

Honolulu, Hawaii

MAY 01 2015

RE: S.B. No. 1312
S.D. 1
H.D. 1
C.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1312, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO STATE FUNDS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to appropriate moneys to be deposited into:

- (1) The emergency and budget reserve fund to comply with the constitutional mandate to provide a tax refund or credit or make such a deposit; and
- (2) The other post-employment benefits trust fund for the prefunding of health and other benefits plan costs for retirees and their beneficiaries.



Your Committee on Conference finds that when certain economic conditions are met, article VII, section 6, of the Hawaii Constitution requires the Legislature to either provide a tax refund or tax credit to state taxpayers, or to make a deposit into one or more funds to serve as a reserve for the State. This requirement is prompted when the state general fund balances at the end of two successive fiscal years exceed five percent of the state general revenues for those fiscal years. These conditions were met at the end of fiscal years 2012-2013 and 2013-2014. However, your Committee on Conference notes that pursuant to section 328L-3(a)(3), Hawaii Revised Statutes, general funds may only be deposited into the emergency budget and reserve fund when state general fund revenues for each of the two successive fiscal years exceeds revenues for each of the preceding fiscal years by five percent. While the general fund revenues for fiscal year 2012-2013 exceeded the previous year's revenues by more than five percent, the general fund revenues for fiscal year 2013-2014 did not exceed the revenues for fiscal year 2012-2013 by more than five percent. Therefore, although the constitutional provisions have been met, the statutory requirement to make a deposit of general funds into the emergency budget and reserve fund has not.

Your Committee on Conference believes that it is preferable to make a deposit into the emergency and budget reserve fund rather than providing a tax refund or credit. By increasing the reserve fund, the State will be better able to address possible emergencies and contingencies that may occur in the future when state revenues slow down. Your Committee on Conference also finds that compliance with article VII, section 6, of the Hawaii Constitution may still be achieved via a deposit, rather than a tax credit or tax refund, through the enactment of a session law that would have the effect of amending section 328L-3(a)(3), Hawaii Revised Statutes, only for fiscal year 2014-2015.

Your Committee on Conference has amended this measure by:

- (1) Appropriating \$10,000,000 from the general revenues to be deposited into the emergency and budget reserve fund;
- (2) Deleting the appropriation to be deposited into the other post-employment benefits trust fund for the prefunding of health and other benefits plan costs for retirees and their beneficiaries; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

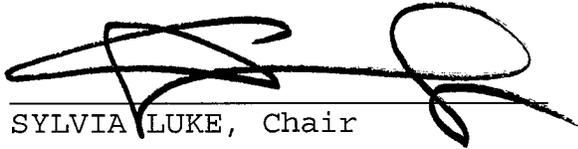


As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1312, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1312, S.D. 1, H.D. 1, C.D. 1.

Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



SYLVIA LUKE, Chair



JILL N. TOKUDA, Chair



Hawaii State Legislature

CUR 155

**Record of Votes of a
Conference Committee**

Bill / Concurrent Resolution No.: SB 1312, SD 1, HD 1	Date/Time: <i>May 1, 2019 @ 2:19 pm</i>
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
TOKUDA, Jill N., Chr.	✓				LUKE, Sylvia, Chr.	✓			
ENGLISH, J. Kalani	✓				DECOITE, Lynn	✓			
GALUTERIA, Brickwood	✓				WARD, Gene	✓			
RIVIERE, Gil	✓								
SLOM, Sam				✓					
TOTAL	4	0	0	1	TOTAL	3	0	0	0

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature:
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