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LEGISLATIVE REFERENCE BUREAU  
State of Hawaii  
State Capitol, Room 446  
415 S. Beretania Street  
Honolulu, Hawaii 96813

## Written Comments

### HCR 61

## REQUESTING A STUDY EXAMINING HOW CERTAIN OTHER JURISDICTIONS PRODUCE FISCAL NOTES

Charlotte A. Carter-Yamauchi, Director  
Legislative Reference Bureau

Presented to the Senate Committee on Ways and Means

Tuesday, April 15, 2025, 10:45 a.m.  
Conference Room 211

Chair Dela Cruz and Members of the Committee:

Good morning, Chair Dela Cruz and members of the Committee, my name is Charlotte Carter-Yamauchi. I am the Director of the Legislative Reference Bureau (Bureau). Thank you for providing the opportunity to submit written **comments** on H.C.R. No. 61, Requesting a Study Examining How Certain Other Jurisdictions Produce Fiscal Notes.

The purpose of this measure is to request the Bureau to study how Iowa, Louisiana, Maryland, Oregon, Texas, and the District of Columbia produce [legislative] fiscal notes. Specifically, the measure requests the Bureau to analyze:

- (1) The statute, rule, or other authority governing the preparation of fiscal notes;
- (2) The types of bills for which fiscal notes are produced;
- (3) At what points during the legislative process fiscal notes are produced and revised;
- (4) The type of information included in the fiscal note;
- (5) The entity responsible for producing the fiscal note;

- (6) The time period for which the jurisdiction must project financial impacts; and
- (7) Any other matters that the Bureau believes may be helpful or significant for the purposes of the study.

The measure further requests that the Bureau submit a report of its findings and recommendations, including any proposed legislation, to the Legislature prior to the convening of the Regular Session of 2026.

The Bureau takes no position on this measure and submits the following comments.

If the scope of the measure is not amended in any way, then the Bureau believes the project should be manageable, and the Bureau should be able to submit the required report to the Legislature by the measure's deadline. The foregoing is subject to the caveat that the Bureau's interim workload is not adversely impacted by too many additional responsibilities, such as conducting other studies, writing or finalizing other reports, drafting legislation, or any combination of these responsibilities for the Legislature or for other state agencies, task forces, or working groups that may be requested or required of the Bureau under other legislative measures.

Thank you again for your consideration.

To: Senate Committee on Ways and Means  
Re: **HCR 61 – Requesting a study examining how certain other jurisdictions produce fiscal notes**  
Hawai'i State Capitol & Via Videoconference  
April 15, 2025, 10:45 AM

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in **SUPPORT of HCR 61**. This resolution requests a study by the Legislative Reference Bureau examining how certain other jurisdictions produce fiscal notes before the start of the 2026 legislative session.

According to the Council of State Governments,<sup>1</sup> Hawaii is the only state in the country that does not have an independent office or process to create fiscal notes, which are informed estimates of how much revenue a bill might generate or cost.

In some states, fiscal notes are prepared for all bills, while in others fiscal notes are required for specific bills or will be produced at the request of a bill's introducer or the chairs of the appropriations committees.

Your predecessors seemingly took note of this issue in 1990 when they passed legislation to create the Office of the Legislative Analyst. The purpose of the office was to conduct research on state revenues and expenditures and the state economy as a whole. However, the office was not funded, so it was not established.

As the law that created the office<sup>2</sup> noted: "In Hawaii, the Legislature relies on the economic and fiscal analyses of the executive branch and private sector. The Legislature believes that this dependency creates an inherent conflict of interest that precludes the Legislature from operating independently."

Having fiscal notes that are available to the public would enable you to make more independent, informed and fiscally responsible decisions as well as allow anyone to review the assumptions and cost estimates of each bill, increasing the transparency of the legislative process.

Mahalo for the opportunity to provide this testimony. Please pass this resolution.

