
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:



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



Report Title:

General Fund Expenditure Ceiling; Recalibration

Description:

Recalibrates the general fund expenditure ceiling using fiscal year 2015-2016 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. (SD1)

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