

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 2846

February 4, 2016

MAKING AN APPROPRIATION TO THE EMERGENCY AND BUDGET RESERVE
FUND

Senate Bill No. 2846 appropriates \$100 million in general funds for fiscal years (FY) 2016-17 to further capitalize the Emergency and Budget Reserve Fund (EBRF).

The Department of Budget and Finance strongly supports this Administration bill.

Now that the economy is growing and more revenues are available, a concerted effort must be made to further capitalize the State's depleted fiscal reserves as expeditiously as possible. The additional \$100 million in FY 16-17 will bring the projected FY 16-17 balance of the EBRF up to \$215.9 million (including the re-appropriation of the Act 202, SLH 2015, appropriation). This will provide a total of over \$398.3 million in fiscal reserves for both the EBRF and the Hawaii Hurricane Relief Fund, which represents 5.53% of general fund revenues in FY 17.

The department strongly believes that increasing the level of reserves is prudent and sound, and is necessary to help ensure the State's fiscal stability in future economic downturns.