

---

---

# A BILL FOR AN ACT

RELATING TO SPECIAL PURPOSE REVENUE BONDS.

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

1           SECTION 1. Chapter 39A, Hawaii Revised Statutes, is  
2 amended by adding a new part to be appropriately designated and  
3 to read as follows:

4           "PART       .   ASSISTING DAM AND RESERVOIR OWNERS

5           §39A-A Definitions. As used in this part:

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

7           "Dam and reservoir owner" and "project party" mean any  
8 person who has a right to, title to, or an interest in, a dam, a  
9 reservoir, or the property upon which a dam, a reservoir, or  
10 appurtenant work is located or proposed to be located.

11          "Project" means any combination of land and improvements  
12 thereon, including without limitation systems and  
13 infrastructure, for use of, or for, or to assist a project party  
14 to improve the project party's dam and reservoir facilities to  
15 protect public safety and provide significant benefits to the  
16 general public as important water sources, including without  
17 limiting the generality of the foregoing, hydroelectric pumps,



1 pumps, dredging, ditches, spillways, and other apparatuses that  
2 are necessary, suitable, or useful to the project party.

3 "Project agreement" means any agreement entered into under  
4 this part by the department with a project party to lend the  
5 proceeds of special purpose revenue bonds to the project party  
6 in its efforts to construct, operate, or maintain a project."

7 "Special purpose revenue bonds" or "bonds" means bonds,  
8 notes, or other evidences of indebtedness of the State issued  
9 pursuant to this part.

10 **§39A-B Department powers as to projects.** In addition to  
11 powers that it may now have, the department shall have all  
12 powers necessary or convenient to accomplish the purposes of  
13 this part. The powers of the department include but are not  
14 limited to the following:

15 (1) Notwithstanding and without compliance with section  
16 103-7, but with the approval of the governor, to:

17 (A) Enter into and carry out a project agreement, or  
18 an amendment or supplement to an existing project  
19 agreement, with a project party; and

20 (B) Enter into and carry out any agreement whereby  
21 the obligation of a project party under a project



1                    agreement will be unconditionally guaranteed by a  
2                    person other than a project party;

3            (2) To issue special purpose revenue bonds pursuant to and  
4            in accordance with this part;

5            (3) To lend the proceeds of the special purpose revenue  
6            bonds issued for a project to the project party for  
7            use and application by the project party for the  
8            acquisition, purchase, construction, reconstruction,  
9            improvement, betterment, extension, maintenance of a  
10           project, or refinancing of outstanding obligations  
11           related to a project;

12           (4) As security for the payment of the principal, premium,  
13           if any, and interest of the special purpose revenue  
14           bonds issued for a project, to:

15            (A) Pledge, assign, hypothecate, or otherwise  
16            encumber all or any part of the revenues and  
17            receipts derived or to be derived by the  
18            department under the project agreement for the  
19            project for which the bonds are issued;

20            (B) Pledge and assign the interest and rights of the  
21            department under the project agreement or other



- 1 agreement with respect to the project or the  
2 special purpose revenue bonds;
- 3 (C) Pledge and assign any bond, debenture, note, or  
4 other evidence of indebtedness received by the  
5 department with respect to the project; or
- 6 (D) Any combination of the foregoing;
- 7 (5) To extend or renew any project agreement or any other  
8 agreement related thereto; provided that any renewal  
9 or extension shall be subject to the approval of the  
10 governor unless made in accordance with provisions for  
11 the extension or renewal contained in a project  
12 agreement or related agreement previously approved by  
13 the governor; and
- 14 (6) To do any and all things necessary or convenient to  
15 carry out its purposes and exercise the powers given  
16 and granted in this part.

17 When the department lends moneys for a project by the  
18 issuance of special purpose revenue bonds as contemplated by  
19 this part, the State shall not exercise the power of eminent  
20 domain to acquire a project or any part thereof for lease or



1 transfer to a project party, nor shall the State operate a  
2 project on behalf of a project party.

