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# 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 Constitution of the State of Hawaii to authorize the  
4 State to issue special purpose revenue bonds, and use the  
5 proceeds from those bonds, to assist nonprofit corporations  
6 supporting one or more charter schools, community development  
7 financial institutions benefiting one or more public charter  
8 schools, and charter schools.

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

11                           **"DEFINITIONS; ISSUANCE OF INDEBTEDNESS**

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

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

15           2. The term "general obligation bonds" means all bonds for  
16 the payment of the principal and interest of which the full  
17 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; [e]

17 (7) Agricultural enterprises serving important  
18 agricultural lands [7]; or

19 (8) Nonprofit corporations supporting one or more charter  
20 schools, community development financial institutions  
21 supporting one or more charter schools, and charter  
22 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, separately authorized as  
18 aforesaid, in the total amount of not exceeding the aggregate of  
19 the proposed separate issues of special purpose revenue bonds.  
20 The legislature may enact enabling legislation to authorize  
21 political subdivisions to issue special purpose revenue bonds.  
22 If so authorized, a political subdivision by a two-thirds vote



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

18 SECTION 3. Article X, section 1, of the Constitution of  
19 the State of Hawaii is amended to read as follows:

20 "PUBLIC EDUCATION

21 Section 1. The State shall provide for the establishment,  
22 support and control of a statewide system of public schools free



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

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

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

17 3. Nonprofit corporations supporting one or more charter  
18 schools, community development financial institutions supporting  
19 one or more charter schools, and charter schools."

20 SECTION 4. The question to be printed on the ballot shall  
21 be as follows:





1 "Shall the State Constitution be amended to authorize the  
2 State to issue special purpose revenue bonds and use the  
3 proceeds from the bonds to assist nonprofit corporations  
4 supporting one or more charter schools, community  
5 development financial institutions supporting one or more  
6 charter schools, and charter schools?"

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

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

13

INTRODUCED BY: Norman Solomon



**Report Title:**

Constitutional Amendment; Charter Schools

**Description:**

Proposes a constitutional amendment to authorize the State to issue special purpose revenue bonds to assist nonprofit corporations supporting one or more charter schools, community development financial institutions benefiting one or more public charter schools, and charter schools.

