



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

July 11, 2017

GOV. MSG. NO. 1267

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Ninth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott D. Saiki, Speaker
and Members of the House
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

I am transmitting herewith HB1588 HD1 SD1 CD1, without my approval, and with the statement of objections relating to the measure.

HB1588 HD1 SD1 CD1

RELATING TO GENERAL OBLIGATION BONDS

Sincerely,

DAVID Y. IGE
Governor, State of Hawaii

EXECUTIVE CHAMBERS

HONOLULU

July 11, 2017

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 1588

Honorable Members
Twenty-Ninth Legislature
State of Hawai'i

Pursuant to Section 16 of Article III of the Constitution of the State of Hawai'i, I am returning herewith, without my approval, House Bill No. 1588, entitled "A Bill for an Act Relating to General Obligation Bonds."

The purpose of this bill is to prohibit the issuance of general obligation bonds to finance the repair and maintenance of a capital asset where the repair or maintenance costs incurred add value to and prolong the life of the asset for a period of less than ten years. In addition, this bill requires the Director of Finance to set a maturity date of not more than ten years when issuing general obligation bonds to finance the repair and maintenance of a capital asset where the repair or maintenance costs incurred add value to and prolong the life of the asset for a period of ten years or more.

This bill is objectionable because the prohibition against general obligation bond issuances to fund the repair and maintenance of capital assets that will add value and prolong the life of such assets for a period of less than ten years will severely impact the State's ability to perform such work given the limited pool of operational funds and may lead to further increases in deferred maintenance or negatively impact program operations.

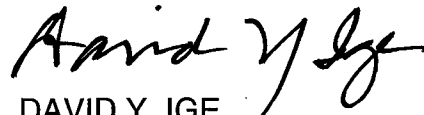
Also, the cap on the maturity of the general obligation bonds issued for repair and maintenance projects that extend the life of an asset for a period of ten years or greater will reduce the State's flexibility to structure its debt.

STATEMENT OF OBJECTIONS
HOUSE BILL NO. 1588
Page 2

Further, the tracking and recordkeeping necessary to ensure compliance with the provisions of this bill would be overly burdensome on the departments managing repair and maintenance capital improvement projects.

For the foregoing reasons, I am returning House Bill No. 1588 without my approval.

Respectfully,

A handwritten signature in black ink, appearing to read "David Y. Ige". The signature is fluid and cursive, with a large loop at the end.

DAVID Y. IGE
Governor of Hawai'i

P R O C L A M A T I O N

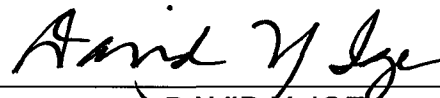
WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawai'i, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 1588, entitled "A Bill for an Act Relating to General Obligation Bonds," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 1588 is unacceptable to the Governor of the State of Hawai'i;

NOW, THEREFORE, I, DAVID Y. IGE, Governor of the State of Hawai'i, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawai'i, giving notice of my plan to return House Bill No. 1588 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawai'i, this 11
day of July, 2017.



DAVID Y. IGE
Governor of Hawai'i

ORIGINAL

VETO

HOUSE OF REPRESENTATIVES
TWENTY-NINTH LEGISLATURE, 2017
STATE OF HAWAII

H.B. NO.

1588
H.D. 1
S.D. 1
C.D. 1

A BILL FOR AN ACT

RELATING TO GENERAL OBLIGATION BONDS.

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

1 SECTION 1. The purpose of this Act is to promote fiscally
2 responsible funding of repair and maintenance projects in the
3 State by:

4 (1) Prohibiting the issuance of general obligation bonds
5 to finance the repair and maintenance of a capital
6 asset where the repair or maintenance costs incurred
7 add value to and prolong the life of the asset for a
8 period of less than ten years; and

9 (2) Requiring the director of finance to set a maturity
10 date of not more than ten years when issuing general
11 obligation bonds to finance the repair and maintenance
12 of a capital asset where the repair or maintenance
13 costs incurred:

14 (A) Add value to; and

15 (B) Prolong the life of,

16 the asset for a period of ten years or more.

