

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



GOV. MSG. NO. 1418

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

July 8, 2025

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

The Honorable Nadine Nakamura
Speaker, and Members of the
House of Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Aloha President Kouchi, Speaker Nakamura, and Members of the Legislature:

This is to inform you that on July 8, 2025, the following bill was signed into law:

H.B. NO. 794, H.D. 1, S.D. 1,
C.D. 1

RELATING TO STATE BONDS.
ACT 305

Mahalo,

A handwritten signature in black ink that reads "Josh Green M.D.".

Josh Green, M.D.
Governor, State of Hawai'i

A BILL FOR AN ACT

RELATING TO STATE BONDS.

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

1 SECTION 1. Declaration of findings with respect to the
2 general obligation bonds authorized by this Act. Pursuant to
3 article VII, section 13, of the state constitution, which
4 states: "Effective July 1, 1980, the legislature shall include
5 a declaration of findings in every general law authorizing the
6 issuance of general obligation bonds that the total amount of
7 principal and interest, estimated for such bonds and for all
8 bonds authorized and unissued and calculated for all bonds
9 issued and outstanding, will not cause the debt limit to be
10 exceeded at the time of issuance", the legislature finds and
11 declares as follows:

12 (1) Limitation on general obligation debt. The debt limit
13 of the State is set forth in article VII, section 13,
14 of the state constitution, which states in part:
15 "General obligation bonds may be issued by the State;
16 provided that such bonds at the time of issuance would
17 not cause the total amount of principal and interest



1 payable in the current or any future fiscal year,
2 whichever is higher, on such bonds and on all
3 outstanding general obligation bonds to exceed: a sum
4 equal to twenty percent of the average of the general
5 fund revenues of the State in the three fiscal years
6 immediately preceding such issuance until June 30,
7 1982; and thereafter, a sum equal to eighteen and one-
8 half percent of the average of the general fund
9 revenues of the State in the three fiscal years
10 immediately preceding such issuance." Article VII,
11 section 13, of the state constitution also provides
12 that in determining the power of the State to issue
13 general obligation bonds, certain bonds are
14 excludable, including "[r]eimbursable general
15 obligation bonds issued for a public undertaking,
16 improvement or system but only to the extent that
17 reimbursements to the general fund are in fact made
18 from the net revenue, or net user tax receipts, or
19 combination of both, as determined for the immediately
20 preceding fiscal year" and bonds constituting
21 instruments of indebtedness under which the State



incurs a contingent liability as a guarantor, but only to the extent the principal amount of those bonds does not exceed seven per cent of the principal amount of outstanding general obligation bonds not otherwise excluded under article VII, section 13, of the state constitution.

(2) Actual and estimated debt limits. The limit on principal and interest of general obligation bonds issued by the State, actual for fiscal year 2024-2025 and estimated for each fiscal year from 2025-2026 to 2028-2029, is as follows:

<u>Fiscal</u>	<u>Net General</u>	
<u>Year</u>	<u>Fund Revenues</u>	<u>Debt Limit</u>
2021-2022	\$10,205,616,785	
2022-2023	10,183,780,738	
2023-2024	10,629,766,311	
2024-2025	11,045,308,000	\$1,912,848,436
2025-2026	10,717,304,000	1,964,629,395
2026-2027	11,015,619,000	1,997,529,996
2027-2028	11,291,631,000	2,021,324,245
2028-2029	(not applicable)	2,036,514,163

For fiscal years 2024-2025, 2025-2026, 2026-2027, 2027-2028, and 2028-2029, respectively, the debt limit is derived by multiplying the average of the net



1 general fund revenues for the three preceding fiscal
2 years by eighteen and one-half per cent. The net
3 general fund revenues for fiscal years 2021-2022,
4 2022-2023, and 2023-2024 are actual, as certified by
5 the director of finance in the Statement of the Debt
6 Limit of the State of Hawaii as of July 1, 2024, dated
7 November 18, 2024. The net general fund revenues for
8 fiscal years 2024-2025 to 2027-2028 are estimates,
9 based on general fund revenue estimates made as of
10 March 12, 2025, by the council on revenues, the body
11 assigned by article VII, section 7, of the Hawaii
12 State Constitution to make these estimates, and based
13 on estimates made by the department of budget and
14 finance of those receipts that cannot be included as
15 general fund revenues for the purpose of calculating
16 the debt limit, all of which estimates the legislature
17 finds to be reasonable.