Thank you,  
Nicole Woo  
Director of Research and Economic Policy

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<sup>1</sup> <https://bookofthestates.org/tables/2022-3-18/>

<sup>2</sup> <https://law.justia.com/codes/hawaii/title-3/chapter-21f/section-21f-1/>

April 15, 2024, 10:45 a.m.  
Hawaii State Capitol  
Conference Room 211 and Videoconference

**To: Senate Committee on Ways and Means**  
**Sen. Donovan M. Dela Cruz, Chair**  
**Sen. Sharon Y. Moriwaki, Vice Chair**

**From: Grassroot Institute of Hawaii**  
**Ted Kefalas, Director of Strategic Campaigns**

TESTIMONY IN SUPPORT OF HCR61 — REQUESTING A STUDY EXAMINING HOW CERTAIN OTHER  
JURISDICTIONS PRODUCE FISCAL NOTES

Aloha Chair Dela Cruz, Vice Chair Moriwaki and other members of the Committee,

The Grassroot Institute of Hawaii would like to offer support for [HCR61](#), which requests that the Legislative Reference Bureau analyze the process for producing fiscal notes and report on its findings — along with any proposed legislation — prior to the 2026 legislative session.

If implemented, fiscal notes would be an extremely helpful tool for both lawmakers and Hawaii residents.

It is a matter of great frustration to lawmakers and residents alike that the Legislature often considers bills without any reliable estimate of what the proposed legislation will cost or save the government and taxpayers.

What would be irresponsible for a family budget — making purchases without any notion of their cost — is standard practice in politics.

The solution is to be found in the adoption of “fiscal notes,” an informed estimate of how much revenue a bill might generate or cost.

In 2022, the Council of State Governments [evaluated the use](#) of fiscal notes by states in six categories: intent or purpose of the bill, cost involved, projected future cost, proposed source of revenue, fiscal impact on local

government and “other.” Hawaii, notably, failed to perform in any category and was the only state in the country without a process or independent office for generating fiscal notes.

In Hawaii, state agencies — especially the Department of Taxation — sometimes submit testimonies with projections of potential fiscal impact, but these are not reliable substitutes for fiscal notes. Agencies have their own biases and interests, and relying solely on agency estimates undermines the Legislature’s independence.

Including fiscal notes in the legislative process would be an important step towards promoting greater fiscal responsibility and sound budgeting. Moreover, it would help lawmakers and the public in properly evaluating the true impact of pending legislation.

We urge the committee to pass HCR61.

Thank you for the opportunity to testify.

Ted Kefalas  
Director of Strategic Campaigns  
Grassroot Institute of Hawaii



Committee: Ways and Means  
Hearing Date/Time: Tuesday, April 15 2025 at 10:45AM  
Place: Conference Room 211 & Via Videoconference  
Re: **Testimony of the ACLU of Hawai'i in SUPPORT of HCR61**

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members:

The ACLU of Hawai'i **supports HCR61**, requesting a study examining how certain other jurisdictions produce fiscal notes.

Studying how certain jurisdictions produce fiscal notes is an important first step toward implementing something similar here in Hawai'i.

There is much for our state to be proud about when it comes to legislative processes:

- Current and past legislative hearings can be viewed remotely on YouTube from just about anywhere in the world.
- The Capitol website, possibly one of the best in the country, is an immensely useful tool for the public to engage in the legislative process.
- Members of the public have the ability to testify remotely. Something which is essential for our citizens living on the neighbor islands.

However, when it comes to how decisions are made, particularly as it relates to the budget and “fiscal” bills, the process is still difficult to follow. Implementing the use of fiscal notes could help shed much needed light on those corners of the process that determine how tax dollars are spent.

Given the sheer number of bills that are currently referred to the “money committees” in the House and Senate, fiscal notes could prove valuable to both legislators and the public in better understanding the real financial impacts of any particular piece of legislation moving during session.

In addition to immediate cost or revenue projections of a particular bill, project, appropriation, CIP, etc., it is important that any fiscal note generated for planning and informational purposes include any and all projected or potential future and unanticipated costs.

For example, the original appropriation for on-going planning and design for a new OCCC facility and conversations about the overall cost of building a new facility has, in our estimation, left out cost items which otherwise add to the already ballooning costs for construction and operation. Cost items like long-term debt service should be contemplated by fiscal notes.

