiscal years 2026-2027, 2027-2028, and 2028-2029, is \$7,100,000,000. The total amount of \$7,100,000,000 which is proposed to be issued through fiscal year 2028-2029 is sufficient to meet the requirements of the previously authorized and unissued bonds and the bonds proposed in the Budget, the total amount of which is \$7,067,106,063 as reported in paragraph (4). Thus, taking the Budget into account, the amount of previously authorized and unissued bonds and bonds proposed, versus the amount of bonds which is proposed to be issued by June 30, 2029, the Acting Director of Finance finds that in the aggregate, the amount of bonds is sufficient to meet these requirements.

(7) Bonds excludable in determining the power of the State to issue bonds. As noted in paragraph (1), certain bonds are excludable in determining the power of the State to issue general obligation bonds. (A) General obligation reimbursable bonds can be excluded under certain conditions. It is not possible to make a conclusive determination as to the amount of reimbursable bonds which are excludable from the amount of each proposed bond issuance because:

(i) It is not known exactly when projects for which reimbursable bonds have been authorized in prior acts and in the Budget will be implemented and will require the application of proceeds from a particular bond issue; and

(ii) Not all reimbursable general obligation bonds may qualify for exclusion.

However, the Acting Director of Finance notes that with respect to the principal and interest on outstanding general obligation bonds, as reported in Section 3 herein, the average proportion of principal and interest which is excludable each year from calculation against the debt limit is 0.38 percent for approximately ten years from fiscal year 2025-2026 to fiscal year 2034-2035. For the purpose of this declaration, the assumption is made that 0.25 percent of each bond issue will be excludable from the debt limit, an assumption which the Acting Director of Finance finds to be reasonable and conservative. (B) Bonds constituting instruments of indebtedness under which the State incurs a contingent liability as a guarantor can be excluded but only to the extent the principal amount of such guaranties does not exceed seven percent of the principal amount of outstanding general obligation bonds not otherwise excluded under subparagraph (A) of this paragraph (7) and provided that the State shall establish and maintain a reserve in an amount in reasonable proportion to the outstanding loans guaranteed by the State as provided by law. According to the Department of Budget and Finance and the assumptions presented herein, the total principal amount of outstanding general obligation bonds and general obligation bonds proposed to be issued, which are not otherwise excluded under Article VII, Section 13 of the State Constitution for the fiscal years 2025-2026, 2026-2027, 2027-2028 and 2028-2029 are as follows:

<u>Fiscal Year</u>	<u>Total amount of General Obligation Bonds not otherwise excluded by Article VII, Section 13 of the State Constitution</u>
2025-2026	9,830,477,085
2026-2027	11,625,977,085
2027-2028	13,421,477,085
2028-2029	15,117,227,085

Based on the foregoing and based on the assumption that the full amount of a guaranty is immediately due and payable when such guaranty changes from a contingent liability to an actual liability, the aggregate principal amount of the portion of the outstanding guaranties and the



guaranties proposed to be incurred, which does not exceed seven percent of the average amount set forth in the last column of the above table and for which reserve funds have been or will have been established as heretofore provided by, can be excluded in determining the power of the State to issue general obligation bonds. As it is not possible to predict with a reasonable degree of certainty when a guaranty will change from a contingent liability to an actual liability, it is assumed in conformity with fiscal conservatism and prudence, that all guaranties not otherwise excluded pursuant to Article VII, Section 13 of the State Constitution will become due and payable in the same fiscal year in which the greatest amount of principal and interest on general obligation bonds, after exclusions, occurs. Thus, based on such assumptions and on the determination in paragraph (8), the aggregate principal amount of the portion of the outstanding guaranties; which must be included in determining the power of the State to issue general obligation bonds, is \$0.

