
A BILL FOR AN ACT

MAKING AN APPROPRIATION TO THE EMERGENCY BUDGET AND RESERVE
FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to strengthen the
2 emergency and budget reserve fund by making an appropriation to
3 double the size of the fund to a total of \$110,000,000 at the
4 beginning of fiscal year 2006-2007. The emergency and budget
5 reserve fund, also known as the "rainy day fund," serves as a
6 temporary supplemental source of funding for the State during
7 times of emergency, economic downturn, or unforeseen reduction
8 in revenues.

9 Hawaii's economy registered one of its best years ever in
10 2005. The current solid rates of growth in employment, personal
11 income, and tax collections are indicative of the continuing
12 broad-based expansion of the local economy.

13 The time is ideal to set aside funds to prepare for
14 setbacks or unexpected crises, and at the same time, move us
15 toward the goal of maintaining a reserve of five per cent of
16 revenues. The National Association of State Budget Officers has
17 consistently recommended that states maintain a reserve of five



1 per cent of revenues to safeguard against budget instability due
2 to unforeseeable circumstances. For Hawaii, this recommendation
3 translates to a fund balance of over \$200,000,000. Passage of
4 this measure will represent a significant step toward that
5 objective and will increase our financial reserves for future
6 emergencies. It will also have a positive effect on maintaining
7 the State's strong credit rating.

8 SECTION 2. There is appropriated out of the general
9 revenues of the State of Hawaii the sum of \$1 or so much thereof
10 as may be necessary for fiscal year 2006-2007 to be deposited
11 into the emergency and budget reserve fund.

12 The sum appropriated shall be expended by the department of
13 budget and finance.

14 SECTION 3. This Act shall take effect on July 1, 2020.



H.B. NO. 2312

Report Title:

Rainy Day Fund; Appropriation

Description:

Increases funds in the Emergency and Budget Reserve Fund, also known as the Rainy Day Fund. (HB2312 HD1)

HB2312 HD1 HMS 2006-2516

