

ACT 64

S.B. NO. 2555

A Bill for an Act Relating to State Funds.

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

SECTION 1. The purpose of this Act is to address state funds.

The legislature finds that article VII, section 6, of the Constitution of the State of Hawaii requires the legislature to provide, when certain conditions occur, a tax refund or tax credit to state taxpayers or make a deposit into one or more funds, as provided by law, to serve as a reserve for the State. The conditions are that the state general fund balances at the end of two successive fiscal years exceed five per cent of the state general revenues for those fiscal years.

The legislature finds that the state general fund balances at the end of fiscal years 2013-2014 and 2014-2015 exceeded five per cent of the state general revenues for those fiscal years. The legislature recognized in Act 202, Session Laws of Hawaii 2015, that although the emergency and budget reserve fund balance exceeded the statutory maximum established in section 328L-3(a)(3), the fiscally prudent course of action was to deposit the excess general revenue fund balance into the emergency and budget reserve fund as a bulwark against future fiscal downturns. Therefore, the legislature exercised its constitutional legislative powers to waive the statutory ceiling on the emergency and budget reserve fund and, as provided by law, deposit the excess general fund revenues into the emergency and budget reserve fund to “serve as a¹ temporary supplemental sources of

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funding for the State in times of an emergency, economic downturn, or unforeseen reduction in revenue” in accordance with article VII, section 6.

The legislature finds that the best course of action during the regular session of 2016 is to make a deposit into the emergency and budget reserve fund instead of providing a tax refund or credit. The legislature finds it preferable to increase the reserve fund at present to address possible emergencies and contingencies that may occur in the future when state revenues slow down.

SECTION 2. Notwithstanding any law to the contrary, for fiscal year 2015-2016, the director of finance shall transfer to the emergency and budget reserve fund the total sum of the tax credit or tax refund as determined by the legislature pursuant to the provisions of article VII, section 6, of the Hawaii Constitution.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$1,000,000 or so much thereof as may be necessary for fiscal year 2015-2016 to be deposited into the emergency and budget reserve fund by the director of finance.

SECTION 4. This Act shall take effect upon its approval.

(Approved June 6, 2016.)

Note

1. So in original.