

STAND. COM. REP. NO. 2662

Honolulu, Hawaii

MAR 03 2016

RE: S.B. No. 2555

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2555 entitled:

"A BILL FOR AN ACT RELATING TO STATE FUNDS,"

begs leave to report as follows:

The purpose and intent of this measure is to appropriate moneys to be deposited into the emergency and budget reserve fund for fiscal year 2015-2016 to comply with the constitutional mandate to provide a tax credit or refund or make such a deposit.

Your Committee received written testimony in support of this measure from the Department of Budget and Finance.

Your Committee finds that when certain economic conditions are met, article VII, section 6, of the Hawaii Constitution requires the Legislature either to provide a tax credit or tax refund to state taxpayers, or to make a deposit into one or more funds that serve as temporary supplemental sources of funding for the State in times of an emergency, economic downturn, or unforeseen reduction in revenue. This requirement is prompted when the state general fund balances at the end of two successive fiscal years exceed five percent of the state general revenues for those fiscal years. These conditions were met at the end of fiscal years 2013-2014 and 2014-2015. However, your Committee notes that pursuant to section 328L-3(a)(3), Hawaii Revised Statutes, general funds may only be deposited into the emergency budget and reserve fund when state general fund revenues for each of the two successive fiscal years exceeds revenues for each of the preceding fiscal years by five percent. While the general



fund revenues for fiscal year 2014-2015 exceeded the revenues for fiscal year 2013-2014 by more than five percent, the general fund revenues for fiscal year 2013-2014 did not exceed the revenues for fiscal year 2012-2013 by more than five percent. Therefore, although the constitutional provisions have been met, the statutory requirement to make a deposit of general funds into the emergency budget and reserve fund has not been met.

Nevertheless, your Committee believes that in view of the pursuant economic climate, it is in the public's best interest to make a deposit into the emergency and budget reserve fund rather than provide a tax refund or credit. Your Committee finds that by increasing the reserve fund, the State will be in a better fiscal position to address possible emergencies and contingencies that may occur in the future when state revenues decline.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2555 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.


Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
\_\_\_\_\_  
JILL N. TOKUDA, Chair



The Senate  
Twenty-Eighth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB 2555</b>	Committee Referral: <b>WAM</b>	Date: <b>2/17/16</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	/			
INOUE, Lorraine R.	/			
RIVIERE, Gil				/
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
SLOM, Sam	/			
<b>TOTAL</b>	<b>10</b>			<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes