

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 978

February 18, 2009

RELATING TO STATE MONEYS

House Bill No. 978 proposes to amend Chapter 36, Hawaii Revised Statutes, by authorizing the Director of Finance to invest non-general fund moneys in any State issued general obligation bond, interest bearing note or other obligation in order to provide funding for capital improvement projects.

The Department appreciates the intent of the bill, however, we are opposed to the bill as the purchase of State general obligation bonds by the State at the time of original issuance is prohibited by federal statutes. Furthermore, the Department currently has the ability to advance special or revolving funds which are in excess of the amounts necessary for immediate State requirements, to fund general obligation capital improvement projects in the event general obligation bond proceeds are not available at the that time. Upon the subsequent sale of such general obligation bonds, the special or revolving funds would be repaid. While the municipal bond market has had some disruption, the State has been able to access the market and sell its general obligation bonds with the most recent sale being completed in December, 2008.

Thank you for the opportunity to provide testimony on this bill.