

ACT 285

S.B. NO. 3135

A Bill for an Act Relating to Budget Reductions.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 37-36, Hawaii Revised Statutes, is amended to read as follows:

“§37-36 Modification. (a) The director of finance[, at any time,] may modify or amend any previous allotment [upon application of, or] upon notice to[,] the department or establishment concerned; provided that:

- (1) For the University of Hawaii, the director of finance may modify or amend any previous allotment only upon application of or notice to the university, and upon public declaration, which shall be made ten days prior to the modification or amendment taking effect;
- (2) The modification or amendment shall be made only to avoid an illegal result or in anticipation of a revenue shortfall;
- (3) No deficit or undue reduction of funds to meet future needs of the department or establishment will result from the modification or amendment; and

- (4) No modification or amendment shall reduce an allotment below the amount required to meet valid obligations or commitments previously incurred against the allotted funds.

(b) Prior to the implementation of any modification in allotment proposed by the director of finance pursuant to subsection (a), in which the sum of the modifications exceed 2.5 per cent of the total general fund appropriation made by the legislature in any fiscal year, the director shall notify the president of the senate, the speaker of the house of representatives, and the chairpersons of the senate committee on ways and means and the house of representatives committee on finance, respectively, of the director's intent."

SECTION 2. Section 37-37, Hawaii Revised Statutes, is amended to read as follows:

"§37-37 Reduction. (a) Except as provided in subsection (b), when the director of finance determines at any time that the probable receipts from taxes or any other sources for any appropriation will be less than was anticipated, and that consequently the amount available for the remainder of the term of the appropriation or for any allotment period will be less than the amount estimated or allotted therefor, the director shall, with the approval of the governor and after notice to the department or establishment concerned, reduce the amount allotted or to be allotted; provided that no reduction reduces any allotted amount below the amount required to meet valid obligations or commitments previously incurred against the allotted funds.

(b) For the University of Hawaii, when the director of finance determines at any time that the probable receipts from taxes or any other sources for any appropriation will be less than was anticipated, and that consequently the amount available for the remainder of the term of the appropriation or for any allotment period will be less than the amount estimated or allotted therefor, the director shall advise the governor of the situation, and the governor shall redetermine the allotment ceiling for the affected source or sources of funding pursuant to section 37-34, and shall advise the university and make a public declaration ten days prior to the effective date of the redetermination. The university, not more than twenty days after the governor's notification, shall submit revised estimates consistent with the governor's redetermination to the director of finance. Otherwise, the director of finance shall modify, amend, or reduce any allotment of the university to comply with the governor's redetermination; provided that no reduction shall reduce any allotted amount below the amount required to meet valid obligations or commitments previously incurred against the allotted funds.

(c) Prior to the implementation of any reduction in allotment proposed by the director of finance or the governor pursuant to subsection (a) or (b), in which the sum of the reductions exceed 2.5 per cent of the total general fund appropriation made by the legislature in any fiscal year, the director of finance shall notify the president of the senate, the speaker of the house of representatives, and the chairpersons of the senate committee on ways and means and the house of representatives committee on finance, respectively, of the director's intent."

SECTION 3. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 4. This Act shall take effect on July 1, 1996.

(Approved June 18, 1996.)