17 SECTION 2. Section 37-67, Hawaii Revised Statutes, is
18 amended to read as follows:

HB1588 CD1 HMS 2017-3753



1 " [H] §37-67 [H] Responsibilities of the department of budget
2 and finance. The director of finance shall assist the governor
3 in the preparation, explanation and administration of the state
4 long-range plans, the proposed six-year program and financial
5 plan and the state budget. To this end, subject to this part,
6 the director shall:

7 (1) With the approval of the governor, develop procedures
8 and prescribe rules and regulations to guide such
9 state agencies as may be assigned by the director the
10 task of formulating and preparing the initial
11 proposals with respect to long-range plans, program
12 and financial plans, program budget requests and
13 program performance reports and to assure the
14 availability of information needed for effective
15 policy decision-making[-]; provided that the director
16 of finance shall specify in the procedures, rules, and
17 regulations that general obligation bonds shall not be
18 issued for the purpose of financing the repair and
19 maintenance of a capital asset where the repair or
20 maintenance costs incurred:

21 (A) Add value to; and



- 1 (B) Prolong the life of,
2 the asset for a period of less than ten years.
- 3 (2) Assist such state agencies in the formulation of
4 program objectives, preparation of program plans and
5 program budget requests, and reporting of program
6 performance.
- 7 (3) Coordinate, analyze and revise as necessary the
8 program objectives, long-range plans, program and
9 financial plans, program budget requests and program
10 performance reports initially proposed or prepared by
11 such state agencies and develop the state
12 comprehensive program and financial plan, budget and
13 program performance report.
- 14 (4) Administer its responsibilities under the program
15 execution provisions of this part so that the policy
16 decisions and budget determinations of the governor
17 and the legislature are implemented to the fullest
18 extent possible within the concepts of proper
19 management.
- 20 (5) Investigate continuously the administration of the
21 various agencies for the purpose of advising the



1 governor and recommending to the governor, the
2 legislature and the committees of the legislature
3 concerning the duties of the various positions in
4 these agencies, the methods of the agency, the
5 standards of efficiency therein, and changes which in
6 the director's judgment will produce greater
7 effectiveness of programs and economy in the conduct
8 of government programs and assist in the preparation
9 of program and financial plans, budget requests and
10 program performance reports.

11 (6) Provide the legislature and any member or committee of
12 either house of the legislature with such documents
13 and information as may be requested concerning the
14 programs, budget, and fiscal and management operations
15 of the State."

16 SECTION 3. Section 39-4, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "§39-4 Details of bonds[-]; restrictions. (a) All bonds
19 issued pursuant to this part shall bear interest at such rate or
20 rates, payable at such time or times as determined in accordance
21 with this part; shall mature and be payable at such time or



1 times from the date of the issue thereof as will comply with the
2 provisions of the Constitution of the State; may be made payable
3 as to both principal and interest at a place or places within or
4 without the State; may be issued in coupon form without
5 privilege of registration or registrable as to principal only or
6 as to both principal and interest or in fully registrable form
7 without coupons; may be made registrable at a place or places
8 within or without the State; may be subject to redemption, to
9 tenders for purchase or to purchase prior to their stated
10 maturity at the option of the State, or the holder, or both[-];
11 provided that no bond issued pursuant to this part shall be for
12 the purpose of financing the repair and maintenance of a capital
13 asset where the repair or maintenance costs incurred:

14 (1) Add value to; and

15 (2) Prolong the life of,

16 the asset for a period of less than ten years.

17 (b) The director of finance shall determine the date,
18 denomination or denominations, interest payment dates, maturity
19 date or dates, place or places and manner of payment,
20 registration privileges and place or places of registration,
21 redemption price or prices and time or times and terms and



1 conditions and method of redemption, the right of the holder to
2 tender for purchase and the price or prices and time or times
3 and terms and conditions upon which the right might be
4 exercised, the right to purchase and the price or prices and the
5 time or times and terms and conditions upon which the right may
6 be exercised and the purchase may be made, and all other details
7 of bonds issued under this part [-]; provided that the director
8 of finance shall set a maturity date or dates of not more than
9 ten years when issuing a bond pursuant to this part to finance
10 the repair and maintenance of a capital asset where the repair
11 or maintenance costs incurred:

12 (1) Add value to; and

13 (2) Prolong the life of,

14 the asset for a period of ten years or more.

15 The principal of and interest and premium, if any, on all
16 bonds issued under this part shall be payable in any coin or
17 currency of the United States of America, which at the time of
18 payment is legal tender for public and private debts."

19 SECTION 4. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

21 SECTION 5. This Act shall take effect upon its approval.



H.B. NO. 1588
H.D. 1
S.D. 1
C.D. 1

APPROVED this day of , 2017

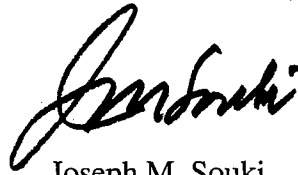
GOVERNOR OF THE STATE OF HAWAII

HB No. 1588, HD 1, SD 1, CD 1

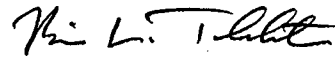
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 2, 2017
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Twenty-Ninth Legislature of the State of Hawaii, Regular Session of 2017.



Joseph M. Souki
Speaker
House of Representatives




Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAII

Date: May 2, 2017
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the
Senate of the Twenty-ninth Legislature of the State of Hawaii, Regular Session of 2017.


President of the Senate


Clerk of the Senate