

---

---

## A BILL FOR AN ACT

PROPOSING AN AMENDMENT TO ARTICLE VII, SECTION 13, OF THE HAWAII CONSTITUTION, TO AMEND THE TIMING OF MATURATION FOR GENERAL OBLIGATION BONDS.

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

1 SECTION 1. Article VII, section 13, of the Constitution of  
2 the State of Hawaii is amended to read as follows:

3 **"DEBT LIMIT; EXCLUSIONS**

4 **Section 13.** General obligation bonds may be issued by the  
5 State; provided that such bonds at the time of issuance would  
6 not cause the total amount of principal and interest payable in  
7 the current or any future fiscal year, whichever is higher, on  
8 such bonds and on all outstanding general obligation bonds to  
9 exceed: a sum equal to twenty percent of the average of the  
10 general fund revenues of the State in the three fiscal years  
11 immediately preceding such issuance until June 30, 1982; and  
12 thereafter, a sum equal to eighteen and one-half percent of the  
13 average of the general fund revenues of the State in the three  
14 fiscal years immediately preceding such issuance. Effective  
15 July 1, 1980, the legislature shall include a declaration of  
16 findings in every general law authorizing the issuance of



1 general obligation bonds that the total amount of principal and  
2 interest, estimated for such bonds and for all bonds authorized  
3 and unissued and calculated for all bonds issued and  
4 outstanding, will not cause the debt limit to be exceeded at the  
5 time of issuance. Any bond issue by or on behalf of the State  
6 may exceed the debt limit if an emergency condition is declared  
7 to exist by the governor and concurred to by a two-thirds vote  
8 of the members to which each house of the legislature is  
9 entitled. For the purpose of this paragraph, general fund  
10 revenues of the State shall not include moneys received as  
11 grants from the federal government and receipts in reimbursement  
12 of any reimbursable general obligation bonds which are excluded  
13 as permitted by this section.

14 A sum equal to fifteen percent of the total of the assessed  
15 values for tax rate purposes of real property in each political  
16 subdivision, as determined by the last tax assessment rolls  
17 pursuant to law, is established as the limit of the funded debt  
18 of such political subdivision that is outstanding and unpaid at  
19 any time.

20 All general obligation bonds for a term exceeding two years  
21 shall be in serial form maturing in substantially equal



1 installments of principal, or maturing in substantially equal  
2 installments of both principal and interest. The first  
3 installment of principal of general obligation bonds and of  
4 reimbursable general obligation bonds shall mature not later  
5 than [~~five years~~] one year from the date of issue of such  
6 series. The last installment on general obligation bonds shall  
7 mature not later than twenty-five years from the date of such  
8 issue and the last installment on general obligation bonds sold  
9 to the federal government, on reimbursable general obligation  
10 bonds and on bonds constituting instruments of indebtedness  
11 under which the State or a political subdivision incurs a  
12 contingent liability as a guarantor shall mature not later than  
13 thirty-five years from the date of such issue. The interest and  
14 principal payments of general obligation bonds shall be a first  
15 charge on the general fund of the State or political  
16 subdivision, as the case may be.

17 In determining the power of the State to issue general  
18 obligation bonds or the funded debt of any political subdivision  
19 under section 12, the following shall be excluded:

20 1. Bonds that have matured, or that mature in the then  
21 current fiscal year, or that have been irrevocably called for



1 redemption and the redemption date has occurred or will occur in  
2 the then fiscal year, or for the full payment of which moneys or  
3 securities have been irrevocably set aside.

4       2. Revenue bonds, if the issuer thereof is obligated by  
5 law to impose rates, rentals and charges for the use and  
6 services of the public undertaking, improvement or system or the  
7 benefits of a loan program or a loan thereunder or to impose a  
8 user tax, or to impose a combination of rates, rentals and  
9 charges and user tax, as the case may be, sufficient to pay the  
10 cost of operation, maintenance and repair, if any, of the public  
11 undertaking, improvement or system or the cost of maintaining a  
12 loan program or a loan thereunder and the required payments of  
13 the principal of and interest on all revenue bonds issued for  
14 the public undertaking, improvement or system or loan program,  
15 and if the issuer is obligated to deposit such revenues or tax  
16 or a combination of both into a special fund and to apply the  
17 same to such payments in the amount necessary therefor.