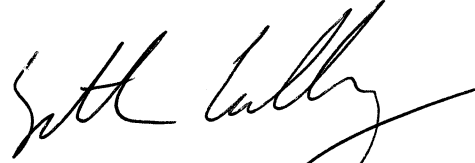
(8) Determination whether the debt limit will be exceeded at the time of issuance. From the foregoing and on the assumption that the bonds identified in paragraph (5) will be issued at an interest rate of 7.50 percent thereafter, as reported in the Budget, it can be determined from the following schedule that the bonds which are proposed to be issued, which includes all bonds issued and outstanding, bonds previously authorized and unissued and the bonds proposed in the Budget, will not cause the debt limit to be exceeded at the time of each bond issuance:

<u>Time of Issue and Amount of Issue to be Counted Against Debt Limit</u>	<u>Debt Limit at Time of Issuance</u>	<u>Greatest Amount &amp; Year of Principal &amp; Interest</u>
2nd half FY 2025-2026 \$1,795,500,000	1,977,926,629	1,148,522,640 (2026-2027)
1st half FY 2026-2027 \$897,750,000	1,991,426,527	1,225,607,279 (2027-2028)
2nd half FY 2026-2027 \$897,750,000	1,991,426,527	1,330,763,529 (2027-2028)
1st half FY 2027-2028 \$897,750,000	1,989,166,362	1,402,363,384 (2028-2029)
2nd half FY 2027-2028 \$897,750,000	1,989,166,362	1,507,519,634 (2028-2029)
1st half FY 2028-2029 \$847,875,000	1,960,615,632	1,558,624,782 (2029-2030)
2nd half FY 2028-2029 \$847,875,000	1,960,615,632	1,657,935,407 (2029-2030)

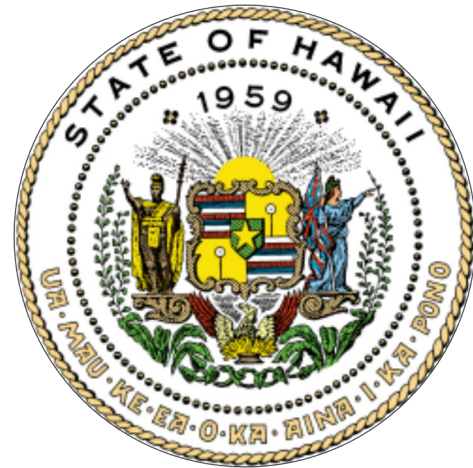
(9) Overall and concluding finding. From the facts, estimates, and assumptions stated in this declaration of findings, the conclusion is reached that the total amount of principal and interest estimated for the general obligation bonds proposed in the Budget and for all bonds

previously authorized and unissued and calculated for all bonds issued and outstanding and guaranties, will not cause the debt limit to be exceeded at the time of issuance.

The Acting Director of Finance hereby finds that the bases for the declaration of findings set forth herein are reasonable. The assumptions set forth in this declaration with respect to the principal amount of general obligation bonds which will be issued, the amount of principal and interest on reimbursable general obligation bonds which are assumed to be excludable and the assumed maturity structure shall not be deemed to be binding, it being the understanding that such matters must remain subject to substantial flexibility.

A handwritten signature in black ink, appearing to read "Scott Lally", is written over the printed title.

Acting Director of Finance  
State of Hawaii



# FY27 Supplemental Budget & General Fund Financial Plan

DEPARTMENT OF BUDGET AND FINANCE

SENATE WAYS AND MEANS COMMITTEE BRIEFING

JANUARY 7<sup>TH</sup>, 2026

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Seth Colby  
Acting Director of Finance  
Department of Budget and Finance

# AGENDA

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- Administration priorities
- Budgetary considerations
- FY27 Supplemental Budget
- General Fund Financial Plan (FY26-31)

# Green Administration Priorities

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Improve the overall quality of life of Hawaii's people by making strategic investments that do the following:

- Increase **housing opportunities**
- Improve **access to healthcare** and mental health services
- Expand opportunities for **educational equity**
- Protect our **environment** and natural resources
- Improve **government responsiveness** and transparency