3       **§39A-C Compliance with state and local law.** The issuance  
4 of special purpose revenue bonds with respect to any project  
5 under this part shall not relieve any project party or other  
6 user of the project from the laws, ordinances, and rules of the  
7 State or any political subdivision thereof, or any departments  
8 or boards thereof with respect to:

- 9       (1) The construction, operation, and maintenance of  
10            projects;
- 11       (2) Compliance with master plans or zoning laws or  
12            regulations;
- 13       (3) Obtaining of building permits; and
- 14       (4) Compliance with building and health codes and other  
15            laws, ordinances, or rules and regulations of similar  
16            nature pertaining to the project.

17 These laws shall be applicable to the party or any other user to  
18 the same extent they would be if the costs of the project were  
19 directly financed by the project party.

20       **§39A-D Conditions precedent to negotiating and entering**  
21 **into a project agreement.** (a) The department, prior to



1 entering into negotiations with any project party, shall require  
2 that the project party shall agree to pay all fees, costs, and  
3 expenses (direct or indirect) assessed by the department in  
4 implementing and administering this part, as determined by the  
5 department, even though a project agreement may not be entered  
6 into and may further require the deposit of moneys with the  
7 department to pay for fees, costs, and expenses. The department  
8 shall return any amount of the deposit in excess of the amount  
9 required to pay the State to the project party that made the  
10 deposit. The State shall not be required to pay to the project  
11 party any interest or earnings on the deposit.

12 (b) The department shall not enter into any project  
13 agreement with respect to any project unless the department  
14 shall determine that:

15 (1) The project party is a responsible party, whether by  
16 reason of economic assets or experience in the type of  
17 enterprise to be undertaken through the project, or  
18 otherwise; or

19 (2) The obligations of the project party under the project  
20 agreement will be unconditionally guaranteed by a  
21 person who is a responsible party, whether by reason



1 of economic assets or experience in the type of  
2 enterprise to be undertaken through the project, or  
3 otherwise.

4 **§39A-E Project agreement.** No special purpose revenue  
5 bonds shall be issued unless at the time of issuance the  
6 department shall have entered into a project agreement with  
7 respect to the project for the provision of a loan of which the  
8 special purpose revenue bonds are to be issued. Any project  
9 agreement entered into by the department shall contain  
10 provisions unconditionally obligating the project party:

11 (1) To pay to the department during the period or term of  
12 the project agreement, exclusive of any renewal or  
13 extension thereof and whether or not the project is  
14 used or occupied by the project party, the sum or  
15 sums, at the time or times, and in the amounts that  
16 shall be sufficient:

17 (A) To pay the principal and interest on all special  
18 purpose revenue bonds issued with respect to the  
19 project as the bonds become due, including any  
20 premium payable upon any required redemption of  
21 the bonds;



1 (B) To establish or maintain a reserve, if any, that  
2 may be required by the instrument authorizing or  
3 securing the special purpose revenue bonds;

4 (C) To pay all fees and expenses, including the fees  
5 and expenses of the paying agents and trustees,  
6 assessed in connection with the special purpose  
7 revenue bonds; and

8 (D) To pay the fees, costs, and expenses (direct or  
9 indirect) assessed by the department in  
10 administering the bonds or in carrying out the  
11 project agreement; and

12 (2) To operate, maintain, and repair the project as long  
13 as it is used, as provided in the project agreement,  
14 and to pay all costs of the operation, maintenance,  
15 and repair.

16 Moneys received by the department pursuant to paragraph  
17 (1) (D) shall not be, or be deemed to be, revenues of the project  
18 and shall be paid into the general fund of the State.

