

ACT 138

S.B. NO. 2806

A Bill for an Act Relating to the Emergency and Budget Reserve Fund.

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

SECTION 1. Section 328L-3, Hawaii Revised Statutes, is amended by amending subsections (a), (b), and (c) to read as follows:

“(a) There is established in the state treasury the emergency and budget reserve fund which shall be a special fund administered by the director of finance, into which shall be deposited:

- (1) Moneys received from the tobacco settlement moneys under section 328L-2; ~~and~~
- (2) Appropriations made by the legislature to the fund[-]; and

- (3) Five per cent of the state general fund balance at the close of the fiscal year, whenever state general fund revenues for each of two successive fiscal years exceeds revenues for each of the preceding fiscal years by five per cent, pursuant to article VII, section of the Hawaii Constitution. For the purpose of this section, the general fund balance at the close of the fiscal year shall be calculated before any tax refund or tax credit is authorized by the legislature, pursuant to article VII, section 6 of the Hawaii Constitution, that is provided during the same regular session as the transfer depositing such moneys to the emergency and budget reserve fund; provided that transfers shall not be made to the emergency and budget reserve fund whenever the balance of the emergency and budget reserve fund is equal to or more than ten per cent of general fund revenues for the preceding fiscal year. The transfer shall be executed by the director of finance;

provided that all moneys deposited into the emergency and budget reserve fund under paragraphs (1) and (2) and all moneys deposited under paragraph (3) shall be kept in separate and distinct accounts.

(b) All interest earned from moneys in the emergency and budget reserve fund shall be credited to the ~~general~~ emergency and budget reserve fund.

(c) Expenditures from the emergency and budget reserve fund shall be a temporary supplemental source of funding for the State during times of emergency, severe economic downturn, or unforeseen reduction in revenues. No expenditures shall be made from the emergency and budget reserve fund except pursuant to appropriations. The general appropriations bill or the supplemental appropriations bill, as defined in section 9 of article VII of the Hawaii Constitution ~~[of the State of Hawaii]~~, shall not be used to appropriate moneys from the emergency and budget reserve fund. The governor, through an appropriations bill, may recommend expenditures from the emergency and budget reserve fund by setting forth the purposes of the expenditures consistent with subsection (d), the amounts, and the reasons justifying the necessity for the appropriations.”

SECTION 2. Act 119, Session Laws of Hawaii 2009, is amended by amending section 6 to read as follows:

“SECTION 6. This Act shall take effect on July 1, 2009, and shall be repealed on June 30, 2015; provided that section 328L-2, Hawaii Revised Statutes, shall be reenacted in the form in which it read on the day before the effective date of Act 264, Session Laws of Hawaii 2007[-]; provided further that section 328L-3, Hawaii Revised Statutes, shall be reenacted in the form in which it read on the day before the effective date of this Act.”

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect on July 1, 2010, and upon ratification of a constitutional amendment requiring the deposit of excess revenues from the general fund into the emergency and budget reserve fund; provided that the amendments made to section 328L-3, Hawaii Revised Statutes, by section 1 of this Act shall not be repealed when section 328L-3, Hawaii Revised Statutes, is reenacted on June 30, 2015, pursuant to section 6 of Act 119, Session Laws of Hawaii 2009.

(Approved May 25, 2010.)