
A BILL FOR AN ACT

RELATING TO NON-GENERAL FUNDS.

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

1 PART I

2 SECTION 1. The purpose of this Act is to repeal and
3 reclassify various non-general funds pursuant to the
4 recommendations made by the auditor in Auditor's Report No. 14-
5 13, entitled *Review of Special Funds, Revolving Funds, Trust*
6 *Funds and Trust Accounts of the Departments of the Attorney*
7 *General and Business, Economic Development and Tourism.*

8 PART II

9 SECTION 2. The purpose of this part is to reclassify the
10 various housing loan special funds established pursuant to
11 section 201H-80, Hawaii Revised Statutes, as revolving funds.

12 The legislature finds that each of these funds functions
13 as, and meets the criteria for, a revolving fund and should be
14 reclassified as a revolving fund.

15 SECTION 3. Section 201H-75, Hawaii Revised Statutes, is
16 amended by amending subsection (c) to read as follows:



1 "(c) The trustee shall also be authorized by the
2 corporation to hold and administer any housing project bond
3 [~~special~~] revolving funds and housing loan program revenue bond
4 [~~special~~] revolving funds established pursuant to section 201H-
5 80. The trustee may receive and receipt for, hold, and
6 administer the revenues derived by the corporation from any
7 housing project or projects or loan program for which the bonds
8 are issued or the projects or loan programs pledged to the
9 payment of the bonds. The trustee shall apply the revenues to
10 the payment of the cost of administering, operating, and
11 maintaining the housing project or projects or loan program; to
12 pay the principal of and the interest on the bonds; to the
13 establishment of reserves; and to other purposes as may be
14 authorized in the proceedings providing for the issuance of the
15 bonds."

16 SECTION 4. Section 201H-80, Hawaii Revised Statutes, is
17 amended as follows:

18 1. By amending its title to read:

19 "[-]§201H-80[+] Housing finance revolving fund; bond
20 [~~special~~] revolving funds."

21 2. By amending subsections (b) to (d) to read as follows:



1 "(b) All moneys received and collected by the corporation,
2 not otherwise pledged or obligated nor required by law to be
3 placed in any other special or revolving fund, shall be
4 deposited in the housing finance revolving fund.

5 (c) A separate [~~special~~] revolving fund shall be
6 established for each housing project or system of housing
7 projects or loan program financed from the proceeds of bonds
8 secured under the same trust indenture. Each fund shall be
9 designated "housing project bond [~~special~~] revolving fund" or
10 "housing loan program revenue bond [~~special~~] revolving fund", as
11 appropriate, and shall bear any additional designation as the
12 corporation deems appropriate to properly identify the fund.

13 (d) Notwithstanding any other law to the contrary, all
14 revenues, income, and receipts derived from a housing project or
15 system of projects or loan program financed from the proceeds of
16 bonds or pledged to the payment of the principal of and interest
17 and premium on bonds, shall be paid into the housing project
18 bond [~~special~~] revolving fund or housing loan program revenue
19 bond [~~special~~] revolving fund established for the housing
20 project or system of projects or loan program and applied as



1 provided in the proceedings authorizing the issuance of the
2 bonds."

3 SECTION 5. The housing loan program revenue bond special
4 fund - rental housing system, established in 1987 and
5 administered by the department of business, economic
6 development, and tourism, shall be reclassified as a revolving
7 fund and renamed the housing loan program revenue bond revolving
8 fund - rental housing system.

9 SECTION 6. The housing loan program revolving bond fund,
10 established in 1979 and administered by the department of
11 business, economic development, and tourism, and also known as
12 the single family mortgage purchase revenue bond fund, shall be
13 reclassified as a revolving fund.

14 SECTION 7. The housing project bond special fund - multi
15 family special fund, established in 1980 and administered by the
16 department of business, economic development, and tourism, shall
17 be reclassified as a revolving fund and be renamed the housing
18 loan program revenue bond revolving fund - multi family.

