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# A BILL FOR AN ACT

MAKING AN EMERGENCY APPROPRIATION FOR THE DEPARTMENT OF HUMAN SERVICES TO ADDRESS THE BUDGET SHORTFALL.

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

1 SECTION 1. This Act is recommended by the governor for  
2 immediate passage in accordance with section 9 of article VII of  
3 the Hawaii Constitution.

4 SECTION 2. A critical fiscal emergency exists. Many  
5 unprecedented events have converged to create an economic,  
6 financial, and fiscal environment that threatens the very  
7 foundation of our national economy. Problems that arose in the  
8 national housing sector and sub-prime mortgage market last year  
9 have radiated from Wall Street to Main Street. Across the  
10 United States, the result has been increasing business  
11 bankruptcies and closures, lower consumer confidence and  
12 spending, and job losses and rising unemployment.

13 For state governments, the financial crisis and economic  
14 downturn have adversely impacted tax revenues and budgets. Most  
15 states, like Hawaii, rely on income and sales taxes as their  
16 main sources of revenues. The slowdown in employment and



1 consumer spending has reduced state revenues nationwide at a  
2 time when operating costs continue to rise.

3 Hawaii is experiencing a severe contraction in its visitor,  
4 retail, and construction industries. As a consequence, the  
5 council on revenues has revised its revenue projections downward  
6 five times during 2008 and once again at the beginning of  
7 January 2009. For fiscal year 2008-2009 alone, these downward  
8 projections result in a reduction totaling \$491,100,000. Based  
9 on the council on revenues' January 2009 projections, the State  
10 is faced with a general fund revenue shortfall of \$343,100,000  
11 in fiscal year 2008-2009 if corrective action is not taken.  
12 This emergency appropriation is necessary for the State to  
13 address this shortfall.

14 SECTION 3. The legislature finds and declares that:

15 (1) The health care payments program (HMS 401) of the  
16 department of human services is essential to the  
17 public health, safety, and welfare of the people of  
18 the State of Hawaii;

19 (2) An appropriation from the emergency and budget reserve  
20 fund is needed to fund the health care payments  
21 program for fiscal year 2008-2009 due to the severe



1 economic downturn impacting the State that has reduced  
2 state general fund revenues;

3 (3) The appropriation in this Act will assist in  
4 addressing the critical budget shortfall facing the  
5 State in fiscal year 2008-2009 by allowing moneys from  
6 the emergency and budget reserve fund to be used as a  
7 source of funding to replace the general funds that  
8 are currently appropriated for the health care  
9 payments program for fiscal year 2008-2009; and

10 (4) The appropriation in this Act is consistent with the  
11 purposes of the emergency and budget reserve fund.

12 The purpose of this Act is to appropriate \$60,000,000 from  
13 the emergency and budget reserve fund to replace general funds  
14 appropriated in Act 213, Session Laws of Hawaii 2007, as amended  
15 by Act 158, Session Laws of Hawaii 2008, for the health care  
16 payments program (HMS 401) of the department of human services  
17 and, thereby, help to address the budget shortfall in fiscal  
18 year 2008-2009.

19 SECTION 4. There is appropriated out of the emergency and  
20 budget reserve fund the sum of \$60,000,000 or so much thereof as  
21 may be necessary for fiscal year 2008-2009 for the health care  
22 payments program (HMS 401). The funds are to be used to replace



1 a like amount of general funds currently appropriated for the  
2 health care payments program.

3 The sum appropriated shall be expended by the department of  
4 human services for the purposes of this Act.

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



**Report Title:**

Appropriation; Emergency and Budget Reserve Fund

**Description:**

Emergency appropriation from the Emergency and Budget Reserve Fund to replace general funds appropriated for the health care payments program (HMS 401) to address the budget shortfall in fiscal year 2008-2009. Effective July 1, 2020. (HB1064 HD1)

