
A BILL FOR AN ACT

RELATING TO THE 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 by amending subsections (a), (b), and (c) to read as
3 follows:

4 "(a) There is established in the state treasury the
5 emergency and budget reserve fund which shall be a special fund
6 administered by the director of finance, into which shall be
7 deposited:

8 (1) Moneys received from the tobacco settlement moneys
9 under section 328L-2; [and]

10 (2) Appropriations made by the legislature to the fund[-];
11 and

12 (3) Five per cent of the state general fund balance at the
13 close of the fiscal year, whenever state general fund
14 revenues for each of two successive fiscal years
15 exceeds revenues for each of the preceding fiscal
16 years by five per cent, pursuant to article VII,
17 section of the Constitution of the State of



1 Hawaii. For the purpose of this section, the general
2 fund balance at the close of the fiscal year shall be
3 calculated before any tax refund or tax credit is
4 authorized by the legislature, pursuant to article
5 VII, section 6 of the Constitution of the State of
6 Hawaii, that is provided during the same regular
7 session as the transfer depositing such moneys to the
8 emergency and budget reserve fund; provided that
9 transfers shall not be made to the emergency and
10 budget reserve fund whenever the balance of the
11 emergency and budget reserve fund is equal to or more
12 than ten per cent of general fund revenues for the
13 preceding fiscal year. The transfer shall be executed
14 by the director of finance;

15 provided that all moneys deposited into the emergency and budget
16 reserve fund under paragraphs (1) and (2) and all moneys
17 deposited under paragraph (3) shall be kept in separate and
18 distinct accounts.

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



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

15 SECTION 2. Act 119, Session Laws of Hawaii 2009, is
16 amended by amending section 6 to read as follows:

17 "SECTION 6. This Act shall take effect on July 1, 2009,
18 and shall be repealed on June 30, 2015; provided that [~~section~~]
19 sections 328L-2[~~7~~] and 328L-3, Hawaii Revised Statutes, shall be
20 reenacted in the form in which [~~it~~] they read on the day before
21 the effective date of Act 264, Session Laws of Hawaii 2007."



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

3 SECTION 4. This Act shall take effect on January 1, 2050,
4 and upon ratification of a constitutional amendment requiring
5 the deposit of moneys from the general fund into the emergency
6 and budget reserve fund; provided that the amendments made to
7 section 328L-3, Hawaii Revised Statutes, by section 1 of this
8 Act shall not be repealed when section 328L-3, Hawaii Revised
9 Statutes, is reenacted on June 30, 2015, pursuant to section 6
10 of Act 119, Session Laws of Hawaii 2009.



Report Title:

Emergency and Budget Reserve Fund; General Fund Balance

Description:

Allows moneys from the excess general fund balance to be deposited into the emergency and budget reserve fund as a temporary source of funding for the State during times of emergency, severe economic downturn, and unforeseen reduction in revenues. Requires that moneys transferred from the general fund and other moneys in the emergency and budget reserve fund be kept in separate accounts.

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