

Honolulu, Hawaii

FEB 14 2017

RE: S.B. No. 407

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Public Safety, Intergovernmental, and
Military Affairs, to which was referred S.B. No. 407 entitled:

"A BILL FOR AN ACT RELATING TO COUNTIES,"

begs leave to report as follows:

The purpose and intent of this measure is to provide the
counties with greater financial authority by allowing them to make
short term investments with similar authority as the state
Director of Finance.

Your Committee received testimony in support of this measure
from the Maui County Department of Finance and two individuals.

Your Committee finds that ensuring the financial strength of
the counties is important for public welfare. One means of
supporting the financial strength of the counties is to allow the
counties to make certain short term investments. While the
counties currently have authority to make some investments, it is
important and sensible to expand the authority of the counties so
that it more closely mirrors the authority provided to the State
Director of Finance. However, to better protect the public, there
should also be in place safeguards to ensure quality investments.
Accordingly, this measure:


- (1) Allows the director of finance of each county to make
short term investments in additional types of bonds and
notes, thereby providing the county directors of finance
with similar investment authority as the state Director
of Finance;



- (2) Requires that for investments in bonds of any improvement district, the investments be of investment grade or supported by the general obligation pledge of the county in which the improvement district is located; and
- (3) Prohibits investment or the entering into any agreement which would or may require the county to make future payments, such as swap agreements, hedge agreements, or other similar agreements.

As affirmed by the record of votes of the members of your Committee on Public Safety, Intergovernmental, and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 407 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Public Safety,
Intergovernmental, and Military
Affairs,



CLARENCE K. NISHIHARA, Chair



