



EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

July 11, 2017

**GOV. MSG. NO. 1273**

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

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Twenty-Ninth State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

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

I am transmitting herewith SB1074 SD1 HD1 CD1, without my approval and with the statement of objections relating to the measure.

SB1074 SD1 HD1 CD1

RELATING TO THE FIFTIETH ANNIVERSARY OF  
THE HAWAII STATE CAPITOL

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

EXECUTIVE CHAMBERS

HONOLULU

July 11, 2017

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 1074

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, Senate Bill No. 1074, entitled "A Bill for an Act Relating to the Fiftieth Anniversary of the Hawaii State Capitol."

The purpose of this bill is to appropriate funds to the State Foundation on Culture and the Arts to plan and coordinate the celebration of the fiftieth anniversary of the Hawaii State Capitol.

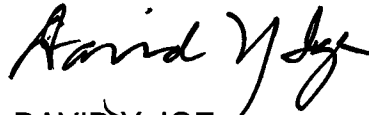
The bill is objectionable because the funding source of the appropriation is the Works of Art Special Fund, and expenditures from the special fund for planning and coordination of a celebration may adversely affect the State's financial interests. The Works of Art Special Fund is established by section 103-8.5, Hawaii Revised Statutes, and consists of one percent of the cost element of all state fund appropriations for the construction and renovation of state buildings. In turn, the one percent amount generally consists of proceeds from tax-exempt bonds. Under the Internal Revenue Code, federally tax-exempt bonds may be used to finance capital projects, but should not be used to finance operating expenses, except under limited circumstances. Federally tax-exempt bond proceeds, subject to the de minimus exceptions described in Treasury Regulation Section 1.148-6(d)(3)(ii), may only be used for capital projects that are subject to depreciation or are depreciable. Violations of this provision may subject the State to adverse tax consequences, such as the loss of the federal tax-exemption on the bonds, and may: (1) expose the State to lawsuits from bond purchasers whose interest income from the bonds have become taxable; (2) adversely affect the State's bond rating; and (3) cause the State to issue taxable bonds for which the State would

STATEMENT OF OBJECTIONS  
SENATE BILL NO. 1074  
Page 2

pay higher interest than for tax-exempt bonds. The planning and coordination of a celebration of the fiftieth anniversary of the Capitol is not a capital project that is consistent with the permitted expenditures of tax-exempt bond proceeds.

For the foregoing reasons, I am returning Senate Bill No. 1074 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

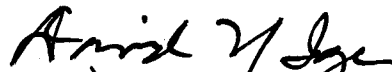
WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawai'i, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented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

WHEREAS, Senate Bill No. 1074, entitled "A Bill for an Act Relating to the Fiftieth Anniversary of the Hawaii State Capitol," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, Senate Bill No. 1074 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 Senate Bill No. 1074 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

---

## A BILL FOR AN ACT

RELATING TO THE FIFTIETH ANNIVERSARY OF THE HAWAII STATE  
CAPITOL.

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

1           SECTION 1. The purpose of this Act is to appropriate funds  
2 to the state foundation on culture and the arts to provide  
3 support for the task force established by Senate Concurrent  
4 Resolution No. 81, Regular Session of 2016, to plan and  
5 coordinate the celebration of the fiftieth anniversary of the  
6 Hawaii state capitol. The celebration shall include various  
7 program activities and events from March 15, 2018, through  
8 March 15, 2019.

9           SECTION 2. There is appropriated out of the works of art  
10 special fund established by section 103-8.5, Hawaii Revised  
11 Statutes, the sum of \$100,000 or so much thereof as may be  
12 necessary for fiscal year 2017-2018 to plan and coordinate the  
13 celebration of the fiftieth anniversary of the Hawaii state  
14 capitol.

15           The sum appropriated shall be expended by the state  
16 foundation on culture and the arts for the purposes of this Act.

17           SECTION 3. This Act shall take effect on July 1, 2017.

**S.B. NO.** 1074  
S.D. 1  
H.D. 1  
C.D. 1

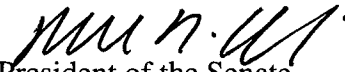
APPROVED this                      day of                      , 2017


GOVERNOR OF THE STATE OF HAWAII

**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

SB No. 1074, SD 1, HD 1, CD 1

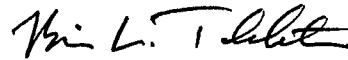
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

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