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## A BILL FOR AN ACT

PROPOSING AN AMENDMENT TO ARTICLE VII, SECTION 12, OF THE HAWAII  
CONSTITUTION, RELATING TO 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 an  
2 amendment to Article VII, section 12, of the Constitution of the  
3 State of Hawaii to allow the issuance of special purpose revenue  
4 bonds to assist any corporation, rather than just a not-for-  
5 profit corporation, that provides health care facilities to the  
6 general public.

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

9                           **"DEFINITIONS; ISSUANCE OF INDEBTEDNESS**

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

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

13           2. The term "general obligation bonds" means all bonds for  
14 the payment of the principal and interest of which the full  
15 faith and credit of the State or a political subdivision are  
16 pledged and, unless otherwise indicated, includes reimbursable  
17 general obligation bonds.



1           3. The term "net revenues" or "net user tax receipts"  
2 means the revenues or receipts derived from:  
3           a. A public undertaking, improvement or system remaining  
4           after the costs of operation, maintenance and repair  
5           of the public undertaking, improvement or system, and  
6           the required payments of the principal of and interest  
7           on all revenue bonds issued therefor, have been made;  
8           or  
9           b. Any payments or return on security under a loan  
10           program or a loan thereunder, after the costs of  
11           operation and administration of the loan program, and  
12           the required payments of the principal of and interest  
13           on all revenue bonds issued therefor, have been made.  
14           4. The term "person" means an individual, firm,  
15           partnership, corporation, association, cooperative or other  
16           legal entity, governmental body or agency, board, bureau or  
17           other instrumentality thereof, or any combination of the  
18           foregoing.  
19           5. The term "rates, rentals and charges" means all  
20           revenues and other moneys derived from the operation or lease of  
21           a public undertaking, improvement or system, or derived from any  
22           payments or return on security under a loan program or a loan



1 thereunder; provided that insurance premium payments,  
2 assessments and surcharges, shall constitute rates, rentals and  
3 charges of a state property insurance program.

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

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



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

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

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



1 shall be authorized by the governing body of such political  
2 subdivision.

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

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

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

20 The legislature, by a two-thirds vote of the members to  
21 which each house is entitled, may enact enabling legislation for  
22 the issuance of special purpose revenue bonds separately for



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



1 interest by the governing body of the political subdivision. No  
2 special purpose revenue bonds shall be secured directly or  
3 indirectly by the general credit of the issuer or by any  
4 revenues or taxes of the issuer other than receipts derived from  
5 payments by a person or persons under contract or from any  
6 security for such contract or contracts or special purpose  
7 revenue bonds and no moneys other than such receipts shall be  
8 applied to the payment thereof. The governor shall provide the  
9 legislature in November of each year with a report on the  
10 cumulative amount of all special purpose revenue bonds  
11 authorized and issued, and such other information as may be  
12 necessary."

13 SECTION 3. The question to be printed on the ballot shall  
14 be as follows:

15 "Shall the State of Hawaii be allowed to issue special  
16 purpose revenue bonds for the purpose of assisting any  
17 corporation that provides health care facilities to the  
18 general public, rather than just a not-for-profit  
19 corporation?"

20 SECTION 4. Constitutional material to be repealed is  
21 bracketed and stricken.



# H.B. NO. 1812

1 SECTION 5. This amendment shall take effect upon  
2 compliance with article XVII, section 3, of the Constitution of  
3 the State of Hawaii.

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INTRODUCED BY:

*Richard P. C. [Signature]*  
Tom Brown  
*[Signature]*  
*[Signature]*  
*[Signature]*

JAN 28 2009





**Report Title:**

Constitutional Amendment; Special Purpose Revenue Bonds

**Description:**

Amends Hawaii constitution to allow the issuance of special purpose revenue bonds to assist any (rather than just a not-for profit) corporation that provides health care facilities to the general public.

