
A BILL FOR AN ACT

RELATING TO ECONOMIC IMPACT STATEMENTS.

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

1 SECTION 1. Hawaii is constantly ranked as a high cost of
2 living state and one of the worst places to do business. The
3 legislature finds that economic impact statements can provide
4 decision-makers and the general public with helpful nonpartisan
5 estimates of the economic impact of proposed legislation on
6 state revenues and expenditures. Economic impact statements may
7 be used by legislators to decide whether a proposed bill has
8 merit, to revise a bill to make it less costly or raise more
9 revenues, and to make decisions about the State's budget. Some
10 states use some form of economic impact statement to evaluate
11 pending legislation.

12 The purpose of this Act is to require the office of the
13 legislative analyst to create economic impact statements for
14 certain bills that have an economic impact and to appropriate
15 funds to the office of the legislative analyst.



1 SECTION 2. Chapter 21F, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§21F- Economic impact statements; office of the
5 legislative analyst. (a) Beginning with the regular session of
6 2022, during any regular session of the legislature, before the
7 senate or house of representatives may pass a draft of a bill
8 upon third reading, there shall be made readily available an
9 economic impact statement that addresses the economic impact of
10 that bill draft; provided that failure to prepare an economic
11 impact statement shall not invalidate the vote of either
12 chamber;

13 (b) The office of the legislative analyst shall prepare
14 each economic impact statement, which shall contain:

- 15 (1) The sources of information, assumptions, and
16 methodologies used;
17 (2) A description of variables that could affect economic
18 impact estimates;
19 (3) The bill's potential positive and negative effects in
20 the short-term and long-term, on the State's
21 workforce, taxation policy, property values, incomes,



1 operating costs to businesses and nonprofits operating
2 in the State, capital investment from the private
3 sector, economic development, social benefits, and
4 competitiveness;
5 provided that if a bill is likely to have no economic impact,
6 the reasons for that conclusion."

7 SECTION 3. Section 21F-2, Hawaii Revised Statutes, is
8 amended by adding a new definition to be appropriately inserted
9 and to read as follows:

10 "Economic impact statement" means a statement that
11 includes an estimate of the costs and benefits to private
12 organizations and individuals in the State attributable to a
13 change in the law, including potential positive and negative
14 effects in the short-term and long-term, on the State's
15 workforce, taxation policy, property values, incomes, operating
16 costs to businesses and nonprofits operating in the State,
17 capital investment from the private sector, economic
18 development, social benefits, and competitiveness."

19 SECTION 4. Section 21F-7, Hawaii Revised Statutes, is
20 amended by amending subsection (a) to read as follows:



1 "(a) The purpose of the office of the legislative analyst
2 shall be[+] to:

3 (1) [~~To provide~~] Provide the legislature with research and
4 analysis of current and projected state revenues and
5 expenditures;

6 (2) [~~To provide~~] Provide the legislature with a report
7 analyzing the governor's proposed levels of revenue
8 and expenditures for biennial budgets submitted under
9 chapter 37 as well as other supplemental budget
10 submittals to the legislature by the governor;

11 (3) [~~To provide~~] Provide an analysis of the impact of the
12 governor's proposed revenue and expenditure plans for
13 the next biennium;

14 (4) [~~To conduct~~] Conduct research matters of economic and
15 economic policy and to report to the legislature on
16 the result of the research;

17 (5) [~~To provide~~] Provide economic reports and studies on
18 the state of the State's economy, including trends and
19 forecasts for consideration by the legislature;

20 (6) [~~To conduct~~] Conduct budget and tax studies and
21 provide general economic and budgetary information;



- 1 (7) ~~[To review]~~ Review and make recommendations on the
2 operation of state programs in order to appraise the
3 implementation of state laws regarding the expenditure
4 of funds and to recommend means of improving their
5 efficiency; ~~[and]~~
- 6 (8) ~~[To recommend]~~ Recommend to the legislature changes in
7 the mix of revenue sources for programs, in the
8 percentage of state expenditures devoted to major
9 programs, and in the role of the legislature in
10 overseeing state government expenditures and revenue
11 projections~~[-]~~; and
- 12 (9) Prepare economic impact statements."

13 SECTION 5. There is appropriated out of the general
14 revenues of the State of Hawaii the sum of \$350,000 or so much
15 thereof as may be necessary for fiscal year 2020-2021 for the
16 purpose of this Act.

17 The sum appropriated shall be expended by the legislature
18 for the purposes of this Act.

19 SECTION 6. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

21 SECTION 7. This Act shall take effect on July 1, 2020.



Report Title:

Legislature; Office of the Legislative Analyst; Economic Impact Statements; Appropriation

Description:

Requires the office of the legislative analyst to create economic impact statements for bills. Makes an appropriation to the office of the legislative analyst. (SD1)

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