19 **§39A-F Issuance of special purpose revenue bonds to offer**  
20 **loans for projects.** In addition to the other powers that it may  
21 otherwise have, the department may issue special purpose revenue





1 bonds to lend the proceeds of the bonds to assist project  
2 parties. All revenue bonds issued under this part are special  
3 purpose revenue bonds and the provisions of part III of chapter  
4 39 shall not apply thereto. All special purpose revenue bonds  
5 shall be issued in the name of the department and not in the  
6 name of the State.

7 In determining the cost of any project, the department may  
8 also include the following:

- 9 (1) Financing charges, fees, and expenses of any trustee  
10 and paying agents for special purpose revenue bonds  
11 issued to pay the cost of the project;
- 12 (2) Interest on the bonds and the expenses of the State in  
13 connection with the bonds and the project that is  
14 receiving a loan from the proceeds of the bonds  
15 accruing or incurred prior to and during the estimated  
16 period of construction and for the period not  
17 exceeding twelve months thereafter;
- 18 (3) Amounts necessary to establish or increase reserves  
19 for the special purpose revenue bonds;
- 20 (4) The cost of plans, specifications, studies, surveys,  
21 and estimates of costs and of revenues;



- 1           (5) Other expenses incidental to determining the
- 2                   feasibility or practicability of the project;
- 3           (6) Administration expenses;
- 4           (7) Legal, accounting, consulting, and other special
- 5                   service fees;
- 6           (8) Interest cost incurred by the project party with
- 7                   respect to the project prior to the issuance of the
- 8                   special purpose revenue bonds; and
- 9           (9) Other costs, commissions, and expenses incidental to
- 10                   the construction, acquisition, reconstruction,
- 11                   renovation, rehabilitation, improvement, betterment,
- 12                   operation, maintenance, or extension of the project,
- 13                   the provision of loans thereof, placing of same in
- 14                   operation, and the issuance of the special purpose
- 15                   revenue bonds, whether incurred prior to or after the
- 16                   issuance of the bonds.

17           The legislature finds and determines that the exercise of  
18 the powers vested in the department by this part constitutes  
19 assistance to a dam and reservoir owner and that the issuance of  
20 special purpose revenue bonds to lend the proceeds of the bonds  
21 to assist project parties to improve their facilities to protect



1 public safety and provide significant benefits to the general  
2 public as important water resources is in the public interest.

3       **§39A-G Authorization of special purpose revenue bonds.**

4 (a) Special purpose revenue bonds for each project or multi-  
5 project program shall be authorized by a separate act of the  
6 legislature, by an affirmative vote of two-thirds of the members  
7 to which each house is entitled; provided that the legislature  
8 shall find that the issuance of the bonds and the proceeds are  
9 to be used to offer loans to assist dam and reservoir owners to  
10 improve their facilities to protect public safety and provide  
11 significant benefits to the general public as important water  
12 sources; provided further that no authorization shall be made  
13 for a period exceeding five years of its enactment. Any special  
14 purpose revenue bond authorization, or any portion of the  
15 special purpose revenue bond authorization that has not been  
16 issued at the close of the fiscal year for the period for which  
17 the authorization is made, shall lapse. Special purpose revenue  
18 bonds issued pursuant to this part may be in one or more series  
19 for each project.

20       The State may combine into a single issue of special  
21 purpose revenue bonds two or more proposed issues of special



1 purpose revenue bonds to assist dam and reservoir owners,  
2 separately authorized as aforesaid, in the total amount of not  
3 exceeding the aggregate of the proposed separate issues of  
4 special purpose revenue bonds.