# Budgetary Considerations

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- **Federal policy uncertainty**
- **Economic concerns and general fund revenue projection changes**
- **State Reserve Policy (A.D. No. 25-02)**
  - Goals of a 5% general fund carryover balance, 10% rainy day fund balance, and 25% combined reserves (20% if rainy day fund balance is met)
  - Existing Emergency Budget and Reserve Fund: *14.4% of general fund*
- **State liabilities & fixed costs**
  - Pension, other post-employment benefits, and debt service
  - Fixed costs as a percent of general fund balance: 47%

# Budgetary Considerations

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## Evolving federal policies complicates state budgeting

- Lower-than-expected economic growth → **lower revenues**
- COVID stimulus money over → **lower revenues**
- Feds pushing more costs onto states → **higher costs**
- Federal government shutdown → **higher costs**
- Federal policy uncertainty → **budgetary agility**

# Budgetary Considerations

The COR significantly reduced revenue forecasts since the FY 25-27 budget was adopted

**COR Forecast changes have removed \$2.8 billion over budgetary window**

## Changes in COR General Fund Forecasts

MEETINGS	BASE		ESTIMATED							Total
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
<b>March 12 2025</b>	\$9,568,313 4.0%	\$10,046,729 5.0%	\$9,820,678 -2.25%	\$10,105,506 2.9%	\$10,358,144 2.5%	\$10,627,456 2.6%	\$10,829,378 1.9%	\$11,165,089 3.1%		
<b>May 21 2025</b>	\$9,568,313 4.0%	\$9,989,319 4.4%	\$9,639,693 -3.5%	\$9,736,090 1.0%	\$9,882,131 1.5%	\$10,139,066 2.6%	\$10,331,708 1.9%	\$10,651,991 3.1%		
Diff from MAR	\$ -	\$ (57,410)	\$ (180,985)	\$ (369,416)	\$ (476,013)	\$ (488,390)	\$ (497,670)	\$ (513,098)		\$ (2,525,572)
<b>Sep 4 2025</b>	\$9,568,313 4.0%	\$9,974,161 4.2%	\$9,505,375 -4.7%	\$9,695,483 2.0%	\$9,876,069 1.9%	\$10,122,139 2.5%	\$10,300,648 1.8%	\$10,616,265 3.1%	\$10,976,895 3.4%	
Diff from May	\$ -	\$ (15,158)	\$ (134,318)	\$ (40,607)	\$ (6,062)	\$ (16,927)	\$ (31,060)	\$ (35,726)	\$ -	\$ (264,700)
Diff from MAR	\$ -	\$ (72,568)	\$ (315,303)	\$ (410,023)	\$ (482,075)	\$ (505,317)	\$ (528,730)	\$ (548,824)	\$ -	\$ (2,790,272)



