
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 with a depreciable life of less than ten years
7 from the date the asset was first placed into service;
8 and

9 (2) Requiring the state director of finance to set a
10 maturity date of not more than ten years when issuing
11 general obligation bonds to finance the repair and
12 maintenance of a capital asset with a depreciable life
13 of ten years or more from the date the asset was first
14 placed into service.

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



1 " [f] §37-67 [f] 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 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 with a depreciable life
20 of less than ten years from the date the asset was
21 first placed into service.



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



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

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

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

16 "**§39-4 Details of bonds[-]; restrictions.** (a) All bonds
17 issued pursuant to this part shall bear interest at such rate or
18 rates, payable at such time or times as determined in accordance
19 with this part; shall mature and be payable at such time or
20 times from the date of the issue thereof as will comply with the
21 provisions of the Constitution of the State; may be made payable



1 as to both principal and interest at a place or places within or
2 without the State; may be issued in coupon form without
3 privilege of registration or registrable as to principal only or
4 as to both principal and interest or in fully registrable form
5 without coupons; may be made registrable at a place or places
6 within or without the State; may be subject to redemption, to
7 tenders for purchase or to purchase prior to their stated
8 maturity at the option of the State, or the holder, or both[-];
9 provided that no bond issued pursuant to this part shall be for
10 the purpose of financing the repair and maintenance of a capital
11 asset with a depreciable life of less than ten years from the
12 date the asset was first placed into service.

13 (b) The director of finance shall determine the date,
14 denomination or denominations, interest payment dates, maturity
15 date or dates, place or places and manner of payment,
16 registration privileges and place or places of registration,
17 redemption price or prices and time or times and terms and
18 conditions and method of redemption, the right of the holder to
19 tender for purchase and the price or prices and time or times
20 and terms and conditions upon which the right might be
21 exercised, the right to purchase and the price or prices and the



1 time or times and terms and conditions upon which the right may
2 be exercised and the purchase may be made, and all other details
3 of bonds issued under this part[-]; provided that the director
4 of finance shall set a maturity date or dates of not more than
5 ten years when issuing a bond pursuant to this part to finance
6 the repair and maintenance of a capital asset with a depreciable
7 life of ten years or more from the date the asset was first
8 placed into service.

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

13 SECTION 4. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

'15 SECTION 5. This Act shall take effect upon its approval.



Report Title:

General Obligation Bonds; Repair and Maintenance; Restrictions

Description:

Prohibits the issuance of GO bonds to finance the repair and maintenance of a capital asset with a depreciable life of less than 10 years from the date the asset was first placed into service. Requires the Director of Finance to set a maturity date of not more than 10 years when issuing GO bonds to finance the repair and maintenance of a capital asset with a depreciable life of 10 years or more from the date the asset was first placed into service. (SD1)

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