

SB. NO. 1094

JAN 24 2013

A BILL FOR AN ACT

MAKING AN APPROPRIATION TO THE EMERGENCY AND BUDGET RESERVE FUND.

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

1 SECTION 1. The State is emerging from one of the most
2 challenging economic periods in its history. During the last
3 several years, extreme measures had to be taken to keep the
4 State solvent, including: furloughs; temporary salary
5 reductions; reductions-in-force; forced downsizing of programs
6 and services; purchasing and hiring freezes; and enactment of
7 temporary revenue enhancements. Additionally, most of the
8 State's fiscal reserves, the emergency and budget reserve fund
9 and the hurricane reserve trust fund, were committed to
10 forestalling even greater spending reductions and revenue
11 enhancement measures.

12 One of the clear lessons learned from this experience is
13 the necessity of having sufficient fiscal reserves to help carry
14 the State through the worst conditions. Now that the economy is
15 rebounding and more revenues are available, a concerted effort
16 must be made to recapitalize the State's depleted fiscal
17 reserves as expeditiously as possible.

18

1 Act 124, Session Laws of Hawaii 2011, temporarily diverted
2 tobacco settlement moneys from the emergency and budget reserve
3 fund to the general fund in fiscal years 2011-2012 and
4 2012-2013, but transfers from the tobacco settlement into the
5 emergency and budget reserve fund will resume starting in fiscal
6 year 2013-2014.

7 As is fiscally prudent, this Act proposes to further
8 accelerate recapitalization of fiscal reserves by transferring
9 an additional \$25,000,000 to the emergency and budget reserve
10 fund. This will bring the projected fiscal year 2014-2015
11 balance of the emergency and budget reserve fund up to
12 \$64,000,000.

13 The purpose of this Act is to appropriate general funds to
14 the emergency and budget reserve fund. As the State continues
15 its economic recovery, accelerated recapitalization of this
16 fiscal reserve fund is prudent and fiscally sound.

17 SECTION 2. There is appropriated out of the general
18 revenues of the State of Hawaii the sum of \$25,000,000 or so
19 much thereof as may be necessary for fiscal year 2014-2015 for
20 the purpose of recapitalizing the emergency and budget reserve
21 fund established in section 328L-3, Hawaii Revised Statutes.

22 The sum appropriated shall be expended by the department of
23 budget and finance for the purposes of this Act.

24

S.B. NO. 1094

1 SECTION 3. This Act, upon its effect, shall take effect on
2 July 1, 2014.

3
4 INTRODUCED BY: *Anna Mercedes K.*

5 BY REQUEST

S.B. NO. 1094

Report Title:

Appropriation; Emergency and Budget Reserve Fund

Description:

Makes a general fund appropriation of \$25,000,000 for fiscal year 2014-2015 to recapitalize the Emergency and Budget Reserve Fund.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Office of the Governor

TITLE: A BILL FOR AN ACT MAKING AN APPROPRIATION TO THE EMERGENCY AND BUDGET RESERVE FUND.

PURPOSE: To make appropriations for fiscal year 2014-2015 to recapitalize the Emergency and Budget Reserve Fund.

MEANS: Appropriate general funds.

JUSTIFICATION: The State is emerging from one of the most challenging economic periods in its history. One of the clear lessons learned from this experience is the necessity of having sufficient fiscal reserves to help carry the State through the worst conditions. Now that the economy is rebounding and more revenues are available, a concerted effort must be made to recapitalize the State's depleted fiscal reserves as expeditiously as possible.

Act 124, Session Laws of Hawaii 2011, which temporarily diverted tobacco settlement moneys from the Emergency and Budget Reserve Fund to the general fund in fiscal years 2011-2012 and 2012-2013, sunsets and transfers from the tobacco settlement into the Emergency and Budget Reserve Fund will resume starting in fiscal year 2013-2014.

As is fiscally prudent, this Act proposes to further accelerate recapitalization of fiscal reserves by transferring an additional \$25 million to the Emergency and Budget Reserve Fund. This will bring the projected fiscal year 2014-2015 balance of the Emergency and Budget Reserve Fund up to \$64 million.

Impact on the public: Further recapitalization of the Emergency and Budget Reserve Fund will increase the State's

fiscal reserves for times of unforeseen economic downturns and natural disasters.

Impact on the department and other agencies:
The general fund appropriations will be made to the department that administers the Emergency and Budget Reserve Fund (Department of Budget and Finance).

GENERAL FUND: \$25,000,000 in fiscal year 2014-2015.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: BUF 101.

OTHER AFFECTED
AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: July 1, 2014.