# State Supplemental Budget Instructions

## **Backdrop:**

- Higher costs imposed by Federal government
- Lower revenues

## **Budget Instructions**

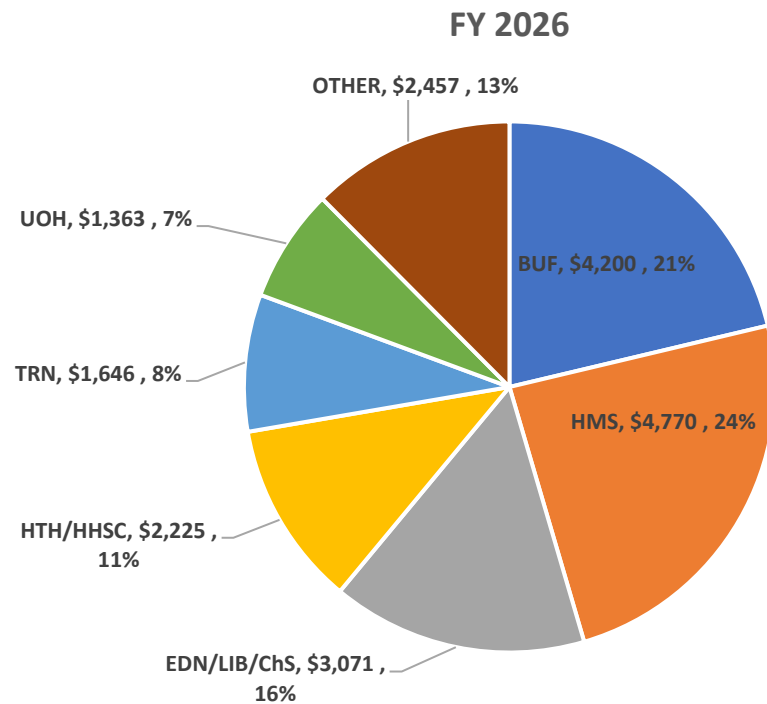
Departments were told to limit new requests and work within in existing budgets

New requests focus on health and adapting to changes imposed by One Big Beautiful Bill Act

