
A BILL FOR AN ACT

RELATING TO EMERGENCY AND BUDGET RESERVE FUND.

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

1 SECTION 1. Section 328L-3, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§328L-3 Emergency and budget reserve fund.** (a) There is
4 established in the state treasury the emergency and budget
5 reserve fund which shall be a special fund administered by the
6 director of finance, into which shall be deposited:

7 (1) Twenty-four and one-half per cent of the moneys
8 received from the tobacco settlement moneys under
9 section 328L-2(b)(1);

10 (2) Amounts deposited pursuant to subsection (b); and

11 [~~+(2)~~] (3) Appropriations made by the legislature to the
12 fund.

13 (b) Whenever the state general fund balance at the close
14 of any fiscal year represents a carryover cash surplus, the
15 director of finance shall deposit up to _____ per cent of the
16 balance amount into the emergency and budget reserve fund;
17 provided that the amount to be deposited into the emergency and
18 budget reserve fund shall not exceed _____ per cent of the sum

1 of all general fund revenues received in the prior three fiscal
2 years. The director shall deposit the funds within ninety days
3 of the close of the fiscal year.

4 [~~(b)~~] (c) All interest earned from moneys in the emergency
5 and budget reserve fund shall be credited to the general fund.

6 [~~(e)~~] (d) Expenditures from the emergency and budget
7 reserve fund shall be a temporary supplemental source of funding
8 for the State during times of emergency, economic downturn, or
9 unforeseen reduction in revenues. No expenditures shall be made
10 from the emergency and budget reserve fund except pursuant to
11 appropriations. The general appropriations bill or the
12 supplemental appropriations bill, as defined in section 9 of
13 article VII of the Constitution of the State of Hawaii, shall
14 not be used to appropriate moneys from the emergency and budget
15 reserve fund. The governor, through an appropriations bill, may
16 recommend expenditures from the emergency and budget reserve
17 fund by setting forth the purposes of the expenditures
18 consistent with subsection [~~(d)~~] (e), the amounts, and the
19 reasons justifying the necessity for the appropriations.

20 [~~(d)~~] (e) The legislature may make appropriations from the
21 fund for the following purposes:

- 1 (1) To maintain levels of programs determined to be
2 essential to public health, safety, welfare, and
3 education;
- 4 (2) To provide for counter cyclical economic and
5 employment programs in periods of economic downturn;
- 6 (3) To restore facilities destroyed or damaged or services
7 disrupted by disaster in any county; and
- 8 (4) To meet other emergencies when declared by the
9 governor or determined to be urgent by the
10 legislature.

11 Any act making appropriations from the emergency and budget
12 reserve fund shall include a declaration of findings and
13 purposes setting forth the purposes, the amounts, and the
14 reasons why the appropriations are necessary and shall require a
15 two-thirds majority vote of each house of the legislature.

16 [~~(e)~~] (f) Appropriations for the following purposes from
17 the emergency and budget reserve fund are specifically
18 prohibited:

- 19 (1) To meet expenses of the legislature;
- 20 (2) To provide for salary adjustments for officials
21 appointed pursuant to article V, section 6 or article
22 VI, section 3 of the Constitution of the State of

1 Hawaii and for others whose salaries are directly
2 related to salaries of these officials; and
3 (3) To fund cost items in any collective bargaining
4 contract."

5 SECTION 2. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 3. This Act shall take effect on July 1, 2020.

Report Title:

Emergency and Budget Reserve Fund

Description:

Requires a deposit into the emergency and budget reserve fund at the close of any fiscal year whenever there is a carryover cash surplus in the general fund. The deposit is up to % of the closing general fund balance. Provides for a ceiling of % of the sum of all general fund revenues received in the prior 3 fiscal years. (HB573 SD1)