18 (3) Principal and interest on outstanding bonds applicable
19 to the debt limit.

20 (A) According to the department of budget and
21 finance, the total amount of principal and



interest on outstanding general obligation bonds,
after the exclusions permitted by article VII,
section 13, of the Hawaii State Constitution, for
determining the power of the State to issue
general obligation bonds within the debt limit as
of April 1, 2025, is as follows for fiscal year
2025-2026 to fiscal year 2031-2032:

<u>Fiscal</u> <u>Year</u>	<u>Principal</u> <u>and Interest</u>
2025-2026	\$1,089,943,307
2026-2027	934,453,241
2027-2028	908,088,820
2028-2029	877,015,816
2029-2030	830,364,175
2030-2031	782,919,432
2031-2032	782,843,996

The department of budget and finance further
reports that the amount of principal and interest
on outstanding bonds applicable to the debt limit
generally continues to decline each year from
fiscal year 2032-2033 to fiscal year 2042-2044
when the final installment of \$56,989,536 shall
be due and payable.



1 (B) The department of budget and finance further
2 reports that the outstanding principal amount of
3 bonds constituting instruments of indebtedness
4 under which the State may incur a contingent
5 liability as a guarantor is \$233,500,000, all or
6 part of which is excludable in determining the
7 power of the State to issue general obligation
8 bonds, pursuant to article VII, section 13, of
9 the Hawaii State Constitution.

10 (4) Amount of authorized and unissued general obligation
11 bonds and guaranties and proposed bonds and
12 guaranties.

13 (A) As calculated from the state comptroller's bond
14 fund report as of February 28, 2025, adjusted
15 for:

16 (i) Appropriations to be funded by general
17 obligation bonds or reimbursable general
18 obligation bonds as provided in House Bill
19 No. 300, H.D. 1, S.D. 1, C.D. 1 (the General
20 Appropriations Act of 2025);



- 1 (ii) Lapses as provided in House Bill No. 300,
2 H.D. 1, S.D. 1, C.D. 1 (the General
3 Appropriations Act of 2025);
- 4 (iii) Appropriations to be funded by general
5 obligation bonds or reimbursable general
6 obligation bonds as provided in House Bill
7 No. 400, H.D. 1, S.D. 2, C.D. 1 (the
8 Judiciary Appropriations Act of 2025);
- 9 (iv) Lapses as provided in House Bill No. 400,
10 H.D. 1, S.D. 2, C.D. 1 (the Judiciary
11 Appropriations Act of 2025);
- 12 (v) Appropriations to be funded by general
13 obligation bonds as provided in House Bill
14 No. 1378, H.D. 2, S.D. 2, C.D. 1 (Relating
15 to the State Foundation on Culture and the
16 Arts); and
- 17 (vi) Appropriations to be funded by general
18 obligation bonds as provided in Senate Bill
19 No. 1044, S.D. 2, H.D. 2, C.D. 1 (Relating
20 to the Stabilization of Property Insurance);



1 the total amount of authorized but unissued
2 general obligation bonds is \$4,256,835,085. The
3 total amount of general obligation bonds
4 authorized in this Act is \$1,913,987,000. The
5 total amount of general obligation bonds
6 previously authorized and unissued, as adjusted,
7 and the general obligation bonds authorized in
8 this Act is \$6,134,440,085.

9 (B) As reported by the department of budget and
10 finance, the outstanding principal amount of
11 bonds constituting instruments of indebtedness
12 under which the State may incur a contingent
13 liability as a guarantor is \$233,500,000, all or
14 part of which is excludable in determining the
15 power of the State to issue general obligation
16 bonds, pursuant to article VII, section 13, of
17 the Hawaii State Constitution.

