A BILL FOR AN ACT

RELATING TO ECONOMIC IMPACT STATEMENTS.

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

SECTION 1. Hawaii is constantly ranked as a high cost of living state and one of the worst places to do business. The legislature finds that economic impact statements can provide decision-makers and the general public with helpful nonpartisan estimates of the economic impact of proposed legislation on state revenues and expenditures. Economic impact statements may be used by legislators to decide whether a proposed bill has merit, to revise a bill to make it less costly or raise more revenues, and to make decisions about the State's budget. Some states use some form of economic impact statement to evaluate pending legislation.

The purpose of this Act is to require the office of the legislative analyst to create economic impact statements for certain bills that have an economic impact and to appropriate funds to the office of the legislative analyst.
SECTION 2. Chapter 21F, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§21F- Economic impact statements; office of the legislative analyst. (a) Beginning with the regular session of 2022, during any regular session of the legislature, before the senate or house of representatives may pass a draft of a bill upon third reading, there shall be made readily available an economic impact statement that addresses the economic impact of that bill draft; provided that failure to prepare an economic impact statement shall not invalidate the vote of either chamber;

(b) The office of the legislative analyst shall prepare each economic impact statement, which shall contain:

1. The sources of information, assumptions, and methodologies used;
2. A description of variables that could affect economic impact estimates;
3. The bill's potential positive and negative effects in the short-term and long-term, on the State's workforce, taxation policy, property values, incomes,
operating costs to businesses and nonprofits operating in the State, capital investment from the private sector, economic development, social benefits, and competitiveness;

provided that if a bill is likely to have no economic impact, the reasons for that conclusion."

SECTION 3. Section 21F-2, Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted and to read as follows:

"Economic impact statement" means a statement that includes an estimate of the costs and benefits to private organizations and individuals in the State attributable to a change in the law, including potential positive and negative effects in the short-term and long-term, on the State's workforce, taxation policy, property values, incomes, operating costs to businesses and nonprofits operating in the State, capital investment from the private sector, economic development, social benefits, and competitiveness."

SECTION 4. Section 21F-7, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:
"(a) The purpose of the office of the legislative analyst shall be[+] to:

(1) [To provide] Provide the legislature with research and analysis of current and projected state revenues and expenditures;

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

(3) [To provide] Provide an analysis of the impact of the governor's proposed revenue and expenditure plans for the next biennium;

(4) [To conduct] Conduct research matters of economic and economic policy and to report to the legislature on the result of the research;

(5) [To provide] Provide economic reports and studies on the state of the State's economy, including trends and forecasts for consideration by the legislature;

(6) [To conduct] Conduct budget and tax studies and provide general economic and budgetary information;
(7) [To review] Review and make recommendations on the
operation of state programs in order to appraise the
implementation of state laws regarding the expenditure
of funds and to recommend means of improving their
efficiency; [and]

(8) [To recommend] Recommend to the legislature changes in
the mix of revenue sources for programs, in the
percentage of state expenditures devoted to major
programs, and in the role of the legislature in
overseeing state government expenditures and revenue
projections[ ]; and

(9) Prepare economic impact statements."

SECTION 5. There is appropriated out of the general
revenues of the State of Hawaii the sum of $350,000 or so much
thereof as may be necessary for fiscal year 2020-2021 for the
purpose of this Act.

The sum appropriated shall be expended by the legislature
for the purposes of this Act.

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

SECTION 7. This Act shall take effect on July 1, 2020.
Report Title:
Legislature; Office of the Legislative Analyst; Economic Impact Statements; Appropriation

Description:
Requires the office of the legislative analyst to create economic impact statements for bills. Makes an appropriation to the office of the legislative analyst. (SD1)

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