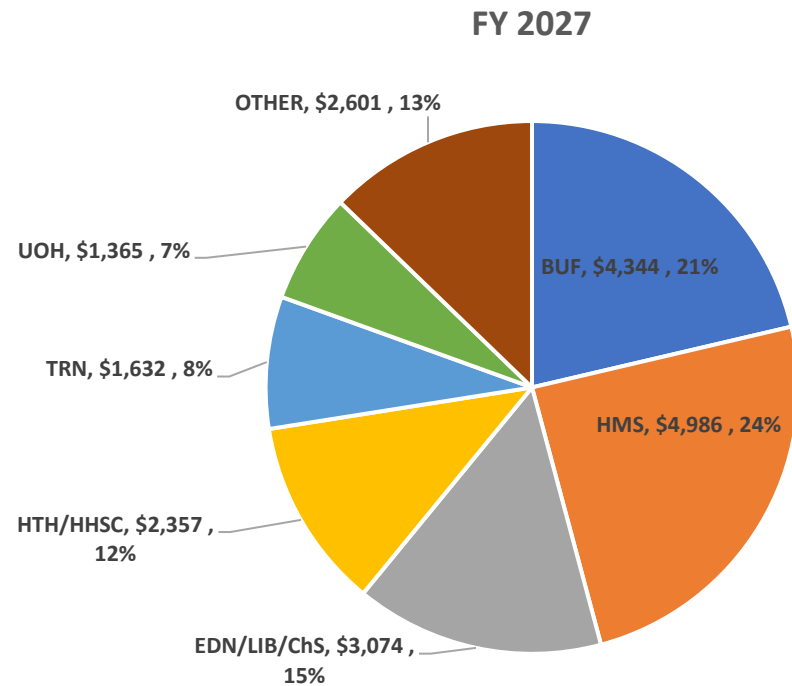
- SNAP
- Medicaid

# Supplemental Budget: Statewide Totals by Department All Funds

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**\$19.7 Billion**



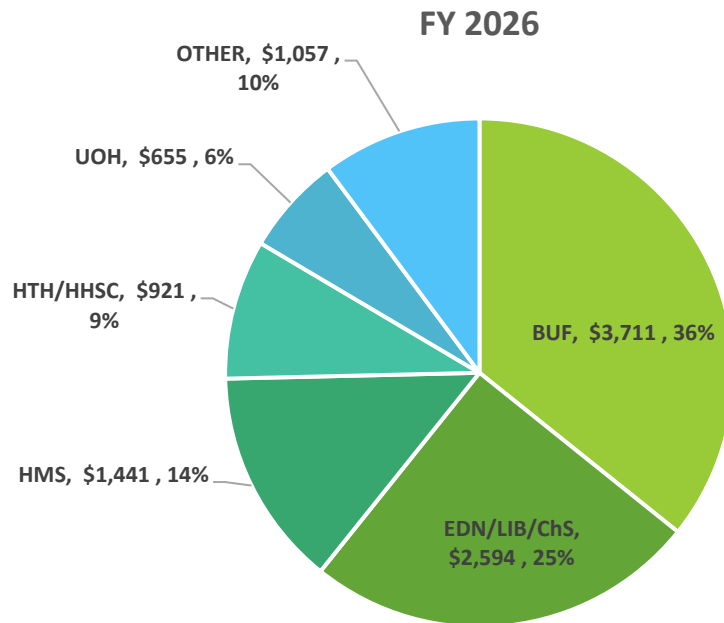
**\$20.4 Billion**

# Supplemental Budget

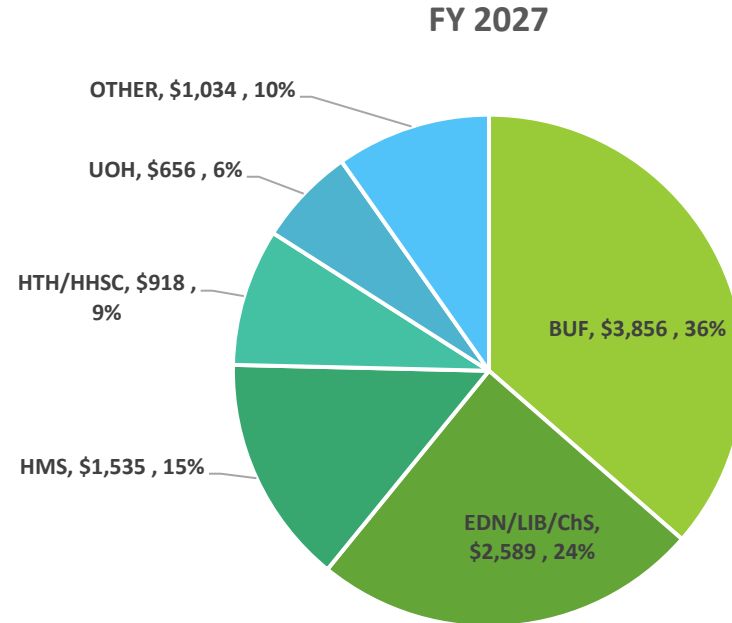
