

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

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

SECTION 1. The State is emerging from one of the most challenging economic periods in its history. During the last several years, extreme measures had to be taken to keep the State solvent, including: furloughs; temporary salary reductions; reductions-in-force; forced downsizing of programs and services; purchasing and hiring freezes; and enactment of temporary revenue enhancements. In addition, the State's fiscal reserves, the emergency and budget reserve fund and the hurricane reserve trust fund, were used to prevent even greater spending reductions and revenue enhancement measures.

One of the clear lessons learned from this experience is the necessity of having sufficient amounts of money in the fiscal reserves to help carry the State through the worst economic conditions. Now that the State's economy is rebounding and more revenues are available, a concerted effort must be made to recapitalize the State's depleted fiscal reserves as expeditiously as possible.

While Act 124, Session Laws of Hawaii 2011, temporarily diverted tobacco settlement moneys from the emergency and budget reserve fund to the general fund in fiscal years 2011-2012 and 2012-2013, transfers from the tobacco settlement into the emergency and budget reserve fund will resume in fiscal year 2013-2014.

This Act accelerates the recapitalization of fiscal reserves by transferring an additional \$50,000,000 from general funds to the emergency and budget reserve fund. The legislature finds that as the State continues its economic recovery, accelerated recapitalization of this fiscal reserve fund is prudent and fiscally sound.

The purpose of this Act is to appropriate general funds to the emergency and budget reserve fund.

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$50,000,000 or so much thereof as may be necessary for fiscal year 2013-2014 and the same sum or so much thereof as may be necessary shall be deposited into the emergency and budget reserve fund established in section 328L-3, Hawaii Revised Statutes.

SECTION 3. This Act shall take effect on July 1, 2013.

(Approved July 3, 2013.)