5 The special purpose revenue bonds of each issue shall be  
6 dated, shall bear interest at such rate or rates, shall mature  
7 at such time or times (not to exceed forty years from their date  
8 or dates), shall have such rank or priority, and may be made  
9 redeemable before maturity at the option of the department, at  
10 such price or prices and under such terms and conditions, all as  
11 may be determined by the department. The department shall  
12 determine the form of the special purpose revenue bonds,  
13 including any interest coupons to be attached, and the manner of  
14 execution of the special purpose revenue bonds. The department  
15 shall also fix the denomination or denominations of the special  
16 purpose revenue bonds and the place or places of payment of  
17 principal and interest, which may be at any bank or trust  
18 company within or without the State. The special purpose  
19 revenue bonds may be issued in coupon or in registered form, or  
20 both, as the department may determine. Provisions may be made  
21 for the registration of any coupon bonds as to principal alone



1 and also as to both principal and interest and for the  
2 reconversion into coupon bonds of any bonds registered as to  
3 both principal and interest. The department may sell special  
4 purpose revenue bonds in such manner, either at public or  
5 private sale, and for such price as it may determine.

6 (b) Prior to the preparation of definitive special purpose  
7 revenue bonds, the department may issue interim receipts or  
8 temporary bonds, with or without coupons, exchangeable for  
9 definitive bonds when the bonds have been executed and are  
10 available for delivery.

11 (c) Should any bond issued under this part or any coupon  
12 appertaining thereto become mutilated or be lost, stolen, or  
13 destroyed, the department may cause a new bond or coupon of like  
14 date, number, and tenor to be executed and delivered in exchange  
15 and substitution for, and upon the cancellation of the mutilated  
16 bond or coupon, or in lieu of and in substitution for a lost,  
17 stolen, or destroyed bond or coupon. The new bond or coupon  
18 shall not be executed or delivered until the holder of the  
19 mutilated, lost, stolen, or destroyed bond or coupon has:

20 (1) Paid the reasonable expense and related charges;



1           (2) In the case of a lost, stolen, or destroyed bond or  
2           coupon, filed with the department or its fiduciary  
3           evidence satisfactory to the department or its  
4           fiduciary that the bond or coupon was lost, stolen, or  
5           destroyed and that the holder was the owner of the  
6           bond; and

7           (3) Furnished indemnity satisfactory to the department.

8           (d) The department may provide that CUSIP identification  
9 numbers be printed on the special purpose revenue bonds. If  
10 numbers are imprinted on the bonds:

11           (1) No CUSIP identification number shall constitute a part  
12           of the contract evidenced by the particular bond upon  
13           which it is imprinted; and

14           (2) No liability shall attach to the department or any of  
15           its officers or agents, including any fiscal agent,  
16           paying agent, or registrar for the bonds, by reason of  
17           the numbers or any use made thereof, including any use  
18           made by the department, any officer, or any agent, or  
19           by reason of any inaccuracy, error, or omission with  
20           respect thereto or in any use.



1           The department may require that all costs of obtaining and  
2 imprinting the numbers shall be paid by the purchaser of the  
3 bonds. For the purpose of this subsection, the term "CUSIP  
4 identification numbers" means the numbering system adopted by  
5 the Committee for Uniform Security Identification Procedures  
6 formed by the Securities Industry Association.

7           **§39A-H Special purpose revenue bond anticipation notes.**  
8 Whenever the department has authorized the issuance of special  
9 purpose revenue bonds under this part, special purpose revenue  
10 bond anticipation notes of the department may be issued in  
11 anticipation of the issuance of the bonds and of the receipt of  
12 the proceeds of sale of the bonds, for the purposes for which  
13 the bonds have been authorized. All special purpose revenue  
14 bond anticipation notes shall be authorized by the department,  
15 and the maximum principal amount of the notes shall not exceed  
16 the authorized principal amount of the bonds. The notes shall  
17 be payable solely from and secured solely by the proceeds of  
18 sale of the special purpose revenue bonds in anticipation of  
19 which the notes are issued and the revenues from which would be  
20 payable and by which the bonds would be secured; provided that  
21 to the extent that the principal of the notes shall be paid from



1 moneys other than the proceeds of sale of the bonds, the maximum  
2 amount of bonds in anticipation of which the notes are issued  
3 that has been authorized shall be reduced by the amount of notes  
4 paid in such manner. The authorization, issuance, and the  
5 details of the notes shall be governed by this part with respect  
6 to special purpose revenue bonds insofar as the same may be  
7 applicable; provided that each note, together with all renewals  
8 and extensions thereof, or refundings thereof by other notes  
9 issued under this section, shall mature within five years from  
10 the date of the original note.