18 (5) Proposed general obligation bond issuance. As
19 reported therein for the fiscal years 2024-2025, 2025-
20 2026, 2026-2027, 2027-2028, and 2028-2029, the State
21 proposes to issue \$800,000,000 in general obligation



bonds during the second half of fiscal year 2024-2025, \$775,000,000 in general obligation bonds semi-annually during fiscal year 2025-2026, \$700,000,000 in general obligation bonds semi-annually during fiscal year 2026-2027, \$650,000,000 in general obligation bonds semi-annually during fiscal year 2027-2028, and \$550,000,000 in general obligation bonds semi-annually during fiscal year 2028-2029. The State anticipates issuing a combination of twenty-year serial bonds with principal repayments beginning the first year and seven-year serial bonds with principal repayments beginning the first year, payable in substantially equal annual installments of principal and interest payment with interest payments commencing six months from the date of issuance and being paid semi-annually thereafter. It is assumed that this practice will continue to be applied to the bonds that are proposed to be issued.

(6) Sufficiency of proposed general obligation bond issuance to meet the requirements of authorized and unissued bonds, as adjusted, and bonds authorized by



1 this Act. From the schedule reported in paragraph
2 (5), the total amount of general obligation bonds that
3 the State proposes to issue during the fiscal years
4 2024-2025 to 2027-2028 is \$5,050,000,000. An
5 additional \$1,100,000,000 is proposed to be issued in
6 fiscal year 2028-2029. The total amount of
7 \$5,050,000,000 that is proposed to be issued through
8 fiscal year 2027-2028 is sufficient to meet the
9 requirements of the authorized and unissued bonds, as
10 adjusted, the total amount of which is \$6,134,440,085
11 reported in paragraph (4), except for \$1,084,440,085.
12 It is assumed that the appropriations to which an
13 additional \$1,084,440,085 in bond issuance needs to be
14 applied will have been encumbered as of June 30, 2028.
15 The \$1,100,000,000 that is proposed to be issued in
16 fiscal year 2028-2029 will be sufficient to meet the
17 requirements of the June 30, 2028 encumbrances in the
18 amount of \$1,084,440,085. The amount of assumed
19 encumbrances as of June 30, 2028, is reasonable and
20 conservative, based upon an inspection of June 30
21 encumbrances of the general obligation bond fund as



1 reported by the state comptroller. Thus, taking into
2 account the amount of authorized and unissued bonds,
3 as adjusted, and the bonds authorized by this Act
4 versus the amount of bonds proposed to be issued by
5 June 30, 2028, and the amount of June 30, 2028
6 encumbrances versus the amount of bonds proposed to be
7 issued in fiscal year 2028-2029, the legislature finds
8 that in the aggregate, the amount of bonds proposed to
9 be issued is sufficient to meet the requirements of
10 all authorized and unissued bonds and the bonds
11 authorized by this Act.

12 (7) Bonds excludable in determining the power of the State
13 to issue bonds. As noted in paragraph (1), certain
14 bonds are excludable in determining the power of the
15 State to issue general obligation bonds.

16 (A) General obligation reimbursable bonds can be
17 excluded under certain conditions. It is not
18 possible to make a conclusive determination as to
19 the amount of reimbursable bonds which are
20 excludable from the amount of each proposed bond
21 issued because:



1 (i) It is not known exactly when projects for
2 which reimbursable bonds have been
3 authorized in prior acts and in this Act
4 will be implemented and will require the
5 application of proceeds from a particular
6 bond issue; and

7 (ii) Not all reimbursable general obligation
8 bonds may qualify for exclusion.

9 However, the legislature notes that with respect
10 to the principal and interest on outstanding
11 general obligation bonds, according to the
12 department of budget and finance, the average
13 proportion of principal and interest that is
14 excludable each year from the calculation against
15 the debt limit is 0.37 per cent for approximately
16 ten years from fiscal year 2025-2026 to fiscal
17 year 2034-2035. For the purpose of this
18 declaration, the assumption is made that 0.25 per
19 cent of each bond issue will be excludable from
20 the debt limit, an assumption that the



1 legislature finds to be reasonable and
2 conservative.