## Statewide Totals by Department

### General Funds

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**\$10.4 Billion**



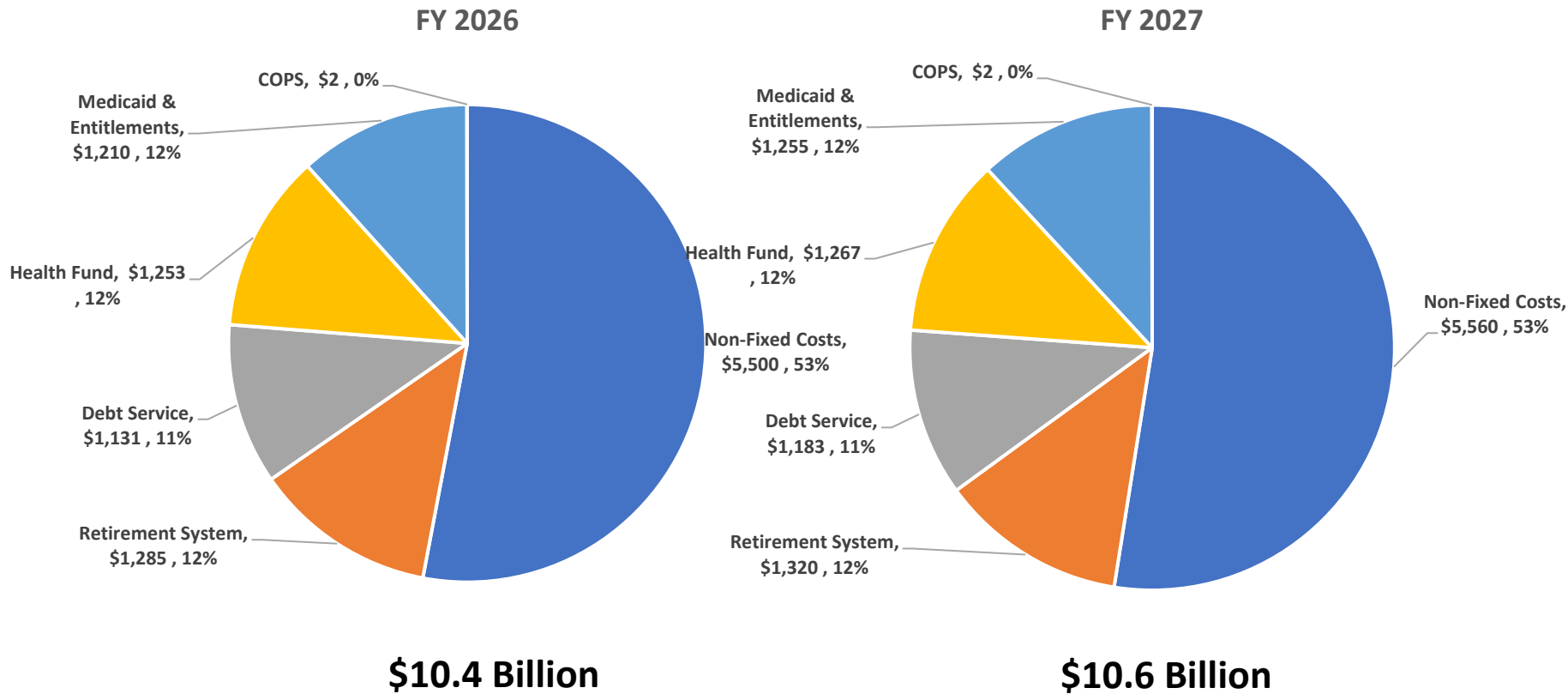
**\$10.6 Billion**

# Supplemental Budget

## Statewide Fixed vs. Non-fixed Costs

### General Funds

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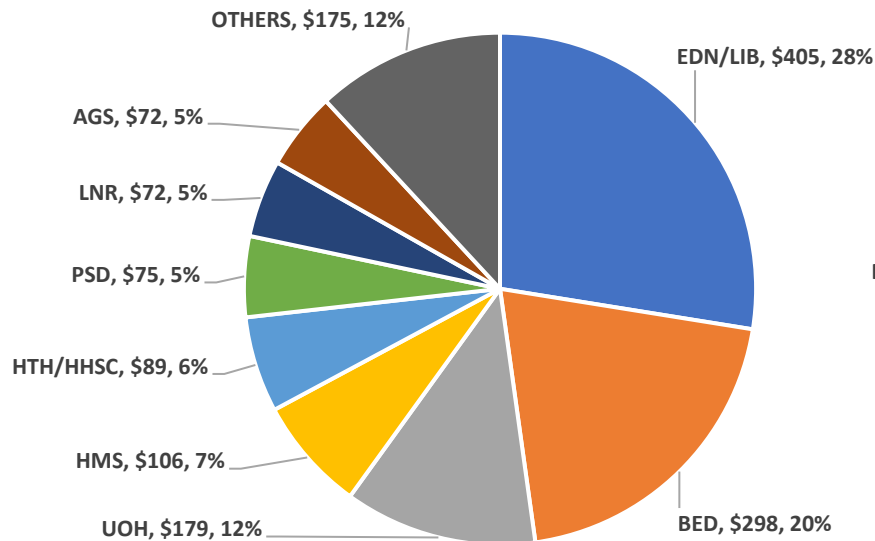
# Supplemental Budget