11       **§39A-I Powers with respect to and security for special**  
12 **purpose revenue bonds.** To secure the payment of any of the  
13 special purpose revenue bonds issued pursuant to this part and  
14 interest thereon, or in connection with the bonds, the  
15 department shall have the power:

16       (1) To pledge all or any part of the revenues derived by  
17 the department from the project agreement to the  
18 punctual payment of special purpose revenue bonds  
19 issued with respect to the project assisted by  
20 proceeds thereof and interest thereon, and to covenant  
21 against thereafter pledging any revenues or receipts





- 1 to any other bonds or any other obligations of the  
2 department for any other purpose, except as otherwise  
3 stated in the law providing for the issuance of  
4 additional special purpose revenue bonds to be equally  
5 and ratably secured by a lien upon the revenues;
- 6 (2) To pledge and assign the interest and right of the  
7 department under the project agreement and other  
8 agreements related thereto and the rights, duties, and  
9 obligations of the department thereunder, including  
10 the right to receive revenues thereunder;
- 11 (3) To covenant as to the use and disposition of the  
12 proceeds from the sale of the bonds;
- 13 (4) To covenant to set aside or pay over reserves and  
14 sinking funds for the bonds and as to the disposition  
15 thereof;
- 16 (5) To covenant and prescribe as to what happenings or  
17 occurrences shall constitute "events of default" and  
18 the terms and conditions upon which any or all of the  
19 bonds shall become or may be declared due before  
20 maturity and as to the terms and conditions upon which  
21 the declaration and its consequences may be waived;



- 1           (6) To covenant as to the rights, liabilities, powers, and  
2           duties arising upon the breach by it of any covenant,  
3           condition, or obligation;
- 4           (7) To designate a national or state bank or trust company  
5           within or without the State, incorporated in the  
6           United States, to serve as trustee for the holders of  
7           the special purpose revenue bonds and to enter into a  
8           trust indenture or trust agreement or indenture of  
9           mortgage with the trustee. The trustee may be  
10          authorized by the department to receive and receipt  
11          for, hold, and administer the proceeds of the special  
12          purpose revenue bonds issued for the project and to  
13          apply the proceeds to the purposes for which the bonds  
14          are issued, or to receive and receipt for, hold, and  
15          administer the revenues derived by the department  
16          under the project agreement and to apply the revenues  
17          to the payment of the principal and interest on the  
18          bonds, or both, and any excess revenues to the payment  
19          of expenses incurred by the State in administering the  
20          bonds or in carrying out the project agreement. If a  
21          trustee is appointed, any trust indenture or trust



1 agreement or indenture of mortgage entered into by the  
2 department with the trustee may contain whatever  
3 covenants and provisions as may be necessary or  
4 convenient or desirable to secure the bonds. The  
5 department may pledge and assign to the trustee the  
6 interest of the department under the project agreement  
7 and other agreements related thereto and the rights,  
8 duties, and obligations of the department thereunder,  
9 including the right to receive revenues thereunder.  
10 The department may appoint the trustee to serve as  
11 fiscal agent for the payment of the principal and  
12 interest, and for the purchase, registration,  
13 transfer, exchange, and redemption of the special  
14 purpose revenue bonds. The department may also  
15 authorize and empower the trustee to perform these  
16 functions with respect to the payment, purchase,  
17 registration, transfer, exchange, and redemption, as  
18 the department may deem necessary, advisable, or  
19 expedient, including without limitation the holding of  
20 the special purpose revenue bonds and coupons that



1           have been paid and the supervision of the destruction  
2           thereof in accordance with law;

3           (8) To execute all instruments necessary or convenient in  
4           the exercise of the powers herein granted or in the  
5           performance of its covenants and duties; and

6           (9) To make covenants and do any and all acts as may be  
7           necessary, convenient, or desirable to secure the  
8           bonds, notwithstanding that the covenants, acts, or  
9           items may not be enumerated herein.

