

H.B. NO. 1071

Report Title:

General Obligation Bond Premiums

Description:

Amends section 39-6, Hawaii Revised Statutes, to allow premiums received from the sale of general obligation bonds to be used for eligible capital expenditures pursuant to section 39-2, Hawaii Revised Statutes.

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

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JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO GENERAL OBLIGATION BOND PREMIUMS.

PURPOSE: The purpose of this bill is to allow for premiums received on the sale of general obligation (GO) bonds to be deposited into the general fund of the State or be used for eligible capital expenditures pursuant to section 39-2, Hawaii Revised Statutes (HRS).

MEANS: Amend section 39-6, HRS.

JUSTIFICATION: Currently, section 39-6, requires the premiums received from the sale of GO bonds to be deposited in the State's general fund. The proposed amendment would also allow the expenditure of such premiums pursuant to section 39-2, which requires, among other things, "the proceeds of bonds to be exclusively devoted to the purpose or purposes defined and expressed in the acts of the legislature authorizing the issuance of bonds, and the proceeds shall be devoted to such purposes in such order as the governor may determine."

Accordingly, the proposed amendment will allow the premium received from the sale of the GO bonds to be used to finance the construction or improvement of various public facilities, such as elementary and secondary schools, community college, and university facilities, and other purposes approved by the Legislature.

This proposed amendment will also allow the Department of Budget and Finance to comply with certain federal IRS requirements to expend bond proceeds within a specified period of time and to structure general obligation bond sales in a more cost efficient manner.

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Impact on the public: This bill may provide additional funding to finance various capital expenditures as approved by the Legislature.

Impact on the department and other agencies:
None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: BUF 115.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.