

Honolulu, Hawaii

March 9, 2018RE: H.B. No. 1900
H.D. 1

Honorable Scott K. Saiki
 Speaker, House of Representatives
 Twenty-Ninth State Legislature
 Regular Session of 2018
 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1900 entitled:

"A BILL FOR AN ACT RELATING TO THE STATE BUDGET,"

begs leave to report as follows:

The purpose of this measure is to appropriate funds for the operating and capital improvement costs of the Executive Branch for fiscal year (FY) 2017-2018 and FY 2018-2019.

Testimony submitted on this measure can be obtained from the Legislature's website at <http://www.capitol.hawaii.gov>.

The Administration submitted an operating budget that totaled:

| | <u>FY 2018</u> | <u>FY 2019</u> |
|------------------------|------------------|------------------|
| General Funds | \$7,248,455,293 | \$7,442,854,409 |
| All Means of Financing | \$14,110,569,014 | \$14,394,322,306 |

The Administration submitted a capital improvement budget that totaled:

| | <u>FY 2018</u> | <u>FY 2019</u> |
|--------------------------|-----------------|-----------------|
| General Obligation Bonds | \$1,027,951,000 | \$669,493,000 |
| All Means of Financing | \$2,289,745,000 | \$2,192,535,000 |

HB1900 HD1 HSCR FIN HMS 2018-2846



The original general fund financial plan submitted by the Administration on December 18, 2017 relied on an increase in revenues from legislation that would ensure the collection of transient accommodation taxes from individual vacation rentals. Your Committee notes that no such legislation was submitted as part of the Administration's Package.

The revenue anticipated, and included, in the Administration's financial plan is \$33,000,000 in FY 2018 - 2019 and \$67,000,000 per year in FY 2019 - 2020 and beyond. Without this revenue assumption, the Administration's financial plan will be approximately \$90,000,000 in deficit by 2021 - 2022; deepening to \$135,000,000 by FY 2022 - 2023.

Compounding this problem, as of March 7, 2018, the Administration submitted four Governor's Messages (GM) requesting an additional \$44,176,065 in general funds and \$76,580,610 in all means of financing for FY 2018 - 2019.

Your Committee has taken a fiscally prudent approach in constructing this budget to ensure that the State lives within its means, while tackling the critical issues that confront the State.

Your Committee on Finance has amended this budget to appropriate the following in operating funds:

| | <u>FY 2018</u> | <u>FY 2019</u> |
|------------------------|------------------|------------------|
| General Funds | \$7,243,455,293 | \$7,407,744,269 |
| All Means of Financing | \$14,105,569,014 | \$14,306,738,971 |

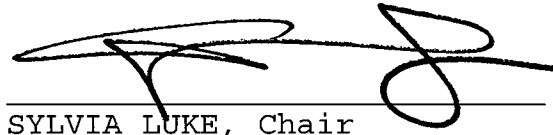
Your Committee has further amended this budget to appropriate the following in capital improvement funds:

| | <u>FY 2018</u> | <u>FY 2019</u> |
|--------------------------|-----------------|-----------------|
| General Obligation Bonds | \$1,027,951,000 | \$682,326,000 |
| All Means of Financing | \$2,289,745,000 | \$2,191,629,000 |

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1900, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1900, H.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



