

Honolulu, Hawaii

March 21, 2013

RE: S.B. No. 403
S.D. 2
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Ocean, Marine Resources, & Hawaiian Affairs, to which was referred S.B. No. 403, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO BONDS,"

begs leave to report as follows:

The purpose of this measure is to provide greater flexibility to the Office of Hawaiian Affairs in issuing revenue bonds and expending the revenues derived therefrom. Specifically, this measure, among other things:

- (1) Provides that the interest on revenue bonds issued by the Board of Trustees of the Office of Hawaiian Affairs be excluded from gross income for federal income tax purposes;
- (2) Expands the purposes for which revenues from the issuance of bonds may be expended, including funding loan programs;
- (3) Defines "loan program" and clarifies the definitions of "office project" and "revenues of the office"; and
- (4) Allows the Board of Trustees of the Office of Hawaiian Affairs to refund outstanding bonds without further authorization from the Legislature.



The Association of Hawaiian Civic Clubs and an individual provided testimony in support of this measure. The Office of Hawaiian Affairs provided comments on this measure.

Your Committee has amended this measure by:

- (1) Specifying that the resolutions authorizing the issuances of bonds may pledge to the payment thereof for any part of the revenue from an office project, a loan program, or of the office and that the pledge also constitutes a lien of such loan program or programs;
- (2) Making this measure effective upon its approval; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes that there may be issues with regard to the provisions relating to the federal tax code and respectfully requests that the Department of the Attorney General review the federal tax code and this measure.

As affirmed by the record of votes of the members of your Committee on Ocean, Marine Resources, & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 403, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 403, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Ocean, Marine
Resources, & Hawaiian Affairs,



FAYE E. HANOHANO, Chair



