

**Session Laws of Hawaii
Passed By The
Thirteenth State Legislature
Special Session
1986**

ACT 1

S.B. NO. S2-86

A Bill for an Act Relating to the General Fund Expenditure Ceiling.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 37, Hawaii Revised Statutes, is amended by adding a new part to read as follows:

“PART V. GENERAL FUND EXPENDITURE CEILING

§37-91 Definitions. As used in sections 37-92 to 37-94:

“Expenditure ceiling” means the maximum general fund appropriations allowed in any year. The expenditure ceiling shall be determined by considering the fiscal year 1978-79 general fund appropriations as the expenditure ceiling. The expenditure ceiling for succeeding fiscal years shall be computed by adjusting the immediate prior fiscal year expenditure ceiling by the applicable state growth. When revisions are made to the total state personal income, the expenditure ceiling shall be recalculated on the basis of the latest available data, going back to fiscal year 1978-1979.

“General fund” means the fund used to account for all transactions which are not accounted for in another fund, but excluding federal funds received by that fund.

“State growth” means the estimated rate of growth of the State’s economy and shall be established by averaging the annual percentage change in total state personal income for the three calendar years immediately preceding the session of the legislature making appropriations from the state general fund. When revisions are made to total state personal income, state growth shall be recalculated on the basis of the latest available data.

“Total state personal income” means the total state personal income as defined by the state personal income series published by the United States Department of Commerce, Social and Economic Statistics Administration, Bureau of Economic Analysis, or its successor, for each year for which such income has been determined and published, including all revisions to the series. For the current and next succeeding calendar year for which such income has not been determined or published, it shall mean the total state personal income for such year as estimated by the council on revenues.

§37-92 Proposed general fund appropriations; executive branch; judicial branch. (a) The governor shall submit a plan of proposed appropriations for the State to the legislature which shall accompany the state budget in odd-numbered years and the supplemental budget in even-numbered years. The plan of proposed appropriations shall include the executive budget, proposed grants to private entities, and any specific appropriation measures to be proposed by the executive branch and estimates of the aggregate proposed appropriations of the judicial and legislative branches of government. In any year in which the plan of proposed appropriations from the general fund exceeds the expenditure ceiling, the governor shall set forth the dollar amount, the rate by which the expenditure ceiling would be exceeded,

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and the reasons for proposing appropriations in excess of those allowed under the expenditure ceiling.

(b) The proposed appropriations from the general fund for each year of the biennium or each supplementary budget fiscal year for the executive and judicial branches shall not be increased over the appropriations from the general fund for the preceding fiscal year for each branch, respectively, by more than the state growth, except as provided in this section. For purposes of this subsection, the appropriations from the general fund for the executive and judicial branches shall not include any appropriations representing amounts authorized by the legislature under section 37-93(b).

(c) The governor shall submit a plan of proposed appropriations for the executive branch to the legislature which shall accompany the state budget in odd-numbered years and the supplemental budget in even-numbered years. The plan of proposed appropriations shall include the executive budget, proposed grants to private entities, and any specific appropriation measures to be proposed by the executive branch.

(d) The budget documents presented by the governor to the legislature shall include a statement or summary showing (1) the total state personal income for each of the four calendar years immediately preceding the session of the legislature making appropriations from the state general fund, (2) the appropriations from the general fund for the previous fiscal year, (3) the appropriations from the general fund for the fiscal year in progress, and (4) the general fund expenditure ceiling for the ensuing fiscal year and for the fiscal year in progress.

(e) The governor shall also include a statement or summary showing (1) recommended appropriations from the general fund for the executive branch for the ensuing fiscal year, (2) actual appropriations from the general fund for the executive branch plus any recommended appropriations from the general fund for the executive branch for the fiscal year in progress, (3) the appropriations from the general fund for the executive branch for the previous fiscal year, and (4) the general fund appropriation ceiling for the executive branch as established by subsection (b) for the ensuing fiscal year and for the fiscal year in progress.

(f) The chief justice shall submit a plan of proposed appropriations of the judicial branch to the legislature which shall accompany the judiciary biennial budget in odd-numbered years and the supplemental budget in even-numbered years. The plan of proposed appropriations shall include the judiciary budget, proposed grants to private entities, and any specific appropriation measures to be proposed by the judicial branch.

(g) The budget documents presented by the chief justice to the legislature shall include a statement or summary showing (1) recommended appropriations from the general fund for the judicial branch for the ensuing fiscal year, (2) actual appropriations from the general fund for the judicial branch plus any recommended appropriations from the general fund for the judicial branch for the fiscal year in progress, (3) the appropriations from the general fund for the judicial branch for the previous fiscal year, and (4) the general fund appropriation ceiling for the judicial branch as established by subsection (b) for the ensuing fiscal year and for the fiscal year in progress.

(h) The governor or the chief justice may propose appropriations from the general fund for the executive or judicial branches, respectively, in excess of those allowed by subsection (b) if the governor or the chief justice sets forth the dollar amount and the percentage change in excess of the appropriations allowed by subsection (b), and the reasons for proposing appropriations in excess of those allowed by subsection (b).

§37-93 Legislature. (a) The legislature shall not make appropriations from the general fund for each fiscal year of the biennium or each supplementary budget fiscal year which will exceed the expenditure ceiling for that fiscal year.

(b) The legislature may make appropriations from the general fund in excess of those allowed by subsection (a) by:

- (1) A two-thirds vote of the members to which each house of the legislature is entitled;
- (2) Setting forth the dollar amount and the rate by which the appropriations allowed by the change in the state growth will be exceeded; and
- (3) Setting forth the reasons for exceeding the appropriations allowed by the percentage change in the state growth;

in each act which will cause appropriations from the state general fund to exceed those allowed by the change in state growth.

(c) When revisions in the state personal income series made by the United States Department of Commerce, Social and Economic Statistics Administration, Bureau of Economic Analysis, or its successor, result in the recalculation of expenditure ceilings which then are found to be less than appropriation levels, the excess appropriations shall not be deemed invalid and shall remain as authorized in their respective legislative sessions.

§37-94 Director of finance; duties. A preliminary estimate of the state growth and expenditure ceiling shall be determined by the director of finance as of August 1 of each year. The final estimate of the state growth and expenditure ceiling to be used by the legislature to make appropriations from the general fund in each year shall be determined by the director of finance as of November 1 of each year. Upon the determination of both the preliminary estimate and the final estimate of the state growth and expenditure ceiling, the director shall inform the governor, chief justice and the legislature and shall give public notice of such state growth and expenditure ceiling and the maximum dollar amount that may be appropriated from the general fund by publication twice in successive weeks in a newspaper of general circulation in the State."

SECTION 2. This Act shall take effect on July 1, 1986, and shall be repealed as of June 30, 1987.

(Approved July 30, 1986.)