10          The department shall have the power to do all things in the  
11          issuance of the bonds and for their security that are consistent  
12          with the Constitution of the State of Hawaii.

13           **§39A-J Security for special purpose revenue bonds.**

14          Special purpose revenue bonds shall be payable solely from the  
15          revenues derived by the department from payments made to the  
16          department under the project agreement or other supplemental  
17          agreements entered into with respect to the project and shall be  
18          secured solely by the bond revenues and by the pledges and  
19          assignments authorized by this part. Subject to the prior and  
20          superior rights of outstanding bonds, claims, obligations, or  
21          mechanic's and materialman's liens, all special purpose revenue



1 bonds of the same issue shall have a prior and paramount lien on  
2 the revenues derived from the project agreement with respect to  
3 the project, for which the bonds have been issued, over and  
4 ahead of all special purpose revenue bonds of any issue payable  
5 from the revenues that may be subsequently issued and over and  
6 ahead of any claims or obligations of any nature against the  
7 revenues subsequently arising or subsequently incurred; provided  
8 that the department may reserve the right and privilege to  
9 subsequently issue additional series of special purpose revenue  
10 bonds, from time to time, payable from the revenues derived from  
11 the project agreement on a parity with the special purpose  
12 revenue bonds previously issued, and the subsequently issued  
13 series of special purpose revenue bonds may be secured, without  
14 priority by reason of date of sale, date of execution, or date  
15 of delivery, by a lien on the revenues in accordance with law,  
16 including this part.

17 Notwithstanding any other provisions herein, all or part of  
18 the property constituting the project and all interest of the  
19 project party in the project and the revenues of the project  
20 party therefrom may be subjected to the present and future lien  
21 of any mortgage of the project party securing the project



1 party's bonds, and the rights of the department and any trustee  
2 for the holders of the special purpose revenue bonds and the  
3 holders of the special purpose revenue bonds in the project and  
4 the revenues therefrom may be made subject to the prior lien of  
5 the project party's mortgage.

6       **§39A-K Special purpose revenue bonds not a general**  
7 **obligation of the State.** No holder or holders of any special  
8 purpose revenue bonds issued under this part shall ever have the  
9 right to compel any exercise of the taxing power of the State to  
10 pay the bonds or the interest thereon and no moneys other than  
11 the revenues pledged to the bonds shall be applied to the  
12 payment thereof. Each special purpose revenue bond issued under  
13 this part shall recite in substance that the bond, including  
14 interest thereon, is not a general obligation of the State and  
15 is payable solely from the revenues pledged to the payment  
16 thereof, and that the bond is not secured, directly or  
17 indirectly, by the full faith and credit or the general credit  
18 of the State or by any revenues or taxes of the State other than  
19 the revenues specifically pledged thereto.

20       **§39A-L Validity of special purpose revenue bonds.** The  
21 special purpose revenue bonds bearing the signature or facsimile



1 signature of officers in office on the date of the signing  
2 thereof shall be valid and sufficient for all purposes,  
3 notwithstanding that before the delivery thereof and payment  
4 therefor, any or all the persons whose signatures appear thereon  
5 shall have ceased to be officers of the department. Special  
6 purpose revenue bonds shall contain a recital that they are  
7 issued pursuant to this part, which recital shall be conclusive  
8 evidence of their validity and of the regularity of their  
9 issuance.

