



1           When conditions occur requiring compliance with article  
2 VII, section 6, of the Constitution of the State of Hawaii, this  
3 chapter sets forth provisions authorizing the pre-payment of  
4 general obligation bond debt service or pension or other post-  
5 employment benefit liabilities in lieu of providing a tax refund  
6 or credit or depositing funds into a reserve fund.

7           (b) Nothing in this chapter or any other law shall prevent  
8 the legislature from complying with article VII, section 6, of  
9 the Constitution of the State of Hawaii for a fiscal year, by  
10 taking for that fiscal year a single action or multiple actions  
11 authorized under article VII, section 6(1), (2), (3)(A), or  
12 (3)(B).

13           § -2 Pre-payment of general obligation bond debt  
14 service. (a) To comply with article VII, section 6, of the  
15 Constitution of the State of Hawaii, the legislature may pre-pay  
16 general obligation bond debt service. When choosing to do so,  
17 the legislature shall appropriate general funds to be expended  
18 to pay more than the general obligation bond debt service due in  
19 a fiscal year in order to retire general obligation bonds  
20 earlier than scheduled at the time of the appropriation.



1           (b) For the purpose of this section, the "general  
2 obligation bond debt service due in a fiscal year" means the  
3 principal of and interest on general obligation bonds that  
4 mature and are payable in a fiscal year under the applicable  
5 bond covenant and section 39-12. The term shall not mean any  
6 delinquent debt service payment accrued from a prior fiscal  
7 year, penalty or interest imposed because of the delinquent  
8 payment, or principal or interest on bond anticipation notes.

9           (c) An appropriation of general funds to pre-pay general  
10 obligation bond debt service may include an appropriation to pay  
11 a redemption premium.

12           **§ -3 Pre-payment of other post-employment benefit**  
13 **liability.** (a) To comply with article VII, section 6, of the  
14 Constitution of the State of Hawaii, the legislature may pre-pay  
15 the State's other post-employment benefit liability. When  
16 choosing to do so, the legislature shall appropriate general  
17 funds to be expended to pay more than the annual required  
18 contribution owed by the State for a fiscal year in order to  
19 amortize the unfunded other post-employment liability of the  
20 State earlier than scheduled at the time of the appropriation.



1 (b) For the purpose of this section, the "annual required  
2 contribution owed by the State for a fiscal year" means the  
3 annual required contribution owed by the State for the fiscal  
4 year as determined by the board of trustees of the Hawaii  
5 employer-union health benefits trust fund under section 87A-43.

6 (c) An appropriation of general funds to pay more than the  
7 annual required contribution owed by the State for a fiscal year  
8 shall be deposited into the trust fund for other post-employment  
9 benefits established under section 87A-42.

10 (d) In no case shall an appropriation of general funds  
11 made pursuant to this section be expended for or credited to any  
12 cost or liability of a county under chapter 87A.

13 **§ -4 Pre-payment of pension liability.** (a) To comply  
14 with article VII, section 6, of the Constitution of the State of  
15 Hawaii, the legislature may pre-pay the State's unfunded accrued  
16 pension liability. When choosing to do so, the legislature  
17 shall appropriate general funds to be expended to pay more than  
18 the required contribution for a fiscal year for the State's  
19 unfunded accrued pension liability in order to amortize that  
20 unfunded liability earlier than scheduled at the time of the  
21 appropriation.



1           (b) For the purpose of this section, the "required  
2 contribution for a fiscal year for the State's unfunded accrued  
3 pension liability" means the portion of the contribution for a  
4 fiscal year payable by the State that is allocated to amortize  
5 the unfunded accrued liability of the State as determined under  
6 section 88-122(d) and section 88-123. The term shall not  
7 include the portion of the contribution allocated to fund the  
8 State's normal cost for state employees.

9           (c) An appropriation of general funds to pay more than the  
10 required contribution for a fiscal year for the State's unfunded  
11 accrued pension liability shall be deposited into the pension  
12 accumulation fund established under section 88-114.

13           (d) In no case shall an appropriation of general funds  
14 made pursuant to this section be expended for or credited to any  
15 cost or liability of a county under chapter 88.

16           § -5 No effect on tax refund or credit or reserve fund  
17 deposit to comply with constitutional provision. This chapter  
18 shall not affect the authority or discretion of the legislature  
19 to provide a tax refund or credit or make a deposit into a  
20 reserve fund in order to comply with article VII, section 6, of



1 the Constitution of the State of Hawaii, as provided in the  
2 same."

3 SECTION 3. Section 328L-3, Hawaii Revised Statutes, is  
4 amended by amending subsection (a) to read as follows:

5 "(a) There is established in the state treasury the  
6 emergency and budget reserve fund, which shall be a special fund  
7 administered by the director of finance, and into which shall be  
8 deposited:

- 9 (1) Twenty-four and one-half per cent of the moneys  
10 received from the tobacco settlement moneys under  
11 section 328L-2(b)(1);
- 12 (2) Appropriations made by the legislature to the fund;  
13 and
- 14 (3) Five per cent of the state general fund balance at the  
15 close of the fiscal year, whenever state general fund  
16 revenues for each of two successive fiscal years  
17 exceeds revenues for each of the preceding fiscal  
18 years by five per cent [~~7, pursuant to article VII,~~  
19 ~~section 6 of the Hawaii constitution~~]. For the  
20 purpose of this section, the general fund balance at



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1 the close of the fiscal year shall be calculated

2 [~~before~~] after any [~~tax~~]:

3 (A) Tax refund or tax credit is [~~authorized~~] provided  
4 by the legislature[~~+~~];

5 (B) Deposit into the emergency and budget reserve  
6 fund or another reserve fund is appropriated by  
7 the legislature; or

8 (C) Pre-payment of general obligation bond debt  
9 service or pension or other post-employment  
10 benefit liability is appropriated by the  
11 legislature;

12 [~~pursuant to article VII, section 6 of the Hawaii~~  
13 ~~constitution, that is provided~~] during the same  
14 regular session as the transfer depositing such moneys  
15 to the emergency and budget reserve fund; provided  
16 that transfers shall not be made to the emergency and  
17 budget reserve fund whenever the balance of the  
18 emergency and budget reserve fund is equal to or more  
19 than ten per cent of general fund revenues for the  
20 preceding fiscal year. The transfer shall be executed  
21 by the director of finance[~~+~~



1 ~~provided that all]~~. All moneys deposited into the emergency and  
2 budget reserve fund under paragraphs (1) and (2) and all moneys  
3 deposited under paragraph (3) shall be kept in separate and  
4 distinct accounts."

5 SECTION 4. Statutory material to be repealed is bracketed  
6 and stricken. New statutory material is underscored.

7 SECTION 5. This Act shall take effect upon its approval.  
8

INTRODUCED BY: \_\_\_\_\_





# S.B. NO. 103

**Report Title:**

Disposition of Excess General Fund Revenues; Implementing  
Legislation

**Description:**

Implements the state constitutional amendment of Senate Bill No. 2554 of the Regular Session of 2016 that authorizes the disposition of excess general fund revenues to pre-pay general obligation bond debt service or pension or other post-employment benefit liabilities.

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