19 PART III

20 SECTION 8. The purpose of this part is to repeal the fee
21 simple residential revolving fund.



1 The legislature finds that the fund no longer serves the
2 purpose for which it was created, does not meet the criteria for
3 a revolving fund, and should be repealed.

4 SECTION 9. Section 201H-211, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "§201H-211 Expenditures of revolving funds under the
7 corporation exempt from appropriation and allotment. Except as
8 to administrative expenditures, and except as otherwise provided
9 by law, expenditures from the revolving funds administered by
10 the corporation under subparts I and J of part III, relating to
11 financing programs, or sections 201H-80 [~~7~~] or 201H-123 [~~7~~ ~~or~~
12 ~~516-44~~] may be made by the corporation without appropriation or
13 allotment by the legislature; provided that no expenditure shall
14 be made from and no obligation shall be incurred against any
15 revolving fund in excess of the amount standing to the credit of
16 the fund or for any purpose for which the fund may not lawfully
17 be expended. Nothing in sections 37-31 to 37-41 shall require
18 the proceeds of the revolving funds identified in subparts I and
19 J of part III, or sections 201H-80 [~~7~~] or 201H-123 [~~7~~ ~~or~~ ~~516-44~~]
20 to be reappropriated annually."



1 SECTION 10. Section 516-45, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§516-45 General obligation bonds. The director of
4 finance may, from time to time, issue general obligation bonds
5 in such amounts as may be authorized by the legislature, for the
6 purpose of acquisition by the Hawaii housing finance and
7 development corporation of residentialouselots within
8 development tracts pursuant to chapter 516, part II or for the
9 acquisition of suitable properties to exchange pursuant to
10 section 516-24.5 or for the acquisition by the department of
11 land and natural resources under section 171-50.1 of suitable
12 properties for exchange pursuant to section 171-50.2 to
13 effectuate the purpose of this chapter. [~~The principal and
14 interest of general obligation bonds issued pursuant to this
15 section shall be reimbursed to the general fund from the fee
16 simple residential revolving fund as provided in section 516-
17 44.~~] Pending the receipt of funds from the issuance and sale of
18 general obligation bonds, amounts required within the limits of
19 legislative authorization may be advanced to the Hawaii housing
20 finance and development corporation from the general fund of the



1 State. Upon the receipt of the bond funds, the general fund
2 shall be reimbursed the amount advanced."

3 SECTION 11. Section 516-44, Hawaii Revised Statutes, is
4 repealed.

5 [~~"§516-44 Fee simple residential revolving fund. A fee
6 simple residential revolving fund is created. The funds
7 appropriated for the purposes of this chapter and chapter 519
8 and all moneys received or collected by the Hawaii housing
9 finance and development corporation under this chapter and
10 chapter 519 shall be deposited in the revolving fund. Moneys
11 collected to reimburse the corporation from the lessees for
12 their pro rata share of the direct costs incurred by the
13 corporation under this chapter shall be deposited into the
14 revolving fund. The proceeds in the funds shall first be used
15 to pay the principal and interest on bonds or other indebtedness
16 issued by the corporation, or by the State, and then for
17 necessary expenses, including indirect costs of the corporation
18 in administering chapters 516 and 519.~~

19 Moneys in the fund shall be used to pay all costs of
20 chapters 516 and 519 including administration."]



1 PART IV

2 SECTION 12. All balances in the funds renamed and
3 reclassified pursuant to sections 5, 6, and 7 of this Act shall
4 remain in their respective funds as if no renaming and
5 reclassification had occurred.

6 SECTION 13. On July 1, 2050, all unencumbered balances
7 remaining in the fee simple residential revolving fund, repealed
8 by section 11 of this Act, shall lapse to the credit of the
9 general fund.

10 SECTION 14. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 15. This Act shall take effect on July 1, 2050.



Report Title:

Housing Loan Program; Fee Simple Residential Revolving Fund

Description:

Reclassifies various housing loan special funds as revolving funds and repeals the fee simple residential revolving fund, as recommended by the auditor in auditor's report no. 14-13.
(HB705 HD1)

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