
A BILL FOR AN ACT

RELATING TO EMERGENCY AND BUDGET RESERVE FUND.

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

1 SECTION 1. Section 328L-3, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "~~§~~328L-3 **Emergency and budget reserve fund.** (a) There is
4 established in the state treasury the emergency and budget
5 reserve fund which shall be a special fund administered by the
6 director of finance, into which shall be deposited:

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

10 (2) Amounts deposited pursuant to subsection (b); and

11 [~~(2)~~] (3) Appropriations made by the legislature to the
12 fund.

13 (b) Whenever the state general fund balance at the close
14 of any fiscal year represents a carryover cash surplus, the
15 director of finance shall deposit up to per cent of the
16 balance amount into the emergency and budget reserve fund. The
17 director shall deposit the funds within ninety days of the close
18 of the fiscal year.



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

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

17 [~~(d)~~] (e) The legislature may make appropriations from the
18 fund for the following purposes:

19 (1) To maintain levels of programs determined to be
20 essential to public health, safety, welfare, and
21 education;



- 1 (2) To provide for counter cyclical economic and
2 employment programs in periods of economic downturn;
- 3 (3) To restore facilities destroyed or damaged or services
4 disrupted by disaster in any county; and
- 5 (4) To meet other emergencies when declared by the
6 governor or determined to be urgent by the
7 legislature.

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

13 [~~(e)~~] (f) Appropriations for the following purposes from
14 the emergency and budget reserve fund are specifically
15 prohibited:

- 16 (1) To meet expenses of the legislature;
- 17 (2) To provide for salary adjustments for officials
18 appointed pursuant to article V, section 6 or article
19 VI, section 3 of the Constitution of the State of
20 Hawaii and for others whose salaries are directly
21 related to salaries of these officials; and



1 (3) To fund cost items in any collective bargaining
2 contract."

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

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



Report Title:

Emergency and Budget Reserve Fund

Description:

Requires a deposit into the Emergency and Budget Reserve Fund at the close of any fiscal year whenever there is a carryover cash surplus in the general fund. The deposit is up to ___% of the closing general fund balance. (HB573 HD1)

