

JAN 22 2015

A BILL FOR AN ACT

RELATING TO THE BUDGET.

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

1 SECTION 1. The purpose of this Act is to address the state
2 budget.

3 More specifically, this Act requires information on the
4 estimated future debt service for a proposed capital improvement
5 project to be included in the budget documents submitted to the
6 legislature. The legislature finds that the information is
7 necessary to make the best decisions regarding the funding of
8 proposed capital improvement projects.

9 The legislature intends that this Act also apply to the
10 judiciary budget by operation of section 601-2, Hawaii Revised
11 Statutes.

12 SECTION 2. Section 37-69, Hawaii Revised Statutes, is
13 amended by amending subsections (c) and (d) to read as follows:

14 "(c) The financial plan for the ensuing six fiscal years
15 shall more specifically include:

16 (1) Economic data for the State and the counties of the
17 following kinds:



- 1 (A) Population: Including historical, current, and
2 projected population count; population
3 distribution by age and sex; estimated increases
4 and decreases, including increases and decreases
5 by immigration;
- 6 (B) Employment: Including magnitude of labor force by
7 age and sex; labor force participation rates;
8 employment by age and sex; industry and
9 occupational surpluses and shortages; effects of
10 government programs on employment rate;
- 11 (C) Income: Including per capita and per family
12 income; disposable income; income distribution;
- 13 (D) Wages and prices: Including wages by industry and
14 occupational groups; prices for government
15 procurement items; construction costs; cost of
16 living index; price indices for components of
17 personal consumption;
- 18 (E) Industry and business trends; and
- 19 (F) Effects of national economic and financial
20 policies and conditions;



- 1 (2) Brief statements disclosing the basis upon which the
- 2 revenue estimates in the plan were made, including for
- 3 each specific tax and nontax revenue source:
- 4 (A) The previous projections for the last completed
- 5 fiscal year and the fiscal year in progress;
- 6 (B) The variance between the projections and the
- 7 actual or revised estimate, and the reasons for
- 8 the variances;
- 9 (C) Tax or source base and rates;
- 10 (D) Yield projections of existing revenue sources and
- 11 existing taxes at authorized rates;
- 12 (E) Assumptions made and methodology used in
- 13 projections;
- 14 (F) Changes recommended; and
- 15 (G) Projected yields if changes are adopted; etc.;
- 16 (3) At the lowest level on the state program structure,
- 17 for each program:
- 18 (A) The total actual program cost for the last
- 19 completed fiscal year, the estimated cost for the
- 20 fiscal year in progress, and the estimated cost
- 21 for each of the next six fiscal years; research



1 and development, operating, and capital costs
2 shall be included and the means of financing
3 shall be identified. The number of personnel
4 positions and all lease payments shall be shown
5 for the program, identified by their means of
6 financing;

7 (B) The program size indicators; the actual size
8 attained in the last completed fiscal year, the
9 estimated size for the fiscal year in progress,
10 and the estimated size for each of the next six
11 fiscal years; and

12 (C) The effectiveness measures; the actual level of
13 effectiveness attained in the last completed
14 fiscal year, the estimated level of effectiveness
15 for the fiscal year in progress, and the
16 estimated level for each of the next six fiscal
17 years;

18 (4) Appropriate displays of paragraph (3)(A) and (C), at
19 every level of the state program structure above the
20 lowest level, by the major groupings of programs
21 encompassed within the level. The displays of



1 [+]paragraph[+] (3)(A) shall appropriately identify
2 the means of financing and the number of positions
3 included in the level;

4 (5) Financial summaries displaying the State's financial
5 condition, actual for the last completed fiscal year,
6 and estimated for the fiscal year in progress and each
7 of the next six fiscal years, including:

8 (A) A display of the programmed, total state
9 expenditures, by cost categories, the total state
10 resources anticipated from existing tax and
11 nontax sources at existing rates, by resource
12 categories, including the fund balance or deficit
13 at the beginning of the fiscal year and bond
14 receipts, and the resulting fund balance or
15 deficit at the close of each fiscal year. Lease
16 payments in each cost category shall be stated
17 separately; and

18 (B) The changes proposed to the existing tax and
19 nontax rates, sources or structure, and the
20 estimated increases or reductions in revenues,
21 the estimated cumulative increases or reductions,



1 and the estimated fund balance or deficit in each
2 of the next six fiscal years as a result of
3 [~~such~~] the proposed changes. Proposals for
4 changes in the existing tax and nontax rates,
5 sources or structure shall be made in every case
6 where the proposed, total state expenditures
7 exceed the total resources anticipated from
8 existing tax and nontax sources at existing
9 rates.

