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WRITTEN ONLY
TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR
ON
SENATE BILL NO. 101

**February 9, 2017
9:05 a.m.
Room 016**

RELATING TO STATE FUNDS

Senate Bill No. 101 makes undetermined general fund appropriations and to the Emergency and Budget Reserve Fund (EBRF) for the pre-payment of the accrued pension and other post-employment benefit liability of the State.

The Department of Budget and Finance supports the intent to comply with Article VII, Section 6, Hawaii State Constitution, regarding the disposition of excess general fund revenues. However, it appears those requirements have already been met.

Article VII, Section 6, Hawaii State Constitution, regarding the Disposition of Excess Revenues, requires that whenever the State general fund balance at the close of each of two successive fiscal years exceeds 5% of general fund revenues for each of two successive fiscal years, the Legislature must provide for a tax refund or tax credit to State taxpayers or make a deposit into a reserve fund as provided by law.

Section 328L-3, HRS, provides that whenever general fund revenues for each of two successive fiscal years exceed revenues for each of the preceding fiscal years by 5%,

the Director of Finance is required to transfer 5% of the general fund balance to be deposited into the EBRF, provided that the EBRF balance is less than 10% of general fund revenues for the preceding fiscal year.

For FYs 15 and 16, general fund balances were greater than 5% of general fund revenues, FYs 15 and 16 general fund revenues exceeded 5% of the previous fiscal year's general fund revenues and the FY 16 EBRF balance was less than 10% of general fund revenues for FY 15. Accordingly, the Director of Finance transferred 5% of the FY 16 general fund balance (\$51.4 million) to the EBRF in FY 17. This action satisfies the Article VII, Section 6 requirements.

Thank you for your consideration of our comments.

From: mailinglist@capitol.hawaii.gov
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Cc:
Subject: *Submitted testimony for SB101 on Feb 9, 2017 09:05AM*
Date: Tuesday, February 7, 2017 9:32:55 AM

SB101

Submitted on: 2/7/2017

Testimony for JDL on Feb 9, 2017 09:05AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
robert	Individual	Support	No

Comments:

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