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# A BILL FOR AN ACT

RELATING TO STATE FUNDS.

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

1           SECTION 1. The purpose of this Act is to address state  
2 funds.

3           The legislature finds that article VII, section 6, of the  
4 Constitution of the State of Hawaii requires the legislature to  
5 provide, when certain conditions occur, a tax refund or tax  
6 credit to state taxpayers or make a deposit into one or more  
7 funds, as provided by law, to serve as a reserve for the State.  
8 The conditions are that the state general fund balances at the  
9 end of two successive fiscal years exceed five per cent of the  
10 state general revenues for those fiscal years.

11           The legislature finds that the state general fund balances  
12 at the end of fiscal years 2013-2014 and 2014-2015 exceeded five  
13 per cent of the state general revenues for those fiscal years.  
14 The legislature recognized in Act 202, Session Laws of Hawaii  
15 2015, that although the emergency and budget reserve fund  
16 balance exceeded the statutory maximum established in section  
17 328L-3(a)(3), the fiscally prudent course of action was to



1 deposit the excess general revenue fund balance into the  
2 emergency and budget reserve fund as a bulwark against future  
3 fiscal downturns. Therefore, the legislature exercised its  
4 constitutional legislative powers to waive the statutory ceiling  
5 on the emergency and budget reserve fund and, as provided by  
6 law, deposit the excess general fund revenues into the emergency  
7 and budget reserve fund to "serve as a temporary supplemental  
8 sources of funding for the State in times of an emergency,  
9 economic downturn, or unforeseen reduction in revenue" in  
10 accordance with article VII, section 6.

11 The legislature finds that the best course of action during  
12 the regular session of 2016 is to make a deposit into the  
13 emergency and budget reserve fund instead of providing a tax  
14 refund or credit. The legislature finds it preferable to  
15 increase the reserve fund at present to address possible  
16 emergencies and contingencies that may occur in the future when  
17 state revenues slow down.

18 SECTION 2. Notwithstanding any law to the contrary, for  
19 fiscal year 2015-2016, the director of finance shall transfer to  
20 the emergency and budget reserve fund the total sum of the tax



1 credit or tax refund as determined by the legislature pursuant  
2 to the provisions of article VII, section 6, of the Hawaii  
3 Constitution.

4 SECTION 3. There is appropriated out of the general  
5 revenues of the State of Hawaii the sum of \$ or so much  
6 thereof as may be necessary for fiscal year 2015-2016 to be  
7 deposited into the emergency and budget reserve fund by the  
8 director of finance.

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



**Report Title:**

Emergency and Budget Reserve Fund; Appropriation

**Description:**

Appropriates funds into the Emergency and Budget Reserve Fund for fiscal year 2015-2016 to comply with Article VII, section 6, of the Hawaii State Constitution, which requires, under certain economic conditions, that the legislature provide a tax credit to state taxpayers or make a deposit into one or more funds.  
(SB2555 HD1)

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

