

STAND. COM. REP. NO. 1462

Honolulu, Hawaii

APR 06 2017

RE: H.B. No. 471  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 471, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE EMERGENCY AND BUDGET RESERVE FUND,"

begs leave to report as follows:

The purpose and intent of this measure is to promote the judicious use of moneys in the Emergency and Budget Reserve Fund.

More specifically, the measure prohibits the Legislature from appropriating from the Emergency and Budget Reserve Fund:

- (1) More than fifty percent of the balance of the fund in a single fiscal year;
- (2) Any amount exceeding ten percent of the total discretionary funds appropriated by the Legislature in the same fiscal year for which Emergency and Budget Reserve Fund moneys are appropriated; and
- (3) For a succeeding fiscal year, unless the State has collected or is projected to collect less tax revenue in the current fiscal year compared to the immediately preceding fiscal year.



The Pew Charitable Trusts submitted comments in support of this measure. The Department of Budget and Finance and Tax Foundation of Hawaii submitted comments on this measure.

Your Committee recognizes that while it may be appropriate to use some Emergency and Budget Reserve Fund moneys when a budgetary emergency occurs, care must be taken to ensure that the Emergency and Budget Reserve Fund is not depleted all at once. Accordingly, your Committee believes that when a budgetary emergency occurs, it is as important to take steps to examine expenditures to reduce costs as it is to rely upon rainy day funds to allow for continued expenditures at current levels. Your Committee finds that this measure will provide the means to control the amount of moneys that may be appropriated from the Emergency and Budget Reserve Fund during a budgetary emergency.

Your Committee has amended this measure by:

- (1) Specifying that the Legislature is prohibited from appropriating from the Emergency and Budget Reserve Fund, to expend for discretionary costs in a fiscal year, an amount that exceeds ten percent of the discretionary funds appropriated by the Legislature for the same fiscal year for which Emergency and Budget Reserve Fund moneys are appropriated;
- (2) Amending the definition of the term "discretionary funds" to mean the total amount of general fund moneys appropriated or authorized by the Legislature, less non-discretionary funds;
- (3) Inserting a definition of the term "non-discretionary funds," which means the total amount of general fund moneys appropriated or authorized by the Legislature for expenditure during the fiscal year for:
  - (A) Debt service payments for general obligation bonds;
  - (B) Employer contributions for pension and retirement benefits of state government employees;



- (C) Employer contributions for health insurance benefits of state government employees and state government retirees; and
  - (D) Medicaid service costs; and
- (4) Making technical nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 471, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 471, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



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JILL N. TOKUDA, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 471, HD1	WAM	3/28/17		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. 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
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
ENGLISH, J. Kalani	-			/
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	-			/
INOUYE, Lorraine R.	/			
KAHELE, Kaiali'i	/			
RIVIERE, Gil	/			
SHIMABUKURO, Maile S.L.	/			
TANIGUCHI, Brian T.	-			/
WAKAI, Glenn	/			
<b>TOTAL</b>	<b>8</b>			<b>3</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original                      Yellow                      Pink                      Goldenrod File with Committee Report    Clerk's Office            Drafting Agency        Committee File Copy				

\*Only one measure per Record of Votes