

STAND. COM. REP. NO.

971

Honolulu, Hawaii

March 6, 2009

RE: H.B. No. 993

H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 993, H.D. 1, entitled:

"A BILL FOR AN ACT PROPOSING AN AMENDMENT TO THE HAWAII CONSTITUTION, RELATING TO THE DISPOSITION OF PROJECTED EXCESS REVENUES,"

begs leave to report as follows:

The purpose of this bill is to encourage fiscal responsibility by amending the Hawaii Constitution to set aside a portion of estimated general fund revenue increases to the Emergency and Budget Reserve Fund (Rainy Day Fund). This bill sets seven percent as the percentage activating the disposition.

The Hawaii Government Employees Association supported this bill. The Department of Budget and Finance and Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by:

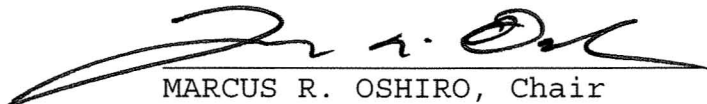
- (1) Requiring that the estimated seven percent revenue increase must exist for two consecutive years to activate the disposition of:
 - (A) One percent of the general fund revenues collected in the prior fiscal year which are to be set aside as a tax refund or tax credit to taxpayers; and



- (B) All revenues over seven percent of the estimated increase which are to be deposited into the Rainy Day Fund;
- (2) Specifying, however, that no deposit shall be made if the ending balance in the Rainy Day Fund is equal to or greater than an unspecified percentage of general fund expenditures for the prior fiscal year;
- (3) Deleting the provision allowing the Legislature to appropriate amounts previously set aside into the Rainy Day Fund for other purposes when the actual revenues fail to exceed the revenues of the previous fiscal year by at least seven percent;
- (4) Adding a purpose section; and
- (5) Making technical, nonsubstantive amendments for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 993, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 993, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



