
A BILL FOR AN ACT

RELATING TO FISCAL IMPACT STATEMENTS.

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

1 SECTION 1. The legislature finds that fiscal impact
2 statements provide decision makers and the general public with
3 helpful nonpartisan estimates of the fiscal impact of proposed
4 legislation on state revenues and expenditures. Fiscal impact
5 statements may be used by legislators to decide whether or not a
6 proposed bill has merit, to revise a bill to make it less costly
7 or raise more revenues, or to make decisions about the state's
8 budget. Currently, over forty states use a form of fiscal
9 impact statement to evaluate pending legislation.

10 The legislature further finds that properly utilized fiscal
11 impact statements can be a valuable tool for making financial
12 decisions in challenging economic times. Fiscal impacts of a
13 bill may include increasing or decreasing the yield of an
14 existing tax, changing personnel requirements, affecting levels
15 of service, imposing or shifting a tax to a new base, or
16 changing the funding of an existing program. These are
17 important factors that should guide the legislature's financial



1 policy. Because such impacts are often not self-evident on the
2 face of a bill, publishing fiscal impact statements enhances the
3 transparency of the legislative process.

4 The purpose of this Act is to require the office of the
5 legislative analyst to create fiscal impact statements for
6 certain bills that have a fiscal impact, and to appropriate
7 funds to the office of the legislative analyst.

8 SECTION 2. Chapter 21F, Hawaii Revised Statutes, is
9 amended by adding three new sections to be appropriately
10 designated and to read as follows:

11 "§21F-A Creation of fiscal impact statements. (a)
12 Beginning with the 2019 regular session of the legislature,
13 before either house of the legislature may pass a draft of a
14 bill upon third reading, there shall be attached to the draft of
15 that bill a fiscal impact statement, compliant with subsection
16 (b), that specifically addresses the fiscal impact of that
17 draft.

18 (b) The office of the legislative analyst shall prepare
19 each fiscal impact statement, which shall, at a minimum,
20 contain:



- 1 (1) The fiscal impact on existing and new programs or
2 activities; provided that the fiscal impact statement
3 shall reflect the estimated cost of the program or
4 activity that is stated in the text of the bill, even
5 if that cost estimate differs from the amount actually
6 being appropriated for that program or activity in the
7 bill at that time;
- 8 (2) A fiscal impact projection for the current fiscal year
9 and for the two succeeding fiscal years, including an
10 estimate of the amount of the appropriation increase
11 or decrease that would result from enactment of the
12 bill for the current fiscal year and five succeeding
13 fiscal years;
- 14 (3) The source of funds expected to be utilized by the
15 general fund source, federal fund source, or other
16 identified source;
- 17 (4) The number of new positions that may be required,
18 identified as full-time, part-time, or temporary;
- 19 (5) An analysis of how the figures in the fiscal impact
20 statement were derived;



1 (6) Any additional information that may be necessary to
2 explain the fiscal impact statement; and

3 (7) The date the fiscal impact statement was prepared; the
4 name of the persons that prepared the fiscal impact
5 statement; and the state agencies, programs, or
6 subprograms affected.

7 §21F-B Fiscal impact statements; exemptions. Except as
8 required by section 21F-C, a fiscal impact statement shall not
9 be required for a general appropriations bill or a supplemental
10 appropriations bill.

11 §21F-C Fiscal impact statements on programs using federal
12 funds. (a) A fiscal impact statement shall be required for any
13 measure concerning any program wholly or partially funded by
14 federal moneys that involves an expenditure of state funds or a
15 legislative appropriation of funds.

16 (b) A fiscal impact statement required by this section
17 shall:

18 (1) Reflect the immediate and long-range fiscal effect on
19 the state of any applicable program;

20 (2) State the length of time the federal funds are
21 expected to be provided;



- 1 (3) State the probable amount of state funds required to
- 2 continue the program;
- 3 (4) Comply with all rules; and
- 4 (5) Contain all the information required by subsection (b)
- 5 of section §21F-A.

6 SECTION 3. Section 21F-7, Hawaii Revised Statutes, is
 7 amended to read as follows:

8 "[+]§21F-7[+] **General purposes of analyst.** (a) The
 9 purpose of the office of the legislative analyst shall be:

- 10 (1) To provide the legislature with research and analysis
- 11 of current and projected state revenues and
- 12 expenditures;
- 13 (2) To provide the legislature with a report analyzing the
- 14 governor's proposed levels of revenue and expenditures
- 15 for biennial budgets submitted under chapter 37 as
- 16 well as other supplemental budget submittals to the
- 17 legislature by the governor;
- 18 (3) To provide an analysis of the impact of the governor's
- 19 proposed revenue and expenditure plans for the next
- 20 biennium;



- 1 (4) To conduct research matters of economic and fiscal
2 policy and to report to the legislature on the result
3 of the research;
- 4 (5) To provide economic reports and studies on the state
5 of the State's economy, including trends and forecasts
6 for consideration by the legislature;
- 7 (6) To conduct budget and tax studies and provide general
8 fiscal and budgetary information;
- 9 (7) To review and make recommendations on the operation of
10 state programs in order to appraise the implementation
11 of state laws regarding the expenditure of funds and
12 to recommend means of improving their efficiency;
13 [and]
- 14 (8) To recommend to the legislature changes in the mix of
15 revenue sources for programs, in the percentage of
16 state expenditures devoted to major programs, and in
17 the role of the legislature in overseeing state
18 government expenditures and revenue projections[-];
19 and
- 20 (9) To prepare fiscal impact statements.



1 (b) In performing the duties under subsection (a), the
2 legislative analyst shall consider, among other [~~things~~]
3 matters:

4 (1) The relative dependence on state tax revenues, federal
5 funds, and user fees to support state-funded programs,
6 and whether the existing mix of revenue sources is
7 appropriate, given the purposes of the programs;

8 (2) The relative percentages of state expenditures that
9 are devoted to major programs such as education,
10 assistance to local government, aid to individuals,
11 state agencies and institutions, and debt service; and

12 (3) The role of the legislature in overseeing state
13 government expenditures, including legislative
14 appropriation of money from the general fund,
15 legislative appropriation of money from funds other
16 than the general fund, state agency receipt of money
17 into revolving and other dedicated funds and
18 expenditure of money from these funds, and state
19 agency expenditure of federal funds."

20 SECTION 4. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$ or so much



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1 thereof as may be necessary for fiscal year 2018-2019 for the
2 purposes of this Act.

3 The sum appropriated shall be expended by the office of the
4 legislative analyst for the purposes of this Act.

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

7 SECTION 6. This Act shall take effect on July 1, 2018.

8

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H.B. NO. 1729

Report Title:

Legislature; Office of the Legislative Analyst; Fiscal Impact Statements

Description:

Requires the office of the legislative analyst to create fiscal impact statements for certain bills that have a fiscal impact. Makes an appropriation to the office of the legislative analyst.

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

