



EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

April 26, 2017 **GOV. MSG. NO. 1106**

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Twenty-Ninth State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,  
Speaker and Members of the  
House of Representatives  
Twenty-Ninth State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on April 26, 2017, the following bill was signed into law:

SB103 SD2

RELATING TO THE DISPOSITION OF EXCESS  
GENERAL FUNDS AUTHORIZED UNDER  
ARTICLE VII, SECTION 6, OF THE  
CONSTITUTION OF THE STATE OF HAWAII  
**ACT 006 (17)**

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i



1 chapter sets forth provisions authorizing the pre-payment of  
2 general obligation bond debt service or pension or other post-  
3 employment benefit liabilities in lieu of providing a tax refund  
4 or credit or depositing funds into a reserve fund.

5 (b) Nothing in this chapter or any other law shall prevent  
6 the legislature from complying with article VII, section 6, of  
7 the Constitution of the State of Hawaii for a fiscal year, by  
8 taking for that fiscal year a single action or multiple actions  
9 authorized under article VII, section 6(1), (2), (3)(A), or  
10 (3)(B).

11 § -2 Pre-payment of general obligation bond debt  
12 service. (a) To comply with article VII, section 6, of the  
13 Constitution of the State of Hawaii, the legislature may pre-pay  
14 general obligation bond debt service. When choosing to do so,  
15 the legislature shall appropriate general funds to be expended  
16 to pay more than the general obligation bond debt service due in  
17 a fiscal year in order to retire general obligation bonds  
18 earlier than scheduled at the time of the appropriation.

19 (b) For the purpose of this section, the "general  
20 obligation bond debt service due in a fiscal year" means the  
21 principal of and interest on general obligation bonds that



1 mature and are payable in a fiscal year under the applicable  
2 bond covenant and section 39-12. The term shall not mean any  
3 delinquent debt service payment accrued from a prior fiscal  
4 year, penalty or interest imposed because of the delinquent  
5 payment, or principal or interest on bond anticipation notes.

6 (c) An appropriation of general funds to pre-pay general  
7 obligation bond debt service may include an appropriation to pay  
8 a redemption premium.

9 § -3 Pre-payment of other post-employment benefit  
10 liability. (a) To comply with article VII, section 6, of the  
11 Constitution of the State of Hawaii, the legislature may pre-pay  
12 the State's other post-employment benefit liability. When  
13 choosing to do so, the legislature shall appropriate general  
14 funds to be expended to pay more than the annual required  
15 contribution owed by the State for a fiscal year in order to  
16 reduce future annual required contributions to amortize the  
17 unfunded other post-employment liability of the State.

18 (b) For the purpose of this section, the "annual required  
19 contribution owed by the State for a fiscal year" means the  
20 annual required contribution owed by the State for the fiscal



1 year as determined by the board of trustees of the Hawaii  
2 employer-union health benefits trust fund under section 87A-43.

3 (c) An appropriation of general funds to pay more than the  
4 annual required contribution owed by the State for a fiscal year  
5 shall be deposited into the trust fund for other post-employment  
6 benefits established under section 87A-42.

7 (d) In no case shall an appropriation of general funds  
8 made pursuant to this section be expended for or credited to any  
9 cost or liability of a county under chapter 87A.

10 § -4 Pre-payment of pension liability. (a) To comply  
11 with article VII, section 6, of the Constitution of the State of  
12 Hawaii, the legislature may pre-pay the State's unfunded accrued  
13 pension liability. When choosing to do so, the legislature  
14 shall appropriate general funds to be expended to pay more than  
15 the required contribution for a fiscal year for the State's  
16 unfunded accrued pension liability in order to amortize that  
17 unfunded liability earlier than scheduled at the time of the  
18 appropriation.

19 (b) For the purpose of this section, the "required  
20 contribution for a fiscal year for the State's unfunded accrued  
21 pension liability" means the portion of the contribution for a



1 fiscal year payable by the State that is allocated to amortize  
2 the unfunded accrued liability of the State as determined under  
3 sections 88-122(d) and 88-123. The term shall not include the  
4 portion of the contribution allocated to fund the State's normal  
5 cost for state employees.