3 (B) Bonds constituting instruments of indebtedness
4 under which the State incurs a contingent
5 liability as a guarantor can be excluded, but
6 only to the extent the principal amount of those
7 guaranties does not exceed seven per cent of the
8 principal amount of outstanding general
9 obligation bonds not otherwise excluded under
10 subparagraph (A) of this paragraph (7); and
11 provided that the State shall establish and
12 maintain a reserve in an amount in reasonable
13 proportion to the outstanding loans guaranteed by
14 the State as provided by law. According to the
15 department of budget and finance and the
16 assumptions presented herein, the total principal
17 amount of outstanding general obligation bonds
18 and general obligation bonds proposed to be
19 issued, which are not otherwise excluded under
20 article VII, section 13, of the Hawaii State
21 Constitution for the fiscal years 2024-2025,



1 2025-2026, 2026-2027, 2027-2028, and 2028-2029

2 are as follows:

3		Total amount of
4		General Obligation Bonds
5		not otherwise excluded by
6		Article VII, Section 13
7	<u>Fiscal year</u>	<u>of the State Constitution</u>
8	2024-2025	\$9,499,257,832
9	2025-2026	11,045,387,832
10	2026-2027	12,441,887,832
11	2027-2028	13,738,637,832
12	2028-2029	14,835,887,832

13 Based on the foregoing and based on the assumption
14 that the full amount of a guaranty is immediately due
15 and payable when the guaranty changes from a
16 contingent liability to an actual liability, the
17 aggregate principal amount of the portion of the
18 outstanding guaranties and the guaranties proposed to
19 be incurred, which does not exceed seven per cent of
20 the average amount set forth in the last column of the
21 above table and for which reserve funds have been or
22 will have been established as heretofore provided, can
23 be excluded in determining the power of the State to
24 issue general obligation bonds. As it is not possible
25 to predict with a reasonable degree of certainty when



1 a guaranty will change from a contingent liability to
2 an actual liability, it is assumed in conformity with
3 fiscal conservatism and prudence, that all guaranties
4 not otherwise excluded pursuant to article VII,
5 section 13, of the Hawaii State Constitution will
6 become due and payable in the same fiscal year in
7 which the greatest amount of principal and interest on
8 general obligation bonds, after exclusions, occurs.
9 Thus, based on these assumptions and on the
10 determination in paragraph (8), all of the outstanding
11 guaranties can be excluded.

12 (8) Determination whether the debt limit will be exceeded
13 at the time of issuance. From the foregoing and on
14 the assumption that all of the bonds identified in
15 paragraph (5) will be issued at an interest rate not
16 to exceed 7.50 per cent in fiscal years 2025 through
17 2029, it can be determined from the following schedule
18 that the bonds that are proposed to be issued, which
19 include all authorized and unissued bonds previously
20 authorized, as adjusted, general obligation bonds, and
21 instruments of indebtedness under which the State



1 incurs a contingent liability as a guarantor
 2 authorized in this Act, will not cause the debt limit
 3 to be exceeded at the time of the bond issuance:

	Time of Issuance and Amount to be Counted Against <u>Debt Limit</u>	Debt Limit at Time of <u>Issuance</u>	Greatest Amount and Year of Highest Principal and Interest <u>on Bonds and Guaranties</u>
10 2nd half FY 2024-2025			
11 \$798,000,000	1,912,848,436	1,203,086,123	(2025-2026)
12 1st half FY 2025-2026			
13 \$773,065,000	1,964,629,395	1,232,076,061	(2025-2026)
14 2nd half FY 2025-2026			
15 \$773,065,000	1,964,629,395	1,251,499,953	(2026-2027)
16 1st half FY 2026-2027			
17 \$698,250,000	1,997,529,996	1,316,974,091	(2027-2028)
18 2nd half FY 2026-2027			
19 \$698,250,000	1,997,529,996	1,410,797,841	(2027-2028)
20 1st half FY 2027-2028			
21 \$648,375,000	2,021,324,245	1,464,220,947	(2028-2029)
22 2nd half FY 2027-2028			
23 \$648,375,000	2,021,324,245	1,551,349,072	(2028-2029)
24 1st half FY 2028-2029			
25 \$548,625,000	2,036,514,163	1,576,817,594	(2029-2030)
26 2nd half FY 2029-2030			
27 \$548,625,000	2,036,514,163	1,650,544,469	(2029-2030)