## Statewide CIP by Department

### G.O. Bond Funds

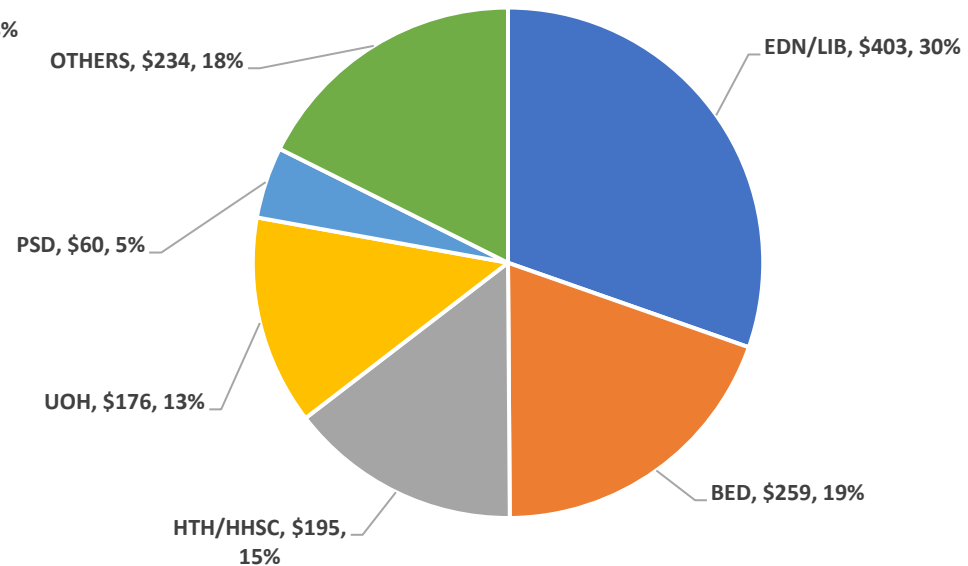
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FY 2026



**\$1.5 Billion**

FY 2027



**\$1.3 Billion**

# Multi-Year General Fund Financial Plan

## Fiscal Years 25-31 in millions of dollars

	<u>Adj. Act.</u> <u>FY 25*</u>	<u>Estimated</u> <u>FY 26</u>	<u>Estimated</u> <u>FY 27</u>	<u>Estimated</u> <u>FY 28</u>	<u>Estimated</u> <u>FY 29</u>	<u>Estimated</u> <u>FY 30</u>	<u>Estimated</u> <u>FY 31</u>
<b>REVENUES:</b>							
Executive Branch:	4.2%	-4.7%	2.0%	1.9%	2.5%	1.8%	3.1%
Tax revenues	9,974.2	9,505.4	9,695.5	9,876.1	10,122.1	10,300.6	10,616.3
Nontax revenues	1,267.1	877.7	875.8	899.8	916.8	915.8	913.9
Judicial Branch revenues	25.6	26.1	26.1	26.1	26.6	26.6	26.6
Other revenues	0.0	550.0	(12.4)	246.7	297.7	598.3	646.7
<b>TOTAL REVENUES</b>	<b>11,266.9</b>	<b>10,959.1</b>	<b>10,585.0</b>	<b>11,048.6</b>	<b>11,363.2</b>	<b>11,841.3</b>	<b>12,203.5</b>
<b>EXPENDITURES</b>							
Executive Branch:							
Operating	10,321.7	10,384.0	10,588.4	10,727.2	10,968.5	11,163.9	11,249.9
CIP	113.3	0.0	(35.0)	0.0	0.0	0.0	0.0
Specific appropriation/CB	689.9	762.1	743.2	364.8	482.3	493.6	494.1
Other expenditures/adjustments	0.0	38.0	17.5	21.1	21.1	21.1	21.1
<b>Sub-total - Exec Branch</b>	<b>11,124.8</b>	<b>11,184.0</b>	<b>11,314.0</b>	<b>11,113.1</b>	<b>11,472.0</b>	<b>11,678.6</b>	<b>11,765.0</b>
Legislative Branch	58.0	50.9	52.7	53.8	54.1	54.5	54.9
Judicial Branch	235.3	209.1	217.9	222.7	228.9	230.5	231.6
OHA	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Counties	-	0.1	0.1	-	-	-	-
Lapses	(533.1)	(250.0)	(250.0)	(250.0)	(250.0)	(250.0)	(250.0)
<b>TOTAL EXPENDITURES</b>	<b>10,888.0</b>	<b>11,197.1</b>	<b>11,337.7</b>	<b>11,142.6</b>	<b>11,507.9</b>	<b>11,716.6</b>	<b>11,804.5</b>
<b>REV. OVER (UNDER) EXPEND.</b>	<b>378.8</b>	<b>(238.0)</b>	<b>(752.7)</b>	<b>(93.9)</b>	<b>(144.7)</b>	<b>124.7</b>	<b>398.9</b>
<b>CARRY-OVER BALANCE (DEFICIT)</b>							
Beginning	1,741.7	2,120.5	1,882.5	1,129.8	1,035.9	891.2	1,016.0
Ending	2,120.5	1,882.5	1,129.8	1,035.9	891.2	1,016.0	1,414.9
<b>-----</b>							
Ending fund bal as % of prior yr revenues	19.9%	16.7%	10.3%	9.8%	8.1%	8.9%	11.9%
Emergency and Budget Reserve Fund (EBRF)	1,568.2	1,624.7	1,678.1	1,733.1	1,795.5	1,860.1	1,927.1
EBRF fund balance as % of prior yr revenues	14.7%	14.4%	15.3%	16.4%	16.3%	16.4%	16.3%

