

JAN 18 2019

A BILL FOR AN ACT

RELATING TO TAX INCREMENT BONDS.

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

1 SECTION 1. Section 39-92, Hawaii Revised Statutes, is
2 amended as follows:

3 1. By amending subsection (a) to read:

4 "(a) The director of finance shall annually as of July 1
5 of each fiscal year and following each issuance of general
6 obligation bonds of the State ascertain and set forth in a table
7 or other summary a statement evidencing the power of the State
8 to issue general obligation bonds. In preparing the statements
9 required by this section, the director of finance may rely on
10 the statement of total outstanding indebtedness of the State and
11 the exclusions therefrom prepared pursuant to section 39-93 to
12 the extent such statement is concurred to by the attorney
13 general and the comptroller. The statement shall include the
14 following:

15 (1) The total principal and interest payable in the
16 current fiscal year and in each future fiscal year on
17 all outstanding general obligation indebtedness of the



S.B. NO. 298

1 State including outstanding general obligation bonds,
2 reimbursable general obligation bonds, and any other
3 outstanding general obligation bonds. Principal and
4 interest on bonds constituting instruments of
5 indebtedness under which the State incurs a contingent
6 liability as a guarantor need not be included, but
7 only to the extent the principal amount of such bonds
8 does not exceed seven per cent of the principal amount
9 of outstanding general obligation bonds not otherwise
10 excluded under section 13 of Article VII of the
11 Constitution; provided that the State shall have
12 established and is maintaining a reserve in an amount
13 in reasonable proportion to the outstanding loans
14 guaranteed by the State pursuant to law.

- 15 (2) The total principal and interest payable in the
16 current fiscal year and in each future fiscal year on
17 all outstanding general obligation indebtedness of the
18 State which may be excluded under section 13 of
19 Article VII of the Constitution in determining the
20 power of the State to issue general obligation bonds
21 for the purposes of that section. There shall be



1 itemized and shown the amounts which may be excluded
2 under each of clauses 1 through [9] 10 of section 13;
3 in the case of reimbursable general obligation bonds,
4 the undertaking, improvement, system, or political
5 subdivision for which such bonds are issued, and,
6 except as to such bonds issued for a political
7 subdivision, the revenues, user taxes, or both, from
8 which the reimbursement to the general fund for the
9 payment of the principal and interest of such bonds is
10 to be made.

11 (3) The total principal and interest payable in the
12 current fiscal year and in each future fiscal year on
13 all outstanding general obligation indebtedness which
14 may not be excluded in determining the power of the
15 State to issue general obligation bonds for the
16 purposes of section 13 of Article VII of the
17 Constitution.

18 (4) The net general fund revenues for each of the three
19 preceding fiscal years, the average of such net
20 general fund revenues and, until June 30, 1982, the
21 figure which is twenty per cent of such average; and



1 thereafter, the figure which is eighteen and one-half
2 per cent of such average.

3 The items required above to be set forth in the statement
4 may be disclosed in such manner or arrangement as the director
5 of finance may deem advisable, and need not be separately stated
6 if the captions, headings, or groupings disclose the information
7 required to be set forth."

8 2. By amending subsection (d) to read:

9 "(d) The director of finance shall also prepare and attach
10 to the statement such supporting schedules as may be necessary
11 to be set forth in such a manner or arrangement as the director
12 of finance may deem advisable the following:

13 (1) The principal amount of bonds constituting instruments
14 of indebtedness under which the State incurs a
15 contingent liability as a guarantor which may be
16 excluded under clause 8 of section 13 of Article VII
17 of the Constitution when determining the power of the
18 State to issue general obligation bonds;

19 (2) The total principal amount of all outstanding general
20 obligation indebtedness of the State including general
21 obligation bonds, reimbursable general obligation



1 bonds, and any other outstanding general obligation
2 bonds;

3 (3) The total principal amount of outstanding general
4 obligation indebtedness of the State which may be
5 excluded under section 13 of Article VII of the
6 Constitution. There shall be itemized and shown the
7 amounts which may be excluded under each of clauses 1
8 through [9] 10 of section 13; in the case of
9 reimbursable general obligation bonds, the
10 undertaking, improvement, system, or political
11 subdivision for which such bonds are issued. The
12 principal amount of reimbursable general obligation
13 bonds issued for an undertaking, improvement, or
14 system for the purposes of this paragraph shall be the
15 product of the respective percentages obtained in
16 subsection (c)(6) of this section and the total
17 principal amount of outstanding reimbursable general
18 obligation bonds issued for an undertaking,
19 improvement, or system;

20 (4) The difference obtained by subtracting from the total
21 required to be set forth in the statement by paragraph



S.B. NO. 298

1 (2) of this subsection, the total required to be set
2 forth in the statement by paragraph (3) of this
3 subsection, which difference shall constitute the
4 principal amount of outstanding general obligation
5 bonds not otherwise excluded under clause 8 of section
6 13 of Article VII of the Constitution;

7 (5) The principal and interest and fraction thereof for
8 the amount of bonds constituting instruments of
9 indebtedness under which the State incurs a contingent
10 liability as a guarantor obtained from paragraph (1)
11 of this subsection which is in excess of seven per
12 cent of the amount obtained in paragraph (4) of this
13 subsection shall be included in the schedule set forth
14 in subsection (a)(1) of this section."

15 SECTION 2. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 3. This Act shall take effect upon its approval
18 and upon ratification of a constitutional amendment expressly
19 providing that the legislature may authorize the counties to
20



S.B. NO. 298

1 issue tax increment bonds and excluding tax increment bonds from
2 determinations of the funded debt of the counties.

3

INTRODUCED BY:

~~David C. ...~~
F. ...
...
...
...
...
...
...
...
...
...



S.B. NO. 298

Report Title:

Tax Increment Bonds; State Debt Limit Statements; Statutory Amendments

Description:

Conforms state debt limit statements laws to include tax increment bonds if a constitutional amendment authorizing the use of such bonds and excluding such bonds from determinations of the counties' funded debt is ratified.

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

