
A BILL FOR AN ACT

RELATING TO TRANSPORTATION.

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

1 SECTION 1. The legislature hereby finds and declares that:

2 (1) The United States Congress has authorized states under
3 the federal National Highway System Designation Act of
4 1995 and the federal Safe, Accountable, Flexible,
5 Efficient Transportation Equity Act: A Legacy for
6 Users (Public Law 109-59) to issue grant anticipation
7 revenue vehicles, or "GARVEE bonds," which are tax-
8 exempt revenue anticipation notes or bonds backed by
9 annual federal appropriations for federal-aid highway
10 program transportation projects;

11 (2) Using revenue anticipation notes and bonds to finance
12 federal transportation projects can greatly accelerate
13 projects and can result in significant cost savings to
14 the State, since those transportation projects can be
15 completed at present-day costs;

16 (3) Funding transportation projects with revenue
17 anticipation notes or bonds can also deliver projects



1 to the public significantly sooner than traditional
2 funding mechanisms; and

3 (4) Therefore, it is in the best interest of the State of
4 Hawaii to develop these new and innovative methods for
5 funding and accelerating critical transportation
6 infrastructure projects.

7 SECTION 2. Chapter 264, Hawaii Revised Statutes, is
8 amended by adding a new part to be appropriately designated and
9 to read as follows:

10 **"PART . FEDERAL HIGHWAY REVENUE ANTICIPATION NOTES AND BONDS**

11 **§264-A Definitions.** As used in this part, unless a
12 different meaning clearly appears from the context:

13 "Department" means the department of transportation.

14 "Director" means the director of transportation.

15 "Federal transportation funds" means any funds apportioned
16 to the State by the United States Department of Transportation
17 including but not limited to funds paid pursuant to the Safe,
18 Accountable, Flexible, Efficient Transportation Equity Act: A
19 Legacy for Users (Public Law 109-59) and any successor federal-
20 aid highway program authorization act or acts, and includes
21 federal reimbursements and grants with respect to qualified
22 federal-aid highway program transportation projects.



1 "Qualified federal-aid highway program transportation
2 project" means any project that may be financed, in whole or in
3 part, with federal transportation funds.

4 "Revenue anticipation notes" or "notes" means revenue
5 anticipation notes or bonds authorized and issued by the
6 department in accordance with this part.

7 "State matching funds" means revenues other than federal
8 transportation funds that are credited to the state highway fund
9 in accordance with section and that may be used by the
10 department to pay the costs of any qualified federal-aid highway
11 program transportation projects.

12 **§264-B Transportation financing account.** There is hereby
13 created as a special trust fund in the state highway fund the
14 transportation financing account, which shall be administered by
15 the department. The proceeds of the sale of revenue
16 anticipation notes shall be deposited into the transportation
17 financing account. The moneys in the transportation financing
18 account shall be available, subject to appropriation by the
19 legislature, for use with respect to qualified federal-aid
20 highway program transportation projects:

- 21 (1) To pay the principal of and interest on notes;
22 (2) To fund reserve funds;



1 (3) To pay costs associated with the issuance or further
2 security of the notes; or

3 (4) For capitalized interest of up to thirty-six months.

4 **§264-C Selection of qualified federal-aid highway program**
5 **transportation projects.** (a) The director may from time to
6 time select and designate qualified federal-aid highway program
7 transportation projects to be funded from the proceeds of notes;
8 provided that financing of the project from the proceeds of
9 notes has been approved by the federal highway administration
10 and the regional transportation planning agency, and the project
11 has completed environmental clearance and project design. The
12 director shall submit the list of the projects, together with
13 the anticipated cost thereof, to the legislature as part of the
14 department's annual budget, together with the request that the
15 legislature authorize the issuance of notes and appropriate the
16 proceeds thereof to the projects in accordance with part III of
17 chapter 39.

18 (b) On or before April 1 of each year, the department, in
19 conjunction with the department of budget and finance, shall
20 prepare an annual analysis of the bonding capacity of federal
21 transportation funds deposited in the state highway fund.



1 (c) The department shall establish guidelines for
 2 eligibility for funding allocations under this part. The
 3 guidelines shall be nondiscriminatory and shall be designed to
 4 allow as many counties as possible to establish eligibility for
 5 funding allocations under this part, regardless of the
 6 population size or geographic location of the county.

7 **§264-D Issuance of revenue anticipation notes.** (a) The
 8 department, to provide for the financing of selected qualified
 9 federal-aid highway program transportation projects, may issue
 10 revenue anticipation notes. The payment of the principal of;
 11 premium, if any; and interest on the revenue anticipation notes
 12 shall be secured by a pledge of future receipts of federal
 13 transportation funds, in accordance with part III of chapter 39.
 14 Revenue anticipation notes are hereby determined to be revenue
 15 bonds, and receipts of federal transportation funds are hereby
 16 determined to be revenues within the meaning of part III of
 17 chapter 39. The department:

18 (1) Shall comply with Title 23 United States Code
 19 Section 122, when issuing revenue anticipation notes
 20 under this part;

21 (2) May issue tax-exempt or taxable revenue anticipation
 22 notes, within the department's allowable debt-to-