# Proposed general fund appropriations are below expenditure ceiling

Attachment 2

## SUMMARY STATEMENT OF GENERAL FUND EXPENDITURE CEILING AND APPROPRIATIONS

### A. Total State Personal Income and State Growth

#### Total State Personal Income (in \$ millions)

Calendar Year 2021	88,650
Calendar Year 2022	91,008
Calendar Year 2023	96,961
Calendar Year 2024	102,704
Calendar Year 2025*	107,326

\* As estimated by the Council on Revenues Nov. 2025

#### State Growth

Fiscal Year 2026	5.04%
Fiscal Year 2027	5.65%

### B. All Branches of Government

#### General Fund Appropriations

Fiscal Year 2025 (incl proposed)	11,421,138,857
Fiscal Year 2026 (incl proposed)	11,447,110,296
Fiscal Year 2027 (incl proposed)	11,587,739,237

#### General Fund Expenditure Ceiling

Fiscal Year 2026	11,950,328,638
Fiscal Year 2027	12,626,105,382

### C. Executive Branch

#### Recommended General Fund Appropriations

Fiscal Year 2026	11,184,047,167
Fiscal Year 2027	11,314,027,614

#### Actual and Proposed General Fund Appropriations

Fiscal Year 2025	11,124,820,820
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Fiscal Year 2026	11,196,746,794
Proposed reduced appropriations	(12,699,627)
Total - FY 2026 apprms	11,184,047,167

Fiscal Year 2027	11,328,183,159
Proposed reduced appropriations	(14,155,545)
Total - FY 2027 apprms	11,314,027,614

#### General Fund Appropriation Ceiling

Fiscal Year 2026	11,685,638,843
Fiscal Year 2027	11,816,491,614

# Tax Refund or Credit

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## **Article VII, Section 6 of State Constitution**

- Whenever general fund balance exceeds 5% of general fund revenues for each of two preceding fiscal years, the Leg must provide a tax refund, tax credit or make a deposit in emergency funds



FY 24 and FY 25 balances were greater than 5% of general fund revenues

Therefore, 2026 Legislature must provide one of the following:

- Tax refund
- Tax credit
- Deposit into emergency funds
- Prepay debt service or pension or other post-employment liabilities



**Mahalo!**