

JAN 23 2009

A BILL FOR AN ACT

PROPOSING AMENDMENTS TO THE HAWAII STATE CONSTITUTION RELATING
TO 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 state constitution, to authorize the State to issue
4 special purpose revenue bonds and use the proceeds from those
5 bonds to assist not-for-profit organizations that support
6 charter schools.

7 SECTION 2. Article 7, 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 agricultural
17 lands [~~or~~]; or

18 8. Not-for-profit organizations that support charter
19 schools,

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



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



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

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

19 "PUBLIC EDUCATION

20 Section 1. The State shall provide for the establishment,
21 support and control of a statewide system of public schools free
22 from sectarian control, a state university, public libraries and



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

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

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

16 3. Not-for-profit organizations that support charter
17 schools."

18 SECTION 4. The question to be printed on the ballot shall
19 be as follows:

20 "Shall the State be authorized to issue special purpose
21 revenue bonds and use the proceeds from the bonds to assist
22 not-for-profit organizations that support charter schools?"



1 SECTION 5. Constitutional material to be repealed is
2 bracketed and stricken. New constitutional material is
3 underscored.

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

7

INTRODUCED BY: Nunan Sakema



Report Title:

SPRBs; Constitutional Amendment; Charter Schools

Description:

Proposes a constitutional amendment to authorize the State to issue special purpose revenue bonds and use the proceeds from the bonds to assist not-for-profit organizations that support charter schools.

