



GOV. MSG. NO. 1133

April 29, 2011

The Honorable Shan Tsutsui, President  
and Members of the Senate  
Twenty-Sixth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

The Honorable Calvin Say, Speaker  
and Members of the House  
Twenty-Sixth State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Tsutsui, Speaker Say and Members of the Legislature:

This is to inform you that on April 29, 2011, the following bill was signed into law:

SB1260 SD1

RELATING TO PUBLIC FINANCE  
ACT 033 (11)

*Alpha*  
Signed  
*Neil Abercrombie*

NEIL ABERCROMBIE  
Governor, State of Hawaii

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# A BILL FOR AN ACT

RELATING TO PUBLIC FINANCE.

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

1 SECTION 1. The purpose of this Act is to set forth the  
2 State's allocation of any annual or other limit on the principal  
3 amount of bonds that may be issued by issuers within Hawaii,  
4 including tax exempt interest, tax credits, interest subsidies  
5 or other benefits under the Internal Revenue Code of 1986, as  
6 amended, which is limited by federal legislation.

7 SECTION 2. The Hawaii Revised Statutes is amended by  
8 adding a new chapter to be appropriately designated and to read  
9 as follows:

10 "CHAPTER

11 ALLOCATION OF STATE BOND CEILING

12 § -1 **Definitions.** Whenever used in this chapter, unless  
13 a different meaning clearly appears from the context:

14 "Bond" means any bond, note, or other evidence of  
15 indebtedness or lease with separately stated principal and  
16 interest components or certificates of participation therein.

17 "Department" means the department of budget and finance.



1 "Issuer" means any state or county department, board,  
2 commission, authority or officer, or not-for-profit corporation  
3 authorized to issue bonds under the laws of the State.

4 "State ceiling" means any annual or other limit on the  
5 principal amount of bonds that may be issued by issuers, with  
6 tax exempt interest, tax credits, interest subsidies or other  
7 benefits under the Internal Revenue Code of 1986, as amended,  
8 which limit is imposed under or pursuant to the American  
9 Recovery and Reinvestment Act, Public Law 111-5, or any  
10 subsequent federal legislation.

11 § -2 Allocation of state bond ceiling. (a) The  
12 department, with the approval of the governor, may allocate all  
13 or any part of the state ceiling to any issuer for a specific  
14 calendar year or shorter period. At the request of the  
15 department, any issuer to which any part of the state ceiling  
16 has been allocated, and with respect to which bonds have not yet  
17 been sold, shall return all or part of the allocation as the  
18 department has requested, in which case the department shall  
19 provide for its reallocation.

20 (b) In the event allocations of the state ceiling are made  
21 directly to issuers other than the State by federal statute or  
22 by the United States Department of the Treasury or other federal



1 authority, including by requiring the State to make specified  
2 allocations, to the extent permitted by federal law or  
3 procedure, the department may require or request recipients of  
4 such allocations to report any plans the recipient may have to  
5 use the allocation in the form and by a date as the department  
6 may specify and to transfer to the State any allocation that the  
7 recipients do not plan to use or which the department determines  
8 is not reasonably expected to be used, in which case the  
9 department may provide for its reallocation.

10 (c) Any issuer may request of the department an allocation  
11 or additional allocation of the state ceiling or transfer or  
12 return all or any portion of its allocation of the state ceiling  
13 to the State.

14 § -3 **Application of allocation.** Any issuer that issues  
15 bonds to which an allocation of the state ceiling has been  
16 applied, shall evidence and report the application by a  
17 certificate, a copy of which shall be sent to the department.  
18 The department shall maintain a record of all allocations of the  
19 state ceiling made by the department and copies of certificates  
20 sent to or retained by the department.

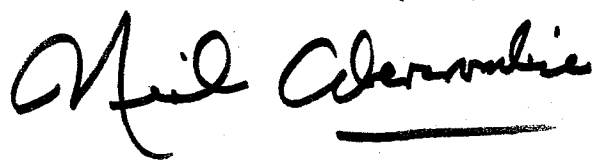
21 § -4 **Carry forward.** In the event that federal tax law  
22 permits all or any portion of the state ceiling or allocations



1 thereof to be carried forward for future use, the director of  
 2 finance of each county or any other issuer that has received  
 3 state ceiling allocations that have not been applied as of  
 4 December 15, or fifteen days prior to the end of the period  
 5 during which the allocation must be used or carried forward  
 6 under federal tax law, shall report to the department the amount  
 7 of allocation that has not been applied and will not be applied  
 8 by December 31 or such other deadline. Unless the director of  
 9 finance of the county or other issuer, by written certificate,  
 10 indicates to the department that it intends to carry forward all  
 11 or any part of its unapplied allocation, the unapplied  
 12 allocation shall revert to the State. The department, on behalf  
 13 of the State, shall be entitled to carry forward the unapplied  
 14 allocation together with any unapplied allocation of the State  
 15 or state issuers for future allocation pursuant to section  
 16 -2(a)."

17 SECTION 3. This Act shall take effect upon its approval.

APPROVED this 29th day of April, 2011



GOVERNOR OF THE STATE OF HAWAII