
A BILL FOR AN ACT

PROPOSING AMENDMENTS TO THE HAWAII CONSTITUTION RELATING TO THE
ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS.

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

1 SECTION 1. The purpose of this Act is to propose
2 amendments to article VII, section 12, and article X, section 1,
3 of the Hawaii Constitution to authorize the State to issue
4 special purpose revenue bonds, and use the proceeds from those
5 bonds, to assist charter schools, not-for-profit corporations
6 that support charter schools, and community development
7 financial institutions that support charter schools.

8 SECTION 2. Article VII, section 12, of the Hawaii
9 Constitution is amended to read as follows:

10 **"DEFINITIONS; ISSUANCE OF INDEBTEDNESS**

11 **Section 12.** For the purposes of this article:

12 1. The term "bonds" shall include bonds, notes and other
13 instruments of indebtedness.

14 2. The term "general obligation bonds" means all bonds for
15 the payment of the principal and interest of which the full
16 faith and credit of the State or a political subdivision are



1 pledged and, unless otherwise indicated, includes reimbursable
2 general obligation bonds.

3 3. The term "net revenues" or "net user tax receipts"
4 means the revenues or receipts derived from:

5 a. A public undertaking, improvement or system remaining
6 after the costs of operation, maintenance and repair
7 of the public undertaking, improvement or system, and
8 the required payments of the principal of and interest
9 on all revenue bonds issued therefor, have been made;
10 or

11 b. Any payments or return on security under a loan
12 program or a loan thereunder, after the costs of
13 operation and administration of the loan program, and
14 the required payments of the principal of and interest
15 on all revenue bonds issued therefor, have been made.

16 4. The term "person" means an individual, firm,
17 partnership, corporation, association, cooperative or other
18 legal entity, governmental body or agency, board, bureau or
19 other instrumentality thereof, or any combination of the
20 foregoing.

21 5. The term "rates, rentals and charges" means all
22 revenues and other moneys derived from the operation or lease of



1 a public undertaking, improvement or system, or derived from any
2 payments or return on security under a loan program or a loan
3 thereunder; provided that insurance premium payments,
4 assessments and surcharges, shall constitute rates, rentals and
5 charges of a state property insurance program.

6 6. The term "reimbursable general obligation bonds" means
7 general obligation bonds issued for a public undertaking,
8 improvement or system from which revenues, or user taxes, or a
9 combination of both, may be derived for the payment of the
10 principal and interest as reimbursement to the general fund and
11 for which reimbursement is required by law, and, in the case of
12 general obligation bonds issued by the State for a political
13 subdivision, general obligation bonds for which the payment of
14 the principal and interest as reimbursement to the general fund
15 is required by law to be made from the revenue of the political
16 subdivision.

17 7. The term "revenue bonds" means all bonds payable from
18 the revenues, or user taxes, or any combination of both, of a
19 public undertaking, improvement, system or loan program and any
20 loan made thereunder and secured as may be provided by law,
21 including a loan program to provide loans to a state property



1 insurance program providing hurricane insurance coverage to the
2 general public.

3 8. The term "special purpose revenue bonds" means all
4 bonds payable from rental or other payments made to an issuer by
5 a person pursuant to contract and secured as may be provided by
6 law.

7 9. The term "user tax" means a tax on goods or services or
8 on the consumption thereof, the receipts of which are
9 substantially derived from the consumption, use or sale of goods
10 and services in the utilization of the functions or services
11 furnished by a public undertaking, improvement or system;
12 provided that mortgage recording taxes shall constitute user
13 taxes of a state property insurance program.

14 The legislature, by a majority vote of the members to which
15 each house is entitled, shall authorize the issuance of all
16 general obligation bonds, bonds issued under special improvement
17 statutes and revenue bonds issued by or on behalf of the State
18 and shall prescribe by general law the manner and procedure for
19 such issuance. The legislature by general law shall authorize
20 political subdivisions to issue general obligation bonds, bonds
21 issued under special improvement statutes and revenue bonds and
22 shall prescribe the manner and procedure for such issuance. All

1 such bonds issued by or on behalf of a political subdivision
2 shall be authorized by the governing body of such political
3 subdivision.