10 **§39A-M Use of revenues derived from project agreement.**

11 The department shall have the right to appropriate, apply, or  
12 expend the revenues derived with respect to the project  
13 agreement for a project for the following purposes:

14 (1) To pay when due all special purpose revenue bonds,  
15 premiums if any, and interest thereon, for the payment  
16 of which the revenues are or have been pledged,  
17 charged, or otherwise encumbered, including reserves  
18 therefor; and

19 (2) To the extent not paid by the project party to provide  
20 for all expenses of administration, operations, and



1 maintenance of the project, including reserves  
2 therefor.

3 Unless and until adequate provision has been made for the  
4 foregoing purposes, the department shall not transfer the  
5 revenues derived from the project agreement to the general fund  
6 of the State.

7 **§39A-N Special purpose revenue bonds exempt from taxation.**  
8 Special purpose revenue bonds and the income therefrom issued  
9 pursuant to this part shall be exempt from all state and county  
10 taxation except inheritance, transfer, and estate taxes.

11 **§39A-O Federal tax exempt status.** To the extent  
12 practicable, special purpose revenue bonds issued pursuant to  
13 this part shall be issued to comply with requirements imposed by  
14 applicable federal law providing that the interest on the  
15 special purpose revenue bonds shall be excluded from gross  
16 income for federal income tax purposes, except as certain  
17 minimum taxes or environmental taxes may apply. The director of  
18 finance may enter into agreements, establish funds or accounts,  
19 and take any action required to comply with applicable federal  
20 law. Nothing in this part shall be deemed to prohibit the





1 issuance of special purpose revenue bonds, the interest on which  
2 may be included in gross income for federal income tax purposes.

3       **§39A-P Exemption from taxation of department property.**

4 All revenues derived by the department from any project or under  
5 the project agreement pertaining thereto shall be exempt from  
6 all state and county taxation. Any right, title, and interest  
7 of the department in any project shall also be exempt from all  
8 state and county taxation.

9       Except as otherwise provided by law, the interest of the  
10 project party or user of the project under the project agreement  
11 or related agreement shall not be exempt from taxation to a  
12 greater extent than it would be if the costs of the project were  
13 directly financed by the project party or other user.

14       **§39A-Q Refunding special purpose revenue bonds.** By act  
15 enacted by an affirmative vote of two-thirds of the members to  
16 which each house is entitled, the legislature may authorize the  
17 issuance of refunding special purpose revenue bonds for the  
18 purpose of refunding any special purpose revenue bonds then  
19 outstanding and issued under this part, whether or not the  
20 outstanding special purpose revenue bonds have matured or are  
21 then subject to redemption. By act enacted by an affirmative



1 vote of two-thirds of the members to which each house is  
2 entitled, the legislature may provide for the issuance of a  
3 single issue of special purpose revenue bonds for the combined  
4 purposes of:

- 5 (1) Lending moneys to a project party to pay the cost of a  
6 project or improvement or expansion thereof; and
- 7 (2) Refunding special purpose revenue bonds that shall  
8 theretofore have been issued under this part and shall  
9 then be outstanding, whether or not the outstanding  
10 special purpose revenue bonds have matured or are then  
11 subject to redemption.

12 Nothing in this section shall require or be deemed to  
13 require the department to elect to redeem or prepay special  
14 purpose revenue bonds being refunded, or to redeem or prepay  
15 special purpose revenue bonds being refunded that were issued in  
16 the form customarily known as term bonds in accordance with any  
17 sinking fund installment schedule specified in any instruments  
18 providing for the issuance thereof, or, if the department elects  
19 to redeem or prepay any bonds, to redeem or prepay as of any  
20 particular date or dates. The issuance of refunding special  
21 purpose revenue bonds, the maturities and other details thereof,



1 the rights and remedies of the holders thereof, and the rights,  
2 powers, privileges, duties, and obligations of the department  
3 with respect to the same, shall be governed by the foregoing  
4 provisions of this part insofar as the same may be applicable.