10 [~~Such~~] The financial summaries shall be prepared for
11 the total state expenditures and resources and for the
12 general fund and special fund portions thereof;

13 (6) A summary of the balance of each special fund, actual
14 for the last completed fiscal year and estimated for
15 the fiscal year in progress and estimated for each of
16 the next six fiscal years;

17 (7) A summary of the State's total bond fund required to
18 carry out the recommended programs and the kinds of
19 bonds and amounts thereof through which the
20 requirements were met in the last completed fiscal
21 year, are to be met in the fiscal year in progress,



1 and are proposed to be met in each of the next six
2 fiscal years. The summary shall detail, for each
3 fiscal year:

4 (A) Of the total bond fund requirements, the amount,
5 by cost categories, requiring new bond issuance
6 authorization and the kinds and amounts of bonds
7 planned for issuance under such new
8 authorizations;

9 (B) By bond categories, the total, cumulative balance
10 of bonds authorized in prior years but unissued
11 and the amount thereof proposed to be issued;
12 [and]

13 (C) A recapitulation of the total bonds to be issued,
14 including both new authorizations and prior
15 authorizations, by bond categories; and

16 (D) The total annual debt service, itemized by bond
17 category;

18 (8) Separately for general fund tax revenues, special fund
19 tax revenues, general fund nontax revenues, and
20 special fund nontax revenues:



- 1 (A) By kinds of taxes or sources, the amount of
- 2 revenue from existing, authorized taxes or
- 3 sources at existing rates received in the last
- 4 completed fiscal year and estimated to be
- 5 received in the fiscal year in progress and in
- 6 each of the next six fiscal years;
- 7 (B) A summary of the proposed changes in the existing
- 8 taxes or sources or rates, and the estimated
- 9 increases or reductions in revenues in each of
- 10 the next six fiscal years resulting from [~~such~~]
- 11 the changes; and
- 12 (C) The total estimated revenues with and without the
- 13 proposed changes in each of the next six fiscal
- 14 years; and
- 15 (9) A summary of the State's total payments due under
- 16 financing agreements required to carry out the
- 17 recommended programs and the kinds of financing
- 18 agreements and amounts thereof through which the
- 19 requirements were met in the last completed fiscal
- 20 year, are to be met in the fiscal year in progress,
- 21 and are proposed to be met in each of the next six



1 fiscal years. The summary shall detail, for each
2 fiscal year:

3 (A) Of the total financing agreement requirements,
4 the amount, by cost categories, requiring new
5 financing agreement authorizations and the kinds
6 and amounts of financing agreements planned for
7 execution and delivery under such new
8 authorizations;

9 (B) By cost category, the cumulative balance of
10 financing agreements authorized in prior years
11 but not executed and delivered and the amount
12 proposed to be executed and delivered; and

13 (C) A recapitulation of the total financing
14 agreements to be executed and delivered,
15 including both new authorizations and prior
16 authorizations, by cost categories.

17 (d) The program plans for the ensuing six fiscal years
18 shall more specifically include:

19 (1) At the lowest level on the state program structure,
20 for each program:

21 (A) A statement of its objectives;



- 1 (B) Measures by which the effectiveness in attaining
- 2 the objectives is to be assessed;
- 3 (C) The level of effectiveness planned for each of
- 4 the ensuing six fiscal years;
- 5 (D) A brief description of the activities
- 6 encompassed;
- 7 (E) The program size indicators;
- 8 (F) The program size planned for each of the next six
- 9 fiscal years;
- 10 (G) A narrative explanation of the plans for the
- 11 program. It shall contain, and in general be
- 12 limited to, the following:
 - 13 (i) A description of the kinds of activities
 - 14 carried out or unusual technologies
 - 15 employed;
 - 16 (ii) A statement of key policies pursued;
 - 17 (iii) Identification of important program or
 - 18 organizational relationships involved;
 - 19 (iv) A description of major external trends
 - 20 affecting the program;



- 1 (v) A discussion of significant discrepancies
- 2 between previously planned cost,
- 3 effectiveness, and program size levels and
- 4 those actually achieved;
- 5 (vi) Comments on, and an interpretation of, cost,
- 6 effectiveness, and program size data over
- 7 the upcoming budget period, with special
- 8 attention devoted to changes from the
- 9 current budget period;
- 10 (vii) Comments on, and an interpretation of, cost,
- 11 effectiveness, and program size data over
- 12 the four years of the planning period and
- 13 how they relate to the corresponding data
- 14 for the budget period; and
- 15 (viii) A summary of the special analytic study,
- 16 program evaluation, or other analytic report
- 17 supporting a substantial change in the
- 18 program where such a major program change
- 19 recommendation has been made;
- 20 (H) The full cost implications of the recommended
- 21 programs, by cost categories and cost elements,