6 (c) An appropriation of general funds to pay more than the  
7 required contribution for a fiscal year for the State's unfunded  
8 accrued pension liability shall be deposited into the pension  
9 accumulation fund established under section 88-114.

10 (d) In no case shall an appropriation of general funds  
11 made pursuant to this section be expended for or credited to any  
12 cost or liability of a county under chapter 88.

13 § -5 No effect on tax refund or credit or reserve fund  
14 deposit to comply with constitutional provision. This chapter  
15 shall not affect the authority or discretion of the legislature  
16 to provide a tax refund or credit or make a deposit into a  
17 reserve fund in order to comply with article VII, section 6, of  
18 the Constitution of the State of Hawaii, as provided in the  
19 same."

20 SECTION 3. Section 328L-3, Hawaii Revised Statutes, is  
21 amended by amending subsection (a) to read as follows:



1           "(a) There is established in the state treasury the  
2 emergency and budget reserve fund, which shall be a special fund  
3 administered by the director of finance, and into which shall be  
4 deposited:

5           (1) Twenty-four and one-half per cent of the moneys  
6           received from the tobacco settlement moneys under  
7           section 328L-2(b) (1);

8           (2) Appropriations made by the legislature to the fund;  
9           and

10          (3) Five per cent of the state general fund balance at the  
11          close of the fiscal year, whenever state general fund  
12          revenues for each of two successive fiscal years  
13          exceeds revenues for each of the preceding fiscal  
14          years by five per cent [~~, pursuant to article VII,~~  
15          ~~section 6 of the Hawaii constitution~~]. For the  
16          purpose of this section, the general fund balance at  
17          the close of the fiscal year shall be calculated  
18          [before] after any [tax]:

19          (A) Tax refund or tax credit is [authorized] provided  
20               by the legislature [~~, pursuant to article VII,~~



1 ~~section 6 of the Hawaii constitution, that is~~  
2 ~~provided];~~

3 (B) Deposit into the emergency and budget reserve  
4 fund or another reserve fund is appropriated by  
5 the legislature; or

6 (C) Pre-payment of general obligation bond debt  
7 service or pension or other post-employment  
8 benefit liability is appropriated by the  
9 legislature;

10 during the same regular session as the transfer  
11 depositing such moneys to the emergency and budget  
12 reserve fund; provided that transfers shall not be  
13 made to the emergency and budget reserve fund whenever  
14 the balance of the emergency and budget reserve fund  
15 is equal to or more than ten per cent of general fund  
16 revenues for the preceding fiscal year. The transfer  
17 shall be executed by the director of finance[+]

18 ~~provided that all]~~. All moneys deposited into the emergency and  
19 budget reserve fund under paragraphs (1) and (2) and all moneys  
20 deposited under paragraph (3) shall be kept in separate and  
21 distinct accounts."





1 SECTION 4. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect on June 30, 2017.

APPROVED this 26 day of APR, 2017

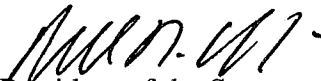
A handwritten signature in black ink, appearing to read "David Ige". The signature is written in a cursive style with a large, sweeping flourish at the end.


GOVERNOR OF THE STATE OF HAWAII

**THE SENATE OF THE STATE OF HAWAII**

Date: March 7, 2017  
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Third Reading in the Senate of the Twenty-ninth Legislature of the State of Hawaii, Regular Session of 2017.

  
President of the Senate

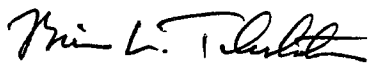
  
Clerk of the Senate

**THE HOUSE OF REPRESENTATIVES  
OF THE STATE OF HAWAII**

Date: April 6, 2017  
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Third Reading in the House of Representatives of the Twenty-ninth Legislature of the State of Hawaii, Regular Session of 2017.

  
Speaker, House of Representatives

  
Clerk, House of Representatives