1 projected-revenue ratio and within the State's debt
2 limit, as approved by the director of finance;
3 provided that the director of finance may not
4 authorize the issuance of revenue anticipation notes
5 if the annual repayment obligations of all outstanding
6 revenue anticipation notes in any fiscal year,
7 determined as of the date of issuance of each series
8 of notes, would exceed fifty per cent of the total
9 amount of federal highway funds apportioned to the
10 State by the United States Department of
11 Transportation during the fiscal year next preceding
12 the fiscal year in which the series of notes is
13 issued;

14 (3) Shall ensure that all qualified federal-aid highway
15 program transportation projects to be funded by
16 revenue anticipation notes are subject to legislative
17 appropriation;

18 (4) Shall study the costs and risks associated with the
19 proposed use of revenue anticipation notes before
20 issuance, in comparison to other funding mechanisms
21 including but not limited to pay-as-you-go, federal
22 advance construction, federal incremental advance



1 construction, or other funding mechanisms authorized
2 under federal law to achieve maximum efficiency from
3 the State's federal allocation of transportation
4 funds;

5 (5) May use alternative funding sources for revenue stream
6 or insurance to back up a potential shortfall in
7 federal authorization or obligation; and

8 (6) Shall deposit the proceeds of the sale of revenue
9 anticipation notes issued under this part and apply
10 such proceeds as provided by section 264-B.

11 (b) The department may use proceeds of revenue
12 anticipation notes to accelerate construction of qualified
13 federal-aid highway program transportation projects by:

14 (1) Using the federal moneys to pay the debt service for
15 revenue anticipation notes; and

16 (2) Using the federal moneys received in connection with
17 other federal-aid projects to pay debt service on the
18 revenue anticipation notes; provided that, as
19 permitted by Title 23, United States Code, the debt-
20 financed transportation projects for which federal
21 reimbursements are used need not themselves be
22 federal-aid projects.



1 **§264-E Annual reports.** On or before December 1 of each
2 year, the director shall prepare and submit an annual report
3 regarding the preceding fiscal year to the governor and the
4 legislature. Each report shall compile and detail:

- 5 (1) The total amount of outstanding revenue anticipation
6 notes issued pursuant to this part;
- 7 (2) The qualified federal-aid highway program
8 transportation projects funded by those outstanding
9 revenue anticipation notes;
- 10 (3) The amount of note proceeds expended on each project;
- 11 (4) The status of each project;
- 12 (5) The estimated date of completion for the projects not
13 yet completed;
- 14 (6) The total amount of federal transportation funds paid
15 to the department since the revenue anticipation notes
16 have been issued; and
- 17 (7) The total amount of proceeds from the issuance of
18 revenue anticipation notes, state matching funds, and
19 federal transportation funds applied by the department
20 in each fiscal year for the payment of the revenue
21 anticipation notes and the costs associated with the
22 issuance and administration of the notes."



1 SECTION 3. Section 39-51, Hawaii Revised Statutes, is
2 amended by amending the definitions of "revenue" and "revenue
3 bonds" to read as follows:

4 "Revenue" means the moneys collected, including any moneys
5 collected from the State or any department, or any county or
6 board, agency or instrumentality thereof, from the rates,
7 rentals, fees, and charges prescribed for the use and services
8 of, and the facilities and commodities furnished by, an
9 undertaking or the use and services and benefits of a loan
10 program; provided that the term shall include all insurance
11 premium payments, assessments, surcharges, investment earnings,
12 and all other income of the Hawaii hurricane relief fund[-], and
13 all reimbursements and grants received from the United States
14 Department of Transportation with respect to federal-aid highway
15 program transportation projects.

16 "Revenue bonds" means all bonds payable solely from and
17 secured by the revenue, or user taxes, or any combination of
18 both, of an undertaking or loan program or any loan made
19 thereunder for which bonds are issued and as otherwise provided
20 in this part; provided that the term shall include: [all]

21 (1) All bonds issued by the director of finance under the
22 authority of section 10(a), Act 339, Session Laws of



1 Hawaii 1993, as amended, for the purposes of the
2 hurricane bond loan fund[-]; and
3 (2) All revenue anticipation notes or bonds issued by the
4 director of transportation under the authority of
5 section , Act , Session Laws of Hawaii 2011,
6 as amended, for the purposes of the transportation
7 financing account of the highway special fund."

8 SECTION 4. In codifying the new sections added by section
9 2 of this Act, the revisor of statutes shall substitute
10 appropriate section numbers for the letters used in designating
11 the new sections in this Act.

12 SECTION 5. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 6. This Act shall take effect on July 1, 2030, and
15 upon ratification of a constitutional amendment to article VII,
16 section 12, of the Hawaii State Constitution, authorizing the
17 State to issue federal-aid highway transportation program
18 revenue anticipation bonds, payable from and secured in whole or
19 in part by rates, rentals, and charges consisting of payments,
20 reimbursements, and grants from the United States government,
21 and use the proceeds from the bonds to finance federal-aid
22 highway program transportation projects.



Report Title:
Transportation

Description:
Provides for the issuance of Grant Anticipation Revenue Vehicles or "GARVEE bonds," as provided for by the federal National Highway System Designation Act of 1995 and the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users for legislatively appropriated transportation projects in the State. Effective July 1, 2030. (HB1039 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

