

STAND. COM. REP. NO.

2279

Honolulu, Hawaii

FEB 18 2016

RE: S.B. No. 2719  
S.D. 1

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

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 2719 entitled:

"A BILL FOR AN ACT RELATING TO LEGISLATIVE FISCAL IMPACT STATEMENTS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require a fiscal impact statement for any proposed legislation that calls for an appropriation or results in significant fiscal changes for the State;
- (2) Require the Legislative Analyst to obtain the information necessary to prepare fiscal impact statements; and
- (3) Prohibit any legislative committee from holding a hearing on a measure that calls for an appropriation or results in a significant fiscal change for the State without a fiscal impact statement prepared by the Legislative Analyst.

Your Committee received testimony in support of this measure from Common Cause Hawaii and seven individuals. Your Committee received comments on this measure from the Department of Budget and Finance, Tax Foundation of Hawaii, Grassroot Institute of Hawaii, and one individual.



Your Committee finds that according to the National Conference of State Legislatures, there are more than twenty states that require fiscal notes for every bill that is introduced in the respective state's legislature and additional states that require fiscal notes upon request or when a bill is expected to have a direct impact on revenues or spending. However, in Hawaii, there is limited and varying information available regarding the estimated revenue impact of measures that are introduced and go through the legislative process. Implementation of this measure will embolden the public's faith in government by increasing the transparency of the legislative process and encouraging fiscal accountability.

Your Committee has amended this measure by:

- (1) Requiring the Legislative Auditor to obtain the information necessary to prepare fiscal impact statements, rather than the Legislative Analyst; provided that the Office of the Legislative Analyst shall prepare all fiscal impact statements once the office is fully funded;
- (2) Replacing "Legislative Analyst" with "Legislative Auditor" where appropriate throughout the measure; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee recognizes that requiring a fiscal impact statement for the State budget bill may pose various challenges. Furthermore, the Legislative Auditor may need additional time to properly implement this measure. Your Committee finds that if this measure is considered for passage by your Committee on Ways and Means, that the committee further examine these issues.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2719, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2719, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committee on Government  
Operations,




---

DONNA MERCADO KIM, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Government Operations**  
**GVO**

|  |                     |                 |                     |         |
|--|---------------------|-----------------|---------------------|---------|
| Bill / Resolution No.:*  | Committee Referral: | Date:           |                     |         |
| SB 2719  | GVO, WAM            | 02-02-16        |                     |         |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure.<br>If so, then the previous decision was to: _____                                      |                     |                 |                     |         |
| The Recommendation is:   |                     |                 |                     |         |
| <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313 |                     |                 |                     |         |
| Members  | Aye                 | Aye (WR)        | Nay                 | Excused |
| KIM, Donna Mercado (C)   | ✓                   |                 |                     |         |
| IHARA, Jr., Les (VC)   | ✓                   |                 |                     |         |
| DELA CRUZ, Donovan M.  |                     |                 |                     | ✓       |
| KEITH-AGARAN, Gilbert S.C.   | ✓                   |                 |                     |         |
| SHIMABUKURO, Maile S.L.  | ✓                   |                 |                     |         |
| TOKUDA, Jill N.  |                     |                 |                     | ✓       |
| SLOM, Sam  | ✓                   |                 |                     |         |
|  |                     |                 |                     |         |
|  |                     |                 |                     |         |
|  |                     |                 |                     |         |
|  |                     |                 |                     |         |
|  |                     |                 |                     |         |
|  |                     |                 |                     |         |
|  |                     |                 |                     |         |
|  |                     |                 |                     |         |
|  |                     |                 |                     |         |
|  |                     |                 |                     |         |
|  |                     |                 |                     |         |
| <b>TOTAL</b>   | 5                   | 0               | 0                   | 2       |
| Recommendation:  |                     |                 |                     |         |
| <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted   |                     |                 |                     |         |
| Chair's or Designee's Signature:   |                     |                 |                     |         |
| Distribution:  |                     |                 |                     |         |
| Original   | Yellow              | Pink            | Goldenrod           |         |
| File with Committee Report   | Clerk's Office      | Drafting Agency | Committee File Copy |         |

\*Only one measure per Record of Votes