
A BILL FOR AN ACT

RELATING TO THE EMERGENCY AND BUDGET RESERVE FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 328L-3, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§328L-3 **Emergency and budget reserve fund.** (a) There is
4 established in the state treasury the emergency and budget
5 reserve fund, which shall be a special fund administered by the
6 director of finance [7] and into which shall be deposited:

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

10 (2) Appropriations made by the legislature to the fund;
11 and

12 (3) Five per cent of the state general fund balance at the
13 close of the fiscal year, whenever state general fund
14 revenues for each of two successive fiscal years
15 exceeds revenues for each of the preceding fiscal
16 years by five per cent, pursuant to article VII,
17 section 6 of the Hawaii constitution. For the purpose



1 of this section, the general fund balance at the close
2 of the fiscal year shall be calculated before any tax
3 refund or tax credit is authorized by the legislature,
4 pursuant to article VII, section 6 of the Hawaii
5 constitution, that is provided during the same regular
6 session as the transfer depositing such moneys to the
7 emergency and budget reserve fund; provided that
8 transfers shall not be made to the emergency and
9 budget reserve fund whenever the balance of the
10 emergency and budget reserve fund is equal to or more
11 than ten per cent of general fund revenues for the
12 preceding fiscal year. The transfer shall be executed
13 by the director of finance;

14 provided that all moneys deposited into the emergency and budget
15 reserve fund under paragraphs (1) and (2) and all moneys
16 deposited under paragraph (3) shall be kept in separate and
17 distinct accounts.

18 (b) All interest earned from moneys in the emergency and
19 budget reserve fund shall be credited to the emergency and
20 budget reserve fund.



1 (c) Expenditures from the emergency and budget reserve
2 fund shall be a temporary supplemental source of funding for the
3 State during times of emergency, severe economic downturn, or
4 unforeseen reduction in revenues. No expenditures shall be made
5 from the emergency and budget reserve fund except pursuant to
6 appropriations. The general appropriations bill or the
7 supplemental appropriations bill, as defined in section 9 of
8 article VII of the Hawaii constitution, shall not be used to
9 appropriate moneys from the emergency and budget reserve fund.
10 The governor, through an appropriations bill, may recommend
11 expenditures from the emergency and budget reserve fund by
12 setting forth the purposes of the expenditures consistent with
13 subsection (d), the amounts, and the reasons justifying the
14 necessity for the appropriations.

15 (d) The legislature may make appropriations from the fund
16 for the following purposes:

- 17 (1) To maintain levels of programs determined to be
18 essential to public health, safety, welfare, and
19 education;
- 20 (2) To provide for counter cyclical economic and
21 employment programs in periods of economic downturn;



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1 (3) To restore facilities destroyed or damaged or services
2 disrupted by disaster in any county; and

3 (4) To meet other emergencies when declared by the
4 governor or determined to be urgent by the
5 legislature.

6 Any act making appropriations from the emergency and budget
7 reserve fund shall include a declaration of findings and
8 purposes setting forth the purposes, the amounts, and the
9 reasons why the appropriations are necessary and shall require a
10 two-thirds majority vote of each house of the legislature.

11 (e) Appropriations for the following purposes from the
12 emergency and budget reserve fund are specifically prohibited:

13 (1) To meet expenses of the legislature;

14 (2) To provide for salary adjustments for officials
15 appointed pursuant to article V, section 6 or article
16 VI, section 3 of the Hawaii Constitution [~~of the State~~
17 ~~of Hawaii~~] and for others whose salaries are directly
18 related to salaries of these officials; and

19 (3) To fund cost items in any collective bargaining
20 contract.



- 1 (f) The legislature shall not appropriate from the
2 emergency and budget reserve fund:
- 3 (1) More than fifty per cent of the total balance of the
4 fund in a fiscal year;
- 5 (2) In a fiscal year, an amount that exceeds ten per cent
6 of the total discretionary funds appropriated by the
7 legislature for the same fiscal year for which
8 emergency and budget reserve fund moneys are
9 appropriated. For the purpose of this paragraph,
10 "discretionary funds" means the total amount of moneys
11 appropriated or authorized by the legislature for
12 expenditure during the fiscal year, less moneys used
13 for payroll, fringe benefits and other personnel
14 costs, and lease costs for real property and
15 equipment; and
- 16 (3) For a succeeding fiscal year, unless the State has
17 collected or is projected to collect less tax revenue
18 in the current fiscal year compared to the immediately
19 preceding fiscal year."

20 SECTION 2. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.

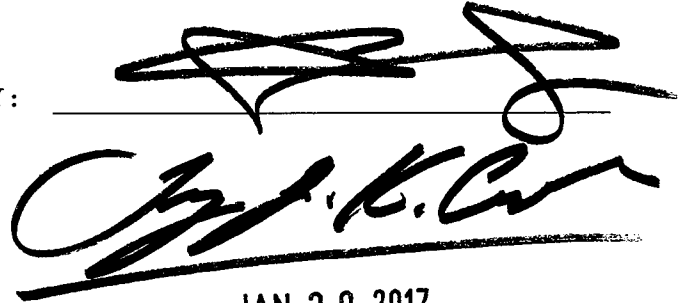


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1 SECTION 3. This Act shall take effect on July 1, 2017.

2

INTRODUCED BY: _____

A handwritten signature in black ink, appearing to read "Christopher A. Pappalardo", is written over a horizontal line. The signature is stylized and cursive.

JAN 20 2017



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Report Title:

Emergency and Budget Reserve Fund; Rainy Day Fund; Restrictions

Description:

Prohibits the legislature from: (1) appropriating more than 50% of the balance of the emergency and budget reserve fund in a single fiscal year; (2) appropriating amounts from the fund in a fiscal year exceeding 10% of the total discretionary funds appropriated by the legislature in the same fiscal year; and (3) making appropriations from the fund unless the current fiscal year's tax collection is negative.

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