

JAN 17 2014

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# A BILL FOR AN ACT

RELATING TO TAX INCREMENT BONDS.

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

1           SECTION 1. Section 39-92, Hawaii Revised Statutes, is  
2 amended as follows:

3           1. By amending subsection (a) to read:

4           "(a) The director of finance shall annually as of July 1  
5 of each fiscal year and following each issuance of general  
6 obligation bonds of the State ascertain and set forth in a table  
7 or other summary a statement evidencing the power of the State  
8 to issue general obligation bonds. In preparing the statements  
9 required by this section, the director of finance may rely on  
10 the statement of total outstanding indebtedness of the State and  
11 the exclusions therefrom prepared pursuant to section 39-93 to  
12 the extent such statement is concurred to by the attorney  
13 general and the comptroller. The statement shall include the  
14 following:

15           (1) The total principal and interest payable in the  
16 current fiscal year and in each future fiscal year on  
17 all outstanding general obligation indebtedness of the  
18 State including outstanding general obligation bonds,



1 reimbursable general obligation bonds, and any other  
2 outstanding general obligation bonds. Principal and  
3 interest on bonds constituting instruments of  
4 indebtedness under which the State incurs a contingent  
5 liability as a guarantor need not be included, but  
6 only to the extent the principal amount of such bonds  
7 does not exceed seven per cent of the principal amount  
8 of outstanding general obligation bonds not otherwise  
9 excluded under section 13 of Article VII of the  
10 Constitution; provided that the State shall have  
11 established and is maintaining a reserve in an amount  
12 in reasonable proportion to the outstanding loans  
13 guaranteed by the State pursuant to law.

14 (2) The total principal and interest payable in the  
15 current fiscal year and in each future fiscal year on  
16 all outstanding general obligation indebtedness of the  
17 State which may be excluded under section 13 of  
18 Article VII of the Constitution in determining the  
19 power of the State to issue general obligation bonds  
20 for the purposes of that section. There shall be  
21 itemized and shown the amounts which may be excluded  
22 under each of clauses 1 through [9] 10 of section 13;



1 in the case of reimbursable general obligation bonds,  
2 the undertaking, improvement, system, or political  
3 subdivision for which such bonds are issued, and,  
4 except as to such bonds issued for a political  
5 subdivision, the revenues, user taxes, or both, from  
6 which the reimbursement to the general fund for the  
7 payment of the principal and interest of such bonds is  
8 to be made.

9 (3) The total principal and interest payable in the  
10 current fiscal year and in each future fiscal year on  
11 all outstanding general obligation indebtedness which  
12 may not be excluded in determining the power of the  
13 State to issue general obligation bonds for the  
14 purposes of section 13 of Article VII of the  
15 Constitution.

16 (4) The net general fund revenues for each of the three  
17 preceding fiscal years, the average of such net  
18 general fund revenues and, until June 30, 1982, the  
19 figure which is twenty per cent of such average; and  
20 thereafter, the figure which is eighteen and one-half  
21 per cent of such average.



1           The items required above to be set forth in the statement  
2 may be disclosed in such manner or arrangement as the director  
3 of finance may deem advisable, and need not be separately stated  
4 if the captions, headings, or groupings disclose the information  
5 required to be set forth."

6           2. By amending subsection (d) to read:

7           "(d) The director of finance shall also prepare and attach  
8 to the statement such supporting schedules as may be necessary  
9 to be set forth in such a manner or arrangement as the director  
10 of finance may deem advisable the following:

11           (1) The principal amount of bonds constituting instruments  
12 of indebtedness under which the State incurs a  
13 contingent liability as a guarantor which may be  
14 excluded under clause 8 of section 13 of Article VII  
15 of the Constitution when determining the power of the  
16 State to issue general obligation bonds;

17           (2) The total principal amount of all outstanding general  
18 obligation indebtedness of the State including general  
19 obligation bonds, reimbursable general obligation  
20 bonds, and any other outstanding general obligation  
21 bonds;



1           (3) The total principal amount of outstanding general  
2           obligation indebtedness of the State which may be  
3           excluded under section 13 of Article VII of the  
4           Constitution. There shall be itemized and shown the  
5           amounts which may be excluded under each of clauses 1  
6           through [9] 10 of section 13; in the case of  
7           reimbursable general obligation bonds, the  
8           undertaking, improvement, system, or political  
9           subdivision for which such bonds are issued. The  
10          principal amount of reimbursable general obligation  
11          bonds issued for an undertaking, improvement, or  
12          system for the purposes of this paragraph shall be the  
13          product of the respective percentages obtained in  
14          subsection (c) (6) of this section and the total  
15          principal amount of outstanding reimbursable general  
16          obligation bonds issued for an undertaking,  
17          improvement, or system;

18          (4) The difference obtained by subtracting from the total  
19          required to be set forth in the statement by paragraph  
20          (2) of this subsection, the total required to be set  
21          forth in the statement by paragraph (3) of this  
22          subsection, which difference shall constitute the



1 principal amount of outstanding general obligation  
2 bonds not otherwise excluded under clause 8 of section  
3 13 of Article VII of the Constitution;

4 (5) The principal and interest and fraction thereof for  
5 the amount of bonds constituting instruments of  
6 indebtedness under which the State incurs a contingent  
7 liability as a guarantor obtained from paragraph (1)  
8 of this subsection which is in excess of seven per  
9 cent of the amount obtained in paragraph (4) of this  
10 subsection shall be included in the schedule set forth  
11 in subsection (a) (1) of this section."

12 SECTION 2. Statutory material to be repealed is bracketed  
13 and stricken. New statutory material is underscored.

14 SECTION 3. This Act shall take effect upon its approval  
15 and upon ratification of a constitutional amendment expressly  
16 providing that the legislature may authorize the counties to  
17 issue tax increment bonds.

18 INTRODUCED BY: ~~AC. Koch-Gee~~

*Arnold de Bab*  
*JM*

*J. Lee Gerk*  
*James H. ...*  
*M. H. H.*

# S.B. NO. 2460

**Report Title:**

Tax Increment Bonds; State Debt Limit Statements; Statutory Amendments

**Description:**

Conforms state debt limit statements laws to include tax increment bonds if a constitutional amendment authorizing the use of such bonds is ratified.

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