28
 29
 30 (9) Overall and concluding finding. From the facts,
 31 estimates, and assumptions stated in this declaration
 32 of findings, the conclusion is reached that the total
 33 amount of principal and interest estimated for the
 34 general obligation bonds authorized in this Act, and



1 for all bonds authorized and unissued, and calculated
2 for all bonds issued and outstanding, and all
3 guaranties, will not cause the debt limit to be
4 exceeded at the time of issuance.

5 SECTION 2. The legislature finds the bases for the
6 declaration of findings set forth in this Act are reasonable.
7 The assumptions set forth in this Act with respect to the
8 principal amount of general obligation bonds that will be
9 issued, the amount of principal and interest on reimbursable
10 general obligation bonds that are assumed to be excludable, and
11 the assumed maturity structure shall not be deemed to be
12 binding, it being the understanding of the legislature that
13 these matters shall remain subject to substantial flexibility.

14 SECTION 3. Authorization for issuance of general
15 obligation bonds. General obligation bonds may be issued as
16 provided by law in an amount that may be necessary to finance
17 projects authorized in House Bill No. 300, H.D. 1, S.D. 1, C.D.
18 1 (the General Appropriations Act of 2025); House Bill No. 400,
19 H.D. 1, S.D. 2, C.D. 1 (the Judiciary Appropriations Act of
20 2025); House Bill No. 1378, H.D. 2, S.D. 2. C.D. 1 (Relating to
21 the State Foundation on Culture and the Arts); and Senate Bill



1 No. 1044, S.D. 2, H.D. 2, C.D. 1 (Relating to the Stabilization
2 of Property Insurance); passed by the legislature during this
3 regular session of 2025 and designated to be financed from the
4 general obligation bond fund and from the general obligation
5 bond fund with debt service cost to be paid from special funds;
6 provided that the sum total of general obligation bonds so
7 issued shall not exceed \$1,913,987,000. The proceeds of the
8 general obligation bonds herein authorized are intended to be
9 applied to finance projects and/or to reimburse expenditures
10 made for projects after the effective date of this Act for the
11 purpose for which such bonds are authorized. The foregoing
12 statement of intent with respect to reimbursement is made in
13 conformity with Treasury Regulation Section 1.150-2 of the
14 United States Treasury Department.

15 Any law to the contrary notwithstanding, general obligation
16 bonds may be issued from time to time in accordance with section
17 39-16, Hawaii Revised Statutes, in a principal amount as may be
18 required to refund any general obligation bonds of the State of
19 Hawaii heretofore or hereafter issued pursuant to law.

20 SECTION 4. The provisions of this Act are declared to be
21 severable and if any portion thereof is held to be invalid for



1 any reason, the validity of the remainder of this Act shall not
2 be affected.

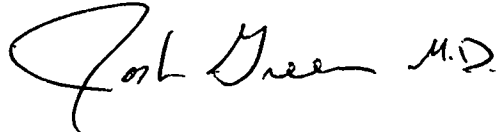
3 SECTION 5. In printing this Act, the revisor of statutes
4 shall substitute in section 1 and section 3 the corresponding
5 act numbers for bills identified therein.

6 SECTION 6. This Act shall take effect upon its approval.



H.B. NO. 794
H.D. 1
S.D. 1
C.D. 1

APPROVED this 8th day of July, 2025

A handwritten signature in black ink, reading "Josh Green M.D." in a cursive style.

GOVERNOR OF THE STATE OF HAWAII

HB No. 794, HD 1, SD 1, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 30, 2025
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Third Legislature of the State of Hawaii, Regular Session of 2025.



Nadine K. Nakamura
Speaker
House of Representatives





Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAI‘I

Date: April 30, 2025
Honolulu, Hawai‘i 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-Third Legislature of the State of Hawai‘i, Regular Session of 2025.


President of the Senate


Clerk of the Senate