1 actually experienced in the last completed fiscal
2 year, estimated for the fiscal year in progress,
3 and estimated for each of the next six fiscal
4 years. The means of financing shall be
5 identified for each cost category. The personal
6 services cost element and the lease payments cost
7 element shall be shown separately; the cost
8 elements of other current expenses, equipment,
9 and motor vehicles may be combined. The number
10 of positions included in the program shall be
11 appropriately identified by means of financing;

12 (I) A recapitulation of subparagraph (H) for the last
13 completed fiscal year, the fiscal year in
14 progress and each of the next six fiscal years,
15 by means of financing grouped under each cost
16 category. The number of positions included in
17 any program shall be appropriately identified;

18 (J) An identification of the revenues generated in
19 the last completed fiscal year and estimated to
20 be generated in the fiscal year in progress and
21 in each of the next six fiscal years, and the



- 1 fund into which [~~such~~] the revenues are
2 deposited;
- 3 (K) Details of implementation of each capital
4 improvement project included in the total program
5 cost, including:
- 6 (i) A description of the project, location, and
7 scope;
- 8 (ii) The initially estimated, currently
9 estimated, and final cost of the project, by
10 capital investment cost elements and by
11 means of financing;
- 12 (iii) The amounts previously appropriated by the
13 legislature for the project, by cost
14 elements and by means of financing specified
15 in the acts appropriating the sums, and an
16 identification of the acts so appropriating;
- 17 (iv) The costs incurred in the last completed
18 fiscal year and the estimated costs to be
19 incurred in the fiscal year in progress and
20 in each of the next six fiscal years, by



1 cost elements and by means of financing;
2 [and]
3 (v) A commencement and completion schedule, by
4 month and year, of the various phases of the
5 capital improvement project (i.e., land
6 acquisition, design, construction, and
7 occupancy) as originally intended, as
8 currently estimated, and as actually
9 experienced; [and]
10 (vi) If the cost of the project is planned to be
11 totally or partially financed with bond
12 receipts, the bond category to be used, term
13 of the bonds, total debt service to fully
14 amortize the bonds, and annual debt service,
15 itemized by principal and interest, in each
16 of the next six fiscal years; and
17 (vii) If clause (vi) is applicable to a project,
18 the total debt service to fully amortize the
19 bonds used to finance the project and annual
20 debt service in each of the next six fiscal
21 years under at least one alternative with



1 different realistic assumptions from the
2 bond financing plan."

3 SECTION 3. Section 37-71, Hawaii Revised Statutes, is
4 amended by amending subsection (c) to read as follows:

5 "(c) The display of financial requirements for the ensuing
6 two fiscal years shall more specifically include:

7 (1) At the lowest level on the state program structure,
8 for each program:

9 (A) The total recommended expenditures, including
10 research and development, capital and operating
11 costs, by cost categories and cost elements for
12 the ensuing biennium; the planned allocation of
13 the total biennial request, by cost categories,
14 and cost elements, between the two fiscal years
15 of the biennium. The means of financing and the
16 number of positions included in any cost category
17 amount shall be appropriately identified;

18 (B) A summary showing means of financing the total
19 recommended expenditures, those amounts requiring
20 and those amounts not requiring legislative



1 appropriation or authorization for spending in
2 each fiscal year of the biennium;

3 (C) A crosswalk of the total proposed biennial
4 expenditures between the program and expending
5 agencies. The means of financing the number of
6 positions and the lease payments included in any
7 cost amount, and the net amount requiring
8 appropriation or authorization shall be
9 appropriately identified for each expending
10 agency; and

11 (D) The proposed changes in the levels of
12 expenditures, by cost categories, between the
13 biennium in progress and the ensuing biennium,
14 together with a brief explanation of the major
15 reasons for each change. The reasons shall
16 include, as appropriate, the following:

17 (i) Salary adjustments to existing positions of
18 personnel;

19 (ii) The addition or deletion of positions;

20 (iii) Changes in the number of persons being
21 served or to be served by the program;



- 1 (iv) Changes in the program implementation
- 2 schedule;
- 3 (v) Changes in the actual or planned level of
- 4 program effectiveness;
- 5 (vi) Increases due to the establishment of a
- 6 program not previously included in the
- 7 State's program structure;
- 8 (vii) Decreases due to the phasing out of a
- 9 program previously included in the State's
- 10 program structure; and
- 11 (viii) Changes in the purchase price of goods or
- 12 services;

13 As appropriate, references to the program and
14 financial plan shall be noted for an explanation of
15 the changes. Notwithstanding the provisions of
16 subsection (b)(5), the proposed changes in the levels
17 of expenditures may be shown to the nearest thousand
18 dollars;