5       **§39A-R Status of special purpose revenue bonds under the**  
6 **Uniform Commercial Code.** Notwithstanding any of the provisions  
7 of this part or any recitals in any special purpose revenue  
8 bonds issued under this part, all special purpose revenue bonds  
9 shall be deemed to be investment securities under the Uniform  
10 Commercial Code, chapter 490, subject only to the provisions of  
11 the special purpose revenue bonds pertaining to registration.

12       **§39A-S Special purpose revenue bonds as legal investments**  
13 **and lawful security.** Special purpose revenue bonds issued  
14 pursuant to this part shall be and are declared to be legal and  
15 authorized investments for banks, savings banks, trust  
16 companies, savings and loan associations, insurance companies,  
17 credit unions, fiduciaries, trustees, guardians, and for all  
18 public funds of the State or other political corporations or  
19 subdivisions of the State. The special purpose revenue bonds  
20 shall be eligible to secure the deposit of any and all public  
21 funds of the State and any and all public funds of counties or



1 other political corporations or subdivisions of the State, and  
2 the bonds shall be lawful and sufficient security for public  
3 fund deposits to the extent of their value when accompanied by  
4 all unmatured coupons appertaining thereto.

5       **§39A-T Access to and public disclosure of financial**  
6 **records of project party.** (a) Each project party with a  
7 project agreement with the department shall allow the department  
8 full access to the project party's financial records. Upon the  
9 request of the department for the examination of any financial  
10 record, the project party shall allow the department to examine  
11 the requested records within a reasonably prompt time from the  
12 date of the request. If the department requests copies of the  
13 records, the project party shall provide the copies.

14       (b) To provide the public with full knowledge of the use  
15 of the proceeds and benefits derived from special purpose  
16 revenue bonds issued under this part, the department shall  
17 require each project party with a project agreement with the  
18 department to make available to the public all relevant  
19 financial records that pertain to the use of or savings  
20 resulting from the use of special purpose revenue bonds.



1 (c) The department shall adopt rules under chapter 91 for  
2 the purposes of this section.

3 **§39A-U Estimate of benefits.** (a) Each project party with  
4 a project agreement with the department shall estimate the  
5 benefits derived from the use of the proceeds of special purpose  
6 revenue bonds. The benefits estimated shall be based on the  
7 creation of new jobs and potential effect on tax receipts. The  
8 format of and method for determining the estimates shall be  
9 established by the department and shall be uniform for each  
10 project party.

11 (b) To promote public understanding of the role played by  
12 special purpose revenue bonds in providing benefits to the  
13 general public, the department shall take appropriate steps to  
14 ensure public access to and scrutiny of the estimates determined  
15 under subsection (a).

16 (c) The department shall adopt rules under chapter 91 for  
17 the purposes of this section.

18 **§39A-V Construction of this part.** The powers conferred by  
19 this part shall be in addition and supplemental to the powers  
20 conferred by any other law. Insofar as the provisions of this

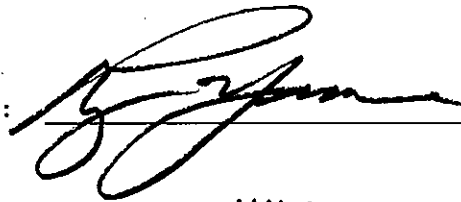


1 part are inconsistent with the provisions of any other law, this  
2 part shall control."

3 SECTION 2. In codifying the new sections added by section  
4 1 of this Act, the revisor of statutes shall substitute  
5 appropriate section numbers for the letters used in designating  
6 the new sections in this Act.

7 SECTION 3. This Act shall take effect upon its approval.  
8

INTRODUCED BY:



JAN 22 2016



# H.B. NO. 2058

**Report Title:**

Dams and Reservoirs; Special Purpose Revenue Bonds

**Description:**

Authorizes the issuance of special purpose revenue bonds for certain dam and reservoir projects that improve facilities to protect public safety and provide significant benefits to the general public as important water resources.

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

