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# A BILL FOR AN ACT

RELATING TO THE GENERAL FUND EXPENDITURE CEILING.

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

1           SECTION 1. Article VII, section 9, of the state  
2 constitution requires the establishment of a general fund  
3 expenditure ceiling that may be exceeded only upon two-thirds  
4 vote of each house of the legislature. The legislature finds  
5 that the current general fund expenditure ceiling is no longer  
6 practical. Because of the method of computation established by  
7 statute, the present ceiling is now extremely high -- much  
8 higher than actual general fund appropriations, and so high that  
9 the ceiling is useless as a means to limit general fund  
10 spending. A more realistic ceiling would be established by  
11 using the general fund appropriation of the previous fiscal  
12 year, rather than the general fund ceiling, as the base for  
13 computing the ceiling for the subsequent fiscal year.

14           The purpose of this Act is to recalibrate the formula for  
15 computing the general fund expenditure ceiling so that the  
16 ceiling is set at a more realistic level beginning with fiscal  
17 year 2015-2016.



1 SECTION 2. Section 37-91, Hawaii Revised Statutes, is  
2 amended as follows:

3 1. By amending the definition of "expenditure ceiling" to  
4 read:

5 ""Expenditure ceiling" means the maximum general fund  
6 appropriations allowed in any year[.—The]; provided that:

7 (1) Until the fiscal year 2014-2015, the expenditure  
8 ceiling shall be determined by considering the fiscal  
9 year 1978-1979 general fund appropriations as the  
10 initial expenditure ceiling. The expenditure ceiling  
11 for succeeding fiscal years through fiscal year 2014-  
12 2015 shall be computed by adjusting the immediate  
13 prior fiscal year expenditure ceiling by the  
14 applicable state growth. When revisions are made to  
15 the total state personal income[7] before July 1,  
16 2015, the expenditure ceiling shall be recalculated on  
17 the basis of the latest available data, going back to  
18 fiscal year 1978-1979[7]; and

19 (2) From fiscal year 2015-2016, the expenditure ceiling  
20 shall be computed by adjusting the total general fund  
21 appropriation for the immediate prior fiscal year by  
22 the applicable state growth.



1 For paragraph (2), when a revision is made to total state  
2 personal income for any of the three calendar years immediately  
3 preceding a fiscal year that has already elapsed or is in  
4 progress when the revision is officially published, the revision  
5 shall not change the expenditure ceiling for that fiscal year.  
6 The revision, however, shall be used to compute the expenditure  
7 ceiling for any subsequent fiscal year. A revision shall be  
8 deemed "officially published" when initially published by the  
9 United States Department of Commerce, Social and Economic  
10 Statistics Administration, Bureau of Economic Analysis, or  
11 submitted in writing to the governor by the council on revenues,  
12 as the case may be."

13 2. By amending the definition of "total state personal  
14 income" to read:

15 ""Total state personal income" means the total state  
16 personal income as defined by the state personal income series  
17 published by the United States Department of Commerce, Social  
18 and Economic Statistics Administration, Bureau of Economic  
19 Analysis, or its successor, for each year for which [~~such~~] the  
20 income has been determined and published, including all  
21 revisions to the series. For the current and next succeeding  
22 calendar year for which [~~such~~] the income has not been



1 determined or published, [~~it~~] the term shall mean the total  
2 state personal income for [~~such~~] the year as estimated by the  
3 council on revenues."

4 SECTION 3. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: Arvid Y. Lopez



# S.B. NO. 2519

**Report Title:**

General Fund Expenditure Ceiling; Recalibration

**Description:**

Recalibrates the general fund expenditure ceiling from the fiscal year 2015-2016. Requires the recalibration to be based on the previous fiscal year's general fund appropriation, rather than general fund expenditure ceiling.

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