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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 higher  
8 than actual general fund appropriations, and so high that the  
9 ceiling is useless as a means to limit general fund spending. A  
10 more realistic ceiling would be established by using the general  
11 fund appropriation of fiscal year 2014-2015 as the base for  
12 computing the ceiling for the subsequent fiscal year.

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

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

SB2519 HD1 HMS 2014-2977



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

3            "Expenditure ceiling" means the maximum general fund  
4 appropriations allowed in any year[~~—The~~]; provided that:

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

17          (2) Beginning with fiscal year 2015-2016, the expenditure  
18          ceiling shall be determined by considering the fiscal  
19          year 2014-2015 general fund appropriations as the  
20          initial expenditure ceiling. The expenditure ceiling  
21          for succeeding fiscal years shall be computed by  
22          adjusting the immediate prior fiscal year expenditure



1           ceiling by the applicable state growth. When  
2           revisions are made to the total state personal income,  
3           the expenditure ceiling shall be recalculated on the  
4           basis of the latest available data, going back to  
5           fiscal year 2014-2015."

6           2. By amending the definition of "total state personal  
7 income" to read:

8            "Total state personal income" means the total state  
9 personal income as defined by the state personal income series  
10 published by the United States Department of Commerce, Social  
11 and Economic Statistics Administration, Bureau of Economic  
12 Analysis, or its successor, for each year for which [~~such~~] the  
13 income has been determined and published, including all  
14 revisions to the series. For the current and next succeeding  
15 calendar year for which [~~such~~] the income has not been  
16 determined or published, [~~it~~] the term shall mean the total  
17 state personal income for [~~such~~] the year as estimated by the  
18 council on revenues."

19           SECTION 3. Section 37-94, Hawaii Revised Statutes, is  
20 amended to read as follows:

21           "§37-94 Director of finance; duties. (a) A preliminary  
22 [~~estimate~~]:



1        (1) Estimate of the state growth [and];  
2        (2) Estimate of the expenditure ceiling; and  
3        (3) Calculation of whether the estimated expenditure  
4        ceiling will exceed the current fiscal year's general  
5        fund appropriation by greater than ten per cent,  
6 shall be determined by the director of finance as of August 15  
7 of each year.

8        (b) The final [estimate]:

9        (1) Estimate of the state growth [and];  
10       (2) Estimate of the expenditure ceiling; and  
11       (3) Calculation of whether the estimated expenditure  
12       ceiling will exceed the current fiscal year's general  
13       fund appropriation by greater than ten per cent,  
14 to be used by the legislature to make appropriations from the  
15 general fund in each year shall be determined by the director of  
16 finance as of November 15 of each year.

17       (c) Upon the determination of both the preliminary  
18 estimate and the final estimate of the state growth and  
19 expenditure ceiling, the director shall inform the governor,  
20 chief justice, and the legislature, and shall give, twice in  
21 successive weeks, statewide public notice of the state growth



1 and expenditure ceiling and the maximum dollar amount that may  
2 be appropriated from the general fund.

3 (d) Upon determination that the estimated expenditure  
4 ceiling will exceed the current fiscal year's general fund  
5 appropriation by greater than ten per cent, the director of  
6 finance shall include that information in the:

7 (1) Communications to the governor, chief justice, and the  
8 legislature; and

9 (2) Statewide public notice,  
10 made pursuant to subsection (c)."

11 SECTION 3. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13 SECTION 4. This Act shall take effect on July 1, 2030.



**Report Title:**

General Fund Expenditure Ceiling; Recalibration

**Description:**

Recalibrates the general fund expenditure ceiling using fiscal year 2014-2015 general fund appropriations as the base.

Requires the director of finance to report if the expenditure ceiling exceeds the general fund appropriation by greater than ten per cent. (SB2519 HD1)

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

