
A BILL FOR AN ACT

RELATING TO FISCAL IMPACT STATEMENTS.

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

1 SECTION 1. The legislature finds that a fiscal impact
2 statement can provide decision makers and the general public
3 with a helpful estimate of the fiscal impact of proposed
4 legislation on state revenues and expenditures. According to
5 the National Conference of State Legislatures, "Bills that have
6 a fiscal impact may increase or decrease expenditures, may
7 increase or decrease the yield of an existing tax, change
8 personnel requirements, affect levels of services, impose or
9 shift a tax to a new base, or change the funding of an existing
10 program. [They] are used by legislators to decide whether or
11 not a proposed bill has merit, to revise a bill or make it less
12 costly or raise more revenues, or to make decisions about the
13 state's budget or revenues." Currently, over thirty states use
14 some form of fiscal impact statement when making spending
15 decisions.

16 The legislature also finds that fiscal impact statements,
17 if meaningfully utilized, can be a valuable tool for making
18 financial decisions in challenging economic times. In addition,



1 including fiscal impact statements in proposed legislation
2 enhances the transparency of the decision making process.

3 The purpose of this Act is to require the office of the
4 legislative analyst to create fiscal impact statements for
5 certain bills that have a fiscal impact, and to appropriate
6 funds to the office of the legislative analyst.

7 SECTION 2. Chapter 21F, Hawaii Revised Statutes, is
8 amended by adding three new sections to be appropriately
9 designated and to read as follows:

10 "§21F-A Creation of fiscal impact statements. (a)
11 Beginning with the 2015 regular session of the legislature,
12 before either house of the legislature may pass a draft of a
13 bill upon third reading, there shall be attached to the draft of
14 that bill a fiscal impact statement, compliant with subsection
15 (b), that specifically addresses the fiscal impact of that
16 draft.

17 (b) The office of the legislative analyst shall prepare
18 each fiscal impact statement, which shall, at a minimum,
19 contain:

20 (1) The fiscal impact on existing and new programs or
21 activities; provided that the fiscal impact statement



1 shall reflect the estimated cost of the program or
2 activity that is stated in the text of the bill, even
3 if that cost estimate differs from the amount actually
4 being appropriated for that program or activity in the
5 bill at that time;

6 (2) A fiscal impact projection for the current fiscal year
7 and for the two succeeding fiscal years, including an
8 estimate of the amount of the appropriation increase
9 or decrease that would result from enactment of the
10 bill for the current fiscal year and five succeeding
11 fiscal years;

12 (3) The source of funds expected to be utilized by the
13 general fund source, federal fund source, or other
14 identified source;

15 (4) The number of new positions that may be required,
16 identified as full-time, part-time, or temporary;

17 (5) An analysis of how the figures in the fiscal impact
18 statement were derived;

19 (6) Any additional information that may be necessary to
20 explain the fiscal impact statement; and



1 (7) The date the fiscal impact statement was prepared; the
2 name of the persons that prepared the fiscal impact
3 statement; and the state agencies, programs, or
4 subprograms affected.

5 §21F-B Fiscal impact statements; exemptions. Except as
6 required by section 21F-C, a fiscal impact statement shall not
7 be required for the general appropriations bill.

8 §21F-C Fiscal impact statements on programs using federal
9 funds. (a) A fiscal impact statement shall be required for any
10 measure concerning any program wholly or partially funded by
11 federal moneys that involves an expenditure of state funds or a
12 legislative appropriation of funds.

13 (b) A fiscal impact statement required by this section
14 shall:

15 (1) Reflect the immediate and long-range fiscal effect on
16 the state of any applicable program;

17 (2) State the length of time the federal funds are
18 expected to be provided;

19 (3) State the probable amount of state funds required to
20 continue the program;

21 (4) Comply with all rules; and



1 (5) Contain all the information required by subsection (b)
2 of section §21F-A.

3 SECTION 3. Section 21F-7, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "[~~f~~]**§21F-7**[~~f~~] **General purposes of analyst.** (a) The
6 purpose of the office of the legislative analyst shall be:

7 (1) To provide the legislature with research and analysis
8 of current and projected state revenues and
9 expenditures;

10 (2) To provide the legislature with a report analyzing the
11 governor's proposed levels of revenue and expenditures
12 for biennial budgets submitted under chapter 37 as
13 well as other supplemental budget submittals to the
14 legislature by the governor;

15 (3) To provide an analysis of the impact of the governor's
16 proposed revenue and expenditure plans for the next
17 biennium;

18 (4) To conduct research matters of economic and fiscal
19 policy and to report to the legislature on the result
20 of the research;



- 1 (5) To provide economic reports and studies on the state
2 of the State's economy, including trends and forecasts
3 for consideration by the legislature;
- 4 (6) To conduct budget and tax studies and provide general
5 fiscal and budgetary information;
- 6 (7) To review and make recommendations on the operation of
7 state programs in order to appraise the implementation
8 of state laws regarding the expenditure of funds and
9 to recommend means of improving their efficiency;
10 ~~and~~
- 11 (8) To recommend to the legislature changes in the mix of
12 revenue sources for programs, in the percentage of
13 state expenditures devoted to major programs, and in
14 the role of the legislature in overseeing state
15 government expenditures and revenue projections~~[-]~~;
16 and
- 17 (9) To prepare fiscal impact statements.
- 18 (b) In performing the duties under subsection (a), the
19 legislative analyst shall consider, among other ~~[things-]~~
20 matters:
- 21 (1) The relative dependence on state tax revenues, federal
22 funds, and user fees to support state-funded programs,



1 and whether the existing mix of revenue sources is
2 appropriate, given the purposes of the programs;
3 (2) The relative percentages of state expenditures that
4 are devoted to major programs such as education,
5 assistance to local government, aid to individuals,
6 state agencies and institutions, and debt service; and
7 (3) The role of the legislature in overseeing state
8 government expenditures, including legislative
9 appropriation of money from the general fund,
10 legislative appropriation of money from funds other
11 than the general fund, state agency receipt of money
12 into revolving and other dedicated funds and
13 expenditure of money from these funds, and state
14 agency expenditure of federal funds."

15 SECTION 4. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$ or so much
17 thereof as may be necessary for fiscal year 2015-2016 for the
18 purposes of this Act.

19 The sum appropriated shall be expended by the office of the
20 legislative analyst for the purposes of this Act.

21 SECTION 5. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.



1 SECTION 6. This Act shall take effect on July 1, 2015.

2

INTRODUCED BY:

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

JAN 23 2015



H.B. NO. 409

Report Title:

Legislature; Office of the Legislative Analyst; Fiscal Impact Statements

Description:

Requires the office of the legislative analyst to create fiscal impact statements for certain bills that have a fiscal impact. Makes an appropriation to the office of the legislative analyst.

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

