

JAN 22 2016

A BILL FOR AN ACT

PROPOSING AN AMENDMENT TO ARTICLE VII, SECTION 6, OF THE HAWAII
CONSTITUTION, RELATING TO THE DISPOSITION OF EXCESS
REVENUES.

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

1 SECTION 1. The purpose of this Act is to propose an
2 amendment to article VII, section 6, of the Hawaii Constitution
3 to amend the requirement for excess general fund revenues to be
4 returned to the taxpayers of the State or deposited into a
5 reserve fund.

6 The proposed amendment provides additional alternatives for
7 the disposition of excess general fund revenues by allowing for
8 the appropriation of general funds to pre-pay either:

- 9 (1) General obligation bond debt service; or
10 (2) Pension or other post-employment benefit liabilities.

11 These alternatives will enable the legislature to make
12 general fund appropriations for purposes that result in long-
13 term savings to the taxpayer. The pre-payment of long-term debt
14 or unfunded liabilities would represent the trade-off of
15 immediate fulfillment in using excess cash for the long-term
16 benefit of less fixed cost for future generations. Less fixed



1 cost would confer more flexibility with respect to state revenue
2 expenditure decisions in the future. The legislature believes
3 that the use of the alternatives may promote the public interest
4 and should be available for future legislatures.

5 It is the legislature's intent that the alternatives not be
6 self-executing. The legislature intends that the alternatives
7 be available only after statutory provisions are enacted to
8 establish the conditions that the pre-payment must comply with
9 in order to comport with this constitutional amendment.

10 SECTION 2. Article VII, section 6, of the Constitution of
11 the State of Hawaii is amended to read as follows:

12 "Section 6. Whenever the state general fund balance at the
13 close of each of two successive fiscal years exceeds five
14 percent of general fund revenues for each of the two fiscal
15 years, the legislature in the next regular session shall
16 [provide]:

17 (1) Provide for a tax refund or tax credit to the
18 taxpayers of the State, ~~[or make]~~ as provided by law;

19 (2) Make a deposit into one or more funds, as provided by
20 law, which shall serve as temporary supplemental
21 sources of funding for the State in times of an



1 emergency, economic downturn, or unforeseen reduction
2 in revenue, as provided by law[-]; or

3 (3) Appropriate general funds for the pre-payment of
4 either or both of the following, as provided by law:

5 (A) Debt service for general obligation bonds issued
6 by the State; or

7 (B) Pension or other post-employment benefit
8 liabilities accrued for state employees.

9 For the purpose of this paragraph, "pre-payment" means
10 a payment for a fiscal year in excess of the minimum
11 payment required for that fiscal year by bond covenant
12 or law."

13 SECTION 3. The question to be printed on the ballot shall
14 be as follows:

15 "Shall the legislature be provided, when the state general
16 fund balance at the close of each of two successive fiscal
17 years exceeds five per cent of the general fund revenues for
18 each of the two fiscal years, the additional alternatives of
19 appropriating general funds for the pre-payment of either or
20 both of the following:



S.B. NO. 2554

- 1 (1) Debt service for general obligation bonds issued
- 2 by the State; or
- 3 (2) Pension or other post-employment benefit
- 4 liabilities accrued for state employees?"

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

7 SECTION 5. This amendment shall take effect upon
 8 compliance with article XVII, section 3, of the Constitution of
 9 the State of Hawaii.

10

INTRODUCED BY:

[Signature]

[Signature]
~~*[Signature]*~~

[Signature]
[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]



S.B. NO. 2554

Report Title:

Constitutional Amendment; Disposition of Excess General Fund Revenues

Description:

Proposes a constitutional amendment to add alternatives for the disposition of excess general fund revenues. Allows the appropriation of general funds for the pre-payment of 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.

;

