

Honolulu, Hawaii

MAR 24 2006

RE: H.B. No. 2991
H.D. 2
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing, to which was referred H.B. No. 2991, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO SPECIAL PURPOSE REVENUE BONDS,"

begs leave to report as follows:

The purpose of this measure is to adopt legislation allowing the implementation of Article VII, Section 12 of the State Constitution that permits the issuance of special purpose revenue bonds for governmental programs for low- and moderate-income housing. The measure contains an effective date of July 1, 2006, to encourage discussion.

Testimony in support of the measure was submitted by the Senior Policy Advisor to the Governor, the Department of Budget and Finance, UniDev LLC, Hawaii Reserves, Inc., and Hawaii Association of Realtors.

Your Committee finds that this measure will allow access to funds for affordable housing projects and infrastructure at less than prevailing market rates. For large projects, the cost savings from lower interest rates could be quite substantial.

Your Committee is concerned that as drafted, this measure may not pass constitutional muster. Accordingly, your Committee has replaced the contents of section 2 of the measure with the contents of section 2 of S.B. No. 2999, S.D. 1, while retaining



existing language defining low- and moderate-income housing project. The effect of this amendment is to permit issuance of special purpose revenue bonds for public instrumentalities and their qualified affiliates, rather than for not-for-profit private organizations. With this amendment, the measure will be more consistent with a constitutionally enumerated authorized purpose of special purpose revenue bonds, which may be issued for low- and moderate-income government housing programs.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2991, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2991, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Housing,



RON MENOR, Chair



