



GOV. MSG. NO. **596**

EXECUTIVE CHAMBERS  
HONOLULU

LINDA LINGLE  
GOVERNOR

May 25, 2010

The Honorable Colleen Hanabusa, President  
and Members of the Senate  
Twenty-Fifth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on May 25, 2010, the following bill was signed into law:

SB2806 SD2 HD1 CD1

A BILL FOR AN ACT  
RELATING TO THE EMERGENCY AND BUDGET  
RESERVE FUND.

**ACT 138 (10)**

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

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# 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 Hawaii Constitution. For the



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

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

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

21 (c) Expenditures from the emergency and budget reserve  
22 fund shall be a temporary supplemental source of funding for the



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

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

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



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 July 1, 2010, and  
4 upon ratification of a constitutional amendment requiring the  
5 deposit of excess revenues from the general fund into the  
6 emergency and budget reserve fund; provided that the amendments  
7 made to section 328L-3, Hawaii Revised Statutes, by section 1 of  
8 this Act shall not be repealed when section 328L-3, Hawaii  
9 Revised Statutes, is reenacted on June 30, 2015, pursuant to  
10 section 6 of Act 119, Session Laws of Hawaii 2009.

11

APPROVED this 25 day of MAY, 2010



GOVERNOR OF THE STATE OF HAWAII