18       3. Special purpose revenue bonds, if the issuer thereof is  
19 required by law to contract with a person obligating such person  
20 to make rental or other payments to the issuer in an amount at



1 least sufficient to make the required payment of the principal  
2 of and interest on such special purpose revenue bonds.

3 4. Bonds issued under special improvement statutes when  
4 the only security for such bonds is the properties benefited or  
5 improved or the assessments thereon.

6 5. General obligation bonds issued for assessable  
7 improvements, but only to the extent that reimbursements to the  
8 general fund for the principal and interest on such bonds are in  
9 fact made from assessment collections available therefor.

10 6. Reimbursable general obligation bonds issued for a  
11 public undertaking, improvement or system but only to the extent  
12 that reimbursements to the general fund are in fact made from  
13 the net revenue, or net user tax receipts, or combination of  
14 both, as determined for the immediately preceding fiscal year.

15 7. Reimbursable general obligation bonds issued by the  
16 State for any political subdivision, whether issued before or  
17 after the effective date of this section, but only for as long  
18 as reimbursement by the political subdivision to the State for  
19 the payment of principal and interest on such bonds is required  
20 by law; provided that in the case of bonds issued after the  
21 effective date of this section, the consent of the governing



1 body of the political subdivision has first been obtained; and  
2 provided further that during the period that such bonds are  
3 excluded by the State, the principal amount then outstanding  
4 shall be included within the funded debt of such political  
5 subdivision.

6 8. Bonds constituting instruments of indebtedness under  
7 which the State or any political subdivision incurs a contingent  
8 liability as a guarantor, but only to the extent the principal  
9 amount of such bonds does not exceed seven percent of the  
10 principal amount of outstanding general obligation bonds not  
11 otherwise excluded under this section; provided that the State  
12 or political subdivision shall establish and maintain a reserve  
13 in an amount in reasonable proportion to the outstanding loans  
14 guaranteed by the State or political subdivision as provided by  
15 law.

16 9. Bonds issued by or on behalf of the State or by any  
17 political subdivision to meet appropriations for any fiscal  
18 period in anticipation of the collection of revenues for such  
19 period or to meet casual deficits or failures of revenue, if  
20 required to be paid within one year, and bonds issued by or on  
21 behalf of the State to suppress insurrection, to repel invasion,



1 to defend the State in war or to meet emergencies caused by  
2 disaster or act of God.

3 The total outstanding indebtedness of the State or funded  
4 debt of any political subdivision and the exclusions therefrom  
5 permitted by this section shall be made annually and certified  
6 by law or as provided by law. For the purposes of section 12  
7 and this section, amounts received from on-street parking may be  
8 considered and treated as revenues of a parking undertaking.

9 Nothing in section 12 or in this section shall prevent the  
10 refunding of any bond at any time."

11 SECTION 2. The question to be printed on the ballot shall  
12 be as follows:

13 "Shall the first installment of principal of general  
14 obligation bonds and of reimbursable general obligation bonds  
15 mature not later than one year from the date of issue, rather  
16 than five years from the date of issue?"

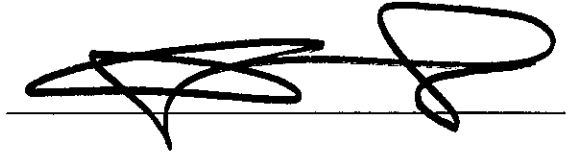
17 SECTION 3. Constitutional material to be repealed is  
18 bracketed and stricken. New constitutional material is  
19 underscored.



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

4

INTRODUCED BY:

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a horizontal line.

JAN 28 2015





# H.B. NO. 1185

**Report Title:**

General Obligation Bonds; State Constitution

**Description:**

Proposes to amend the State Constitution by requiring the first principal installment of general obligation bonds and reimbursable general obligation bonds to mature not later than one year from the date of issuance.

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