Another example of useful information which could be provided by the publishing of fiscal notes is otherwise difficult to quantify economic multipliers. For instance, the National Bureau of Economic Research estimates a national paid family leave program could provide financial benefits to the economy that would far outway the costs of the actual program.<sup>1</sup>

This type of research and analysis would benefit both the legislature and the public when making important budgetary decisions.

According to the Center for Budget and Policy Priorities,<sup>2</sup> fiscal notes can help “free estimates from partisan pressure.” “If legislators and the public are not convinced that the fiscal notes are of high quality and free from bias, they may ignore them. Having a well-staffed, professional office or group prepare the fiscal notes goes a long way to ensuring that the fiscal notes reflect the best possible information on a proposed bill’s impact. The estimates that a non-partisan office prepares without political pressure will engender more confidence. **Most states (33 and the District of Columbia) assign the task of preparing fiscal notes to a nonpartisan legislative fiscal office or other nonpartisan entity.**”

The ACLU of Hawai‘i appreciates this resolution and hopes the committee will pass it. Given the variety of process and information provided by fiscal notes varies from state to state, an LRB study to suggest best practices that can be implemented in Hawai‘i is a positive first step

Mahalo for the opportunity to testify in support of **HCR61**.

Sincerely,

*Josh Frost*

Josh Frost  
Policy Advocate  
ACLU of Hawai‘i  
[jfrost@acluhawaii.org](mailto:jfrost@acluhawaii.org)

*The mission of the ACLU of Hawai‘i is to protect the fundamental freedoms enshrined in the U.S. and State Constitutions. The ACLU of Hawai‘i fulfills this through legislative, litigation, and public education programs statewide. The ACLU of Hawai‘i is a non-partisan and private non-profit organization founded in 1965 that provides its services at no cost to the public and does not accept government funds.*

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<sup>1</sup> [https://www.nber.org/system/files/working\\_papers/w33279/w33279.pdf](https://www.nber.org/system/files/working_papers/w33279/w33279.pdf)

<sup>2</sup> <https://www.cbpp.org/sites/default/files/atoms/files/10-15-15sfp2.pdf>

**HCR-61**

Submitted on: 4/14/2025 5:56:51 PM

Testimony for WAM on 4/15/2025 10:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Nikos Leverenz	Individual	Support	Written Testimony Only

Comments:

Chair Dela Cruz, Vice Chair Moriwaki,&amp; WAM Committee Members:

I am writing in strong support of HCR 61, which requests a study how other states produce fiscal notes for legislation. The [final report](#) of the Commission to Improve Standards of Conduct (which I was honored to be a part of) found, in part, that “fostering an environment of inclusion regarding access to information is a key to a democratic society.” A fiscal note mechanism can provide valuable information that formally increases transparency in the lawmaking process, which benefits lawmakers, advocates, stakeholders, and the general public.

A note would clarify why bills that appear not to have a fiscal impact for state or local governments have such. Conversely, it would provide firmer cost figures (and potential gains) for proposed legislative changes.

It’s rather incongruous for new proposed increases in criminal penalties not to be heard by fiscal committees, for example, or not to have a fiscal impact note to inform the deliberative process. Similarly the reform of sentencing laws, including reduction in the use of pre-trial incarceration, generally would have a net benefit in reduced expenditures to the criminal legal system.

For your quick perusal, here is a [sample Fiscal Impact Report](#) from the New Mexico legislature. The Oregon legislature also distinguishes between [fiscal impact](#) and [revenue impact](#) in its formal assessment of legislation.

[The National Association of Legislative Fiscal Offices](#), associated with the National Conference of State Legislatures, has a structure where training is offered, and state government staff are able to “exchange ideas and compare techniques.”

While the staff of your committee and the House Finance Committee are engaged in detailed work on the budget, it is important for the Legislature to affirm its collective commitment to improving the policymaking process in a manner that provides more information about current and prospective government expenditures.

Toward that end, the Legislature could also fund the Legislative Analyst provided for under current law ([HRS §21F-7](#)) to do a bill-by-bill analysis of fiscal impacts and, where relevant, revenue impacts.



Mahalo for the opportunity to provide testimony.