4 Special purpose revenue bonds shall only be authorized or
5 issued to finance facilities of or for, or to loan the proceeds
6 of such bonds to assist:

- 7 1. Manufacturing, processing, or industrial enterprises;
- 8 2. Utilities serving the general public;
- 9 3. Health care facilities provided to the general public
10 by not-for-profit corporations;
- 11 4. Early childhood education and care facilities provided
12 to the general public by not-for-profit corporations;
- 13 5. Low and moderate income government housing programs;
- 14 6. Not-for-profit private nonsectarian and sectarian
15 elementary schools, secondary schools, colleges and
16 universities; [~~or~~]
- 17 7. Agricultural enterprises serving important agricultural
18 lands [~~7~~]; or
- 19 8. Charter schools, not-for-profit corporations that
20 support charter schools, and community development
21 financial institutions that support charter schools,



1 each of which is hereinafter referred to in this paragraph as a
2 special purpose entity.

3 The legislature, by a two-thirds vote of the members to
4 which each house is entitled, may enact enabling legislation for
5 the issuance of special purpose revenue bonds separately for
6 each special purpose entity, and, by a two-thirds vote of the
7 members to which each house is entitled and by separate
8 legislative bill, may authorize the State to issue special
9 purpose revenue bonds for each single project or multi-project
10 program of each special purpose entity; provided that the
11 issuance of such special purpose revenue bonds is found to be in
12 the public interest by the legislature; and provided further
13 that the State may combine into a single issue of special
14 purpose revenue bonds two or more proposed issues of special
15 purpose revenue bonds to assist not-for-profit private
16 nonsectarian and sectarian elementary schools, secondary
17 schools, colleges, [and] universities, charter schools, not-for-
18 profit corporations that support charter schools, and community
19 development financial institutions that support charter schools,
20 separately authorized as aforesaid, in the total amount of not
21 exceeding the aggregate of the proposed separate issues of
22 special purpose revenue bonds. The legislature may enact



1 enabling legislation to authorize political subdivisions to
2 issue special purpose revenue bonds. If so authorized, a
3 political subdivision by a two-thirds vote of the members to
4 which its governing body is entitled and by separate ordinance
5 may authorize the issuance of special purpose revenue bonds for
6 each single project or multi-project program of each special
7 purpose entity; provided that the issuance of such special
8 purpose revenue bonds is found to be in the public interest by
9 the governing body of the political subdivision. No special
10 purpose revenue bonds shall be secured directly or indirectly by
11 the general credit of the issuer or by any revenues or taxes of
12 the issuer other than receipts derived from payments by a person
13 or persons under contract or from any security for such contract
14 or contracts or special purpose revenue bonds and no moneys
15 other than such receipts shall be applied to the payment
16 thereof. The governor shall provide the legislature in November
17 of each year with a report on the cumulative amount of all
18 special purpose revenue bonds authorized and issued, and such
19 other information as may be necessary."

20 SECTION 3. Article X, section 1, of the Hawaii
21 Constitution is amended to read as follows:

22 "PUBLIC EDUCATION



1 **Section 1.** The State shall provide for the establishment,
2 support and control of a statewide system of public schools free
3 from sectarian control, a state university, public libraries and
4 such other educational institutions as may be deemed desirable,
5 including physical facilities therefor. There shall be no
6 discrimination in public educational institutions because of
7 race, religion, sex or ancestry; nor shall public funds be
8 appropriated for the support or benefit of any sectarian or
9 nonsectarian private educational institution, except that
10 proceeds of special purpose revenue bonds authorized or issued
11 under section 12 of Article VII may be appropriated to finance
12 or assist:

13 1. Not-for-profit corporations that provide early
14 childhood education and care facilities serving the general
15 public; [~~and~~]

16 2. Not-for-profit private nonsectarian and sectarian
17 elementary schools, secondary schools, colleges and
18 universities[~~-~~]; and

19 3. Charter schools, not-for-profit corporations that
20 support charter schools, and community development financial
21 institutions that support charter schools."



1 SECTION 4. The question to be printed on the ballot shall
2 be as follows:

3 "Shall the State Constitution be amended to authorize the
4 State to issue special purpose revenue bonds and use the
5 proceeds from the bonds to assist charter schools, not-for-
6 profit corporations that support charter schools, and
7 community development financial institutions that support
8 charter schools?"

9 SECTION 5. Constitutional material to be repealed is
10 bracketed and stricken. New constitutional material is
11 underscored.

12 SECTION 6. This amendment shall take effect upon
13 compliance with article XVII, section 3, of the Hawaii
14 Constitution.



Report Title:

Charter Schools; Constitutional Amendment

Description:

Proposes a constitutional amendment to authorize the State to issue special purpose revenue bonds to assist charter schools, not-for-profit corporations that support charter schools, and community development financial institutions that support charter schools. (HB2794 HD1)

