

1 general obligation bond debt service or pension or other post-
2 employment benefit liabilities in lieu of providing a tax refund
3 or credit or depositing funds into a reserve fund.

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

10 **§ -2 Pre-payment of general obligation bond debt**

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

18 (b) For the purpose of this section, the "general
19 obligation bond debt service due in a fiscal year" means the
20 principal of and interest on general obligation bonds that
21 mature and are payable in a fiscal year under the applicable



1 bond covenant and section 39-12. The term shall not mean any
2 delinquent debt service payment accrued from a prior fiscal
3 year, penalty or interest imposed because of the delinquent
4 payment, or principal or interest on bond anticipation notes.

5 (c) An appropriation of general funds to pre-pay general
6 obligation bond debt service may include an appropriation to pay
7 a redemption premium.

8 **§ -3 Pre-payment of other post-employment benefit**
9 **liability.** (a) To comply with article VII, section 6, of the
10 Constitution of the State of Hawaii, the legislature may pre-pay
11 the State's other post-employment benefit liability. When
12 choosing to do so, the legislature shall appropriate general
13 funds to be expended to pay more than the annual required
14 contribution owed by the State for a fiscal year in order to
15 reduce future annual required contributions to amortize the
16 unfunded other post-employment liability of the State.

17 (b) For the purpose of this section, the "annual required
18 contribution owed by the State for a fiscal year" means the
19 annual required contribution owed by the State for the fiscal
20 year as determined by the board of trustees of the Hawaii
21 employer-union health benefits trust fund under section 87A-43.



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

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

8 § -4 Pre-payment of pension liability. (a) To comply
9 with article VII, section 6, of the Constitution of the State of
10 Hawaii, the legislature may pre-pay the State's unfunded accrued
11 pension liability. When choosing to do so, the legislature
12 shall appropriate general funds to be expended to pay more than
13 the required contribution for a fiscal year for the State's
14 unfunded accrued pension liability in order to amortize that
15 unfunded liability earlier than scheduled at the time of the
16 appropriation.

17 (b) For the purpose of this section, the "required
18 contribution for a fiscal year for the State's unfunded accrued
19 pension liability" means the portion of the contribution for a
20 fiscal year payable by the State that is allocated to amortize
21 the unfunded accrued liability of the State as determined under



1 sections 88-122(d) and 88-123. The term shall not include the
2 portion of the contribution allocated to fund the State's normal
3 cost for state employees.

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

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

11 § -5 No effect on tax refund or credit or reserve fund
12 deposit to comply with constitutional provision. This chapter
13 shall not affect the authority or discretion of the legislature
14 to provide a tax refund or credit or make a deposit into a
15 reserve fund in order to comply with article VII, section 6, of
16 the Constitution of the State of Hawaii, as provided in the
17 same."

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

20 "(a) There is established in the state treasury the
21 emergency and budget reserve fund, which shall be a special fund



1 administered by the director of finance, and into which shall be
2 deposited:

3 (1) Twenty-four and one-half per cent of the moneys
4 received from the tobacco settlement moneys under
5 section 328L-2(b)(1);

6 (2) Appropriations made by the legislature to the fund;
7 and

8 (3) Five per cent of the state general fund balance at the
9 close of the fiscal year, whenever state general fund
10 revenues for each of two successive fiscal years
11 exceeds revenues for each of the preceding fiscal
12 years by five per cent [~~pursuant to article VII,~~
13 ~~section 6 of the Hawaii constitution~~]. For the
14 purpose of this section, the general fund balance at
15 the close of the fiscal year shall be calculated
16 [~~before~~] after any [~~tax~~]:

17 (A) Tax refund or tax credit is [~~authorized~~] provided
18 by the legislature [~~pursuant to article VII,~~
19 ~~section 6 of the Hawaii constitution, that is~~
20 ~~provided~~];



1 (B) Deposit into the emergency and budget reserve
2 fund or another reserve fund is appropriated by
3 the legislature; or

4 (C) Pre-payment of general obligation bond debt
5 service or pension or other post-employment
6 benefit liability is appropriated by the
7 legislature;

8 during the same regular session as the transfer
9 depositing such moneys to the emergency and budget
10 reserve fund; provided that transfers shall not be
11 made to the emergency and budget reserve fund whenever
12 the balance of the emergency and budget reserve fund
13 is equal to or more than ten per cent of general fund
14 revenues for the preceding fiscal year. The transfer
15 shall be executed by the director of finance[+

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

20 SECTION 4. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 5. This Act shall take effect on January 7, 2059.

2



S.B. NO. 103
S.D. 1

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. Takes effect 1/7/2059. (SD1)

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

