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**TESTIMONY BY WESLEY K. MACHIDA**  
**DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE**  
**TO THE HOUSE COMMITTEE ON JUDICIARY**  
**ON**  
**SENATE BILL NO. 2554**

March 18, 2016  
2:00 p.m.

**PROPOSING AN AMENDMENT TO ARTICLE VII, SECTION 6, OF THE HAWAII  
CONSTITUTION, RELATING TO THE DISPOSITION OF EXCESS REVENUES**

Senate Bill No. 2554 proposes a constitutional amendment to allow the Legislature to appropriate excess funds for the pre-payment of general obligation bond debt service or pension or other post-employment benefit liabilities. This measure would provide the Legislature with alternatives in addition to its current options, which include providing a tax refund or tax credit or depositing excess funds into one or more emergency and budget reserve funds.

The Department of Budget and Finance supports the intent of funding excess payments beyond what's required for general obligation debt service, pension or other post-employment benefit liabilities.

However, it is noted that any excess contribution to the Employees' Retirement System (ERS) would benefit the State as well as the counties because the ERS operates as a cost-sharing plan.