- 19 (2) Appropriate summaries of paragraph (1)(A) and (C)
- 20 immediately above at every level of the state program
- 21 structure above the lowest level. [~~Such~~] The



1 summaries shall be by the major groupings of programs
2 encompassed within the level. The summaries of
3 paragraph (1)(A) shall identify the means of financing
4 and the number of positions and the lease payments
5 included in any cost category amount; and

6 (3) A summary listing of all capital improvement projects
7 included in the proposed capital investment costs for
8 the ensuing biennium. The listing shall be by
9 programs at the lowest level of the state program
10 structure and shall show for each project, by capital
11 investment cost elements[+] for subparagraphs (A) to
12 (C):

13 (A) The cost of the project;

14 (B) The amount of funds previously appropriated and
15 authorized by the legislature; and

16 (C) The amount of new appropriations and
17 authorizations proposed in each of the two fiscal
18 years of the ensuing biennium and in each of the
19 succeeding four years. The amount of the new
20 appropriations and authorizations proposed shall



1 constitute the proposed new requests for the
2 project in each of the fiscal bienniums.

3 If applicable, the listing shall also include the
4 projected annual debt service in the ensuing biennium
5 for bonds to be issued to finance each project. In
6 every instance, the means of financing shall be
7 noted."

8 SECTION 4. Section 601-2, Hawaii Revised Statutes, is
9 amended by amending subsection (b) to read as follows:

10 "(b) The chief justice shall possess the following powers,
11 subject to [~~such~~] rules as may be adopted by the supreme court:

12 (1) To assign circuit judges from one circuit to another;

13 (2) In a circuit court with more than one judge, (A) to
14 make assignments of calendars among the circuit judges
15 for [~~such~~] a period as the chief justice may determine
16 and, as deemed advisable from time to time, to change
17 assignments of calendars or portions thereof (but not
18 individual cases) from one judge to another, and (B)
19 to appoint one of the judges, for [~~such~~] a period as
20 the chief justice may determine, as the administrative
21 judge to manage the business of the court, subject to



1 the rules of the supreme court and the direction of
2 the chief justice;

3 (3) To prescribe for all of the courts a uniform system of
4 keeping and periodically reporting statistics of their
5 business;

6 (4) To procure from all of the courts estimates for their
7 appropriations; with the cooperation of the
8 representatives of the court concerned to review and
9 revise them as the chief justice deems necessary for
10 equitable provisions for the various courts according
11 to their needs and to present the estimates, as
12 reviewed and revised by the chief justice, to the
13 legislature as collectively constituting a unified
14 budget for all of the courts;

15 (5) To exercise exclusive authority over the preparation,
16 explanation, and administration of the judiciary
17 budget, programs, plans, and expenditures, including
18 without limitation policies and practices of financial
19 administration and the establishment of guidelines as
20 to permissible expenditures, provided that all
21 expenditures of the judiciary shall be in conformance



1 with program appropriations and provisions of the
2 legislature, and all powers of administration over
3 judiciary personnel that are specified in Title 7; and

4 (6) To do all other acts [~~which~~] that may be necessary or
5 appropriate for the administration of the judiciary.

6 The budget, supplemental budget, six-year program and financial
7 plan, and the variance report of the judiciary shall be
8 submitted by the chief justice to the legislature in accordance
9 with the schedule of submission specified for the governor in
10 chapter 37 and shall contain the program information prescribed
11 in that chapter[-] as applicable to the judiciary. By November
12 1 of each year preceding a legislative session in which a budget
13 is to be submitted, the chief justice shall provide written
14 notification to the governor of the proposed total expenditures,
15 by cost categories and sources of funding, and estimated
16 revenues of the judiciary for each fiscal year of the next
17 fiscal biennium[-] or fiscal year, as applicable."

18 SECTION 5. Sections 2, 3, and 4 shall apply to the six-
19 year program and financial plans and budgets submitted under
20 sections 37-69, 37-71, 37-72, and 601-2 Hawaii Revised Statutes,
21 after the effective date of this Act.



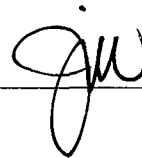
1 SECTION 6. This Act shall not be construed as requiring
2 the legislature or any of its committees or members to prepare
3 an estimate of the debt service for a capital improvement
4 project before including an appropriation for that project in a
5 bill.

6 SECTION 7. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 8. This Act shall take effect on July 1, 2016.

9

INTRODUCED BY: _____



S.B. NO. 105

Report Title:

Budget Documents; CIP Estimated Debt Service

Description:

Requires the inclusion in the six-year program and financial plan and budget of information on the debt service for bonds issued to finance a proposed capital improvement project. States intent that the provisions also apply to the judiciary budget by operation of existing law. Effective 07/01/16.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

