

ACT 207

H.B. NO. 471

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 to read as follows:

“§328L-3 Emergency and budget reserve fund. (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[;] and into which shall be deposited:

- (1) Twenty-four and one-half per cent of the moneys received from the tobacco settlement moneys under section 328L-2(b)(1);
- (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 6 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 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, 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.

(d) The legislature may make appropriations from the fund for the following purposes:

- (1) To maintain levels of programs determined to be essential to public health, safety, welfare, and education;
- (2) To provide for counter cyclical economic and employment programs in periods of economic downturn;
- (3) To restore facilities destroyed or damaged or services disrupted by disaster in any county; and
- (4) To meet other emergencies when declared by the governor or determined to be urgent by the legislature.

Any act making appropriations from the emergency and budget reserve fund shall include a declaration of findings and purposes setting forth the purposes, the amounts, and the reasons why the appropriations are necessary and shall require a two-thirds majority vote of each house of the legislature.

(e) Appropriations for the following purposes from the emergency and budget reserve fund are specifically prohibited:

- (1) To meet expenses of the legislature;

ACT 207

- (2) To provide for salary adjustments for officials appointed pursuant to article V, section 6 or article VI, section 3 of the ~~Constitution of the State of~~ Hawaii constitution and for others whose salaries are directly related to salaries of these officials; and
- (3) To fund cost items in any collective bargaining contract.
- ~~(f) The legislature shall not appropriate from the emergency and budget reserve fund:~~
 - (1) ~~More than fifty per cent of the total balance of the fund in a fiscal year;~~
 - (2) ~~In a fiscal year, an amount that exceeds ten per cent of the total discretionary funds appropriated by the legislature for the same fiscal year for which emergency and budget reserve fund moneys are appropriated. For the purpose of this paragraph, "discretionary funds" means the total amount of general fund moneys appropriated or authorized by the legislature for expenditure during the fiscal year for operating costs less non-discretionary funds; where "non-discretionary funds" means the total amount of general fund moneys appropriated or authorized by the legislature for expenditure during the same fiscal year for:~~
 - (A) ~~Debt service payments for general obligation bonds;~~
 - (B) ~~Employer contributions for pension and retirement benefits of state government employees;~~
 - (C) ~~Employer contributions for health insurance benefits of state government employees and state government retirees;~~
 - (D) ~~Medicaid service costs, meaning the costs of services provided to low-income persons under the medical assistance program established under chapter 346 and funded in part under Title XIX of the federal Social Security Act, as amended. "Medicaid service costs" does not include the costs of management, administrative, or other overhead services performed by the department of human services for medicaid; and~~
 - (E) ~~Other costs, including but not limited to payroll, lease costs for real property, and equipment for the same fiscal year, as determined by the legislature; and~~
 - (3) ~~Any amount for expenditure in the succeeding fiscal year, unless the State has collected or is projected to collect less general fund tax revenue in the current fiscal year compared to the immediately preceding fiscal year."~~

SECTION 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 3. This Act shall take effect on July 1, 2017.

(Became law on July 11, 2017, without the governor's signature, pursuant to Art. III, §16, State Constitution.)