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ing to General Obligation Bonds of the Counties.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 47 of the Hawaii Revised Statutes is hereby amended in the following respects:

(a) By amending section 47-1 so that said section shall read in its entirety as follows:

“Section 47-1. Definitions. For the purposes of this chapter, as used herein ‘bonds’ shall include bonds, notes and other instruments of indebtedness; ‘governing body’ shall include the councils of the counties, or any other body exercising the legislative powers of the county; and director of finance shall mean the director of finance of the various counties.”

(b) By amending section 47-2 so that said section shall read in its entirety as follows:

“Section 47-2. Issuance authorized; limitation. Each county in the State shall have the power to issue general obligation bonds of the county within the limitation, for the purpose, upon the terms, and in the manner in this part, stated, and such general obligation bonds are hereby authorized to be issued. The total funded debt of the county that is outstanding and unpaid at any time shall not exceed the sum equal to fifteen percent of the total of the assessed values for tax rate purposes of real property in the county, as determined by the last tax assessment rolls pursuant to law. In determining the total funded debt of the county there shall be excluded bonds of the county which may be excluded therefrom by reasons of clauses (a), (b), (c), (d) and (e) of section 3 of Article VI of the Constitution of the State and there shall be included the principal amount then outstanding of general obligation bonds issued by the State for the county, to the extent such principal amount is required to be included by clause (h) of section 3 of Article VI of the Constitution.”

(c) By adding thereto Part I a new section to be numbered and designated and to read as follows:

“Section 47-2.1. Bonds for revenue-producing undertakings. General obligation bonds may be issued under this part for an undertaking as defined in sec. 49-1 of the Hawaii Revised Statutes, and such bonds may be combined into, issued and sold with other general obligation bonds of the county as a single issue of bonds. The governing body may require that the general fund of the county shall be reimbursed from the revenue of the undertaking for all of the principal of and interest on such bonds, or for such part thereof as the governing body may determine, and may further provide that such bonds shall be additionally secured by a pledge of the revenues of the undertaking, subject to the rights of the holder of any bonds then outstanding and the provisions of the ordinances or resolutions authorizing the outstanding bonds. Whenever the undertaking shall be under the management and control of a department or board of the county and such department or board has the power and authority under chapter 49 of the Hawaii Revised Statutes, to issue revenue bonds under that chapter, (1) no bonds shall be authorized under this chapter for such undertaking by the governing body of the county unless such department

or board by resolution shall have requested the issuance thereof, which resolution shall set forth the details regarding the proposed bond issue including the date, the maturity dates, interest payment dates, provisions for redemption prior to maturity, if any, and such other information as the department or board shall deem advisable; (2) the governing body may require that the general fund of the county be reimbursed from the revenue of the undertaking for all of the principal of and interest on such bonds, or for such part thereof as the governing body may determine, and that such rates, rentals, fees and charges be imposed for the use and services of the undertaking so as to produce revenue of the undertaking at least sufficient, after the costs of operation, maintenance and repair of the undertaking and the required payments of the principal of and interest on all revenue bonds issued for the undertaking have been made therefrom, to permit the payment into the general fund of the amounts required for such reimbursement; provided that the governing body shall not impose such requirement unless prior to the issuance of such general obligation bonds the department or board has approved the details and time of issuance and sale of the bonds and the interest rate or rates the bonds are to bear, which details and time shall comply with all the provisions of the resolution requesting the issuance of the proposed bond issue and the provisions of this chapter; and (3) no pledge of the revenue of the undertaking shall be made to the payment and security of the bonds unless consented to by the department or board, and if so required by chapter 49 of the Hawaii Revised Statutes, or by charter or by the provisions of the resolutions securing the revenue bonds issued for the undertaking, such pledge may be made by the department or board in the resolution requesting the issuance of the proposed bond issue."

(d) By adding thereto Part I a new section to be numbered and designated and to read as follows:

"Section 47-2.2. Bond anticipation notes. Whenever the governing body of the county shall have authorized the issuance of bonds under this part, general obligation bond anticipation notes of the county are hereby authorized to be issued in anticipation of the issuance of such bonds and of the receipt of the proceeds of sale thereof, for the purposes for which such bonds have been authorized. All general obligation notes must be authorized by the governing body of the county issuing same, and the maximum principal amount of such notes shall not exceed the authorized principal amount of such bonds. The director of finance of the county, with the approval of the governing body, may issue and sell from time to time the bond anticipation notes which have been authorized by the governing body. The full faith and credit of the county shall be pledged to the payment of the principal and interest of the notes. The authorization, issuance and details of the notes shall be governed by the provisions of this part with respect to bonds insofar as the same may be applicable, provided that (1) each note, together with all renewals and extensions thereof, or refundings thereof by other notes issued under this section, shall mature within five years from the date of the original note; (2) the notes may be sold at public or private sale as the director of finance, with the approval of the governing body, may determine; (3) all signatures upon the notes may be manual

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signatures; and (4) the interest on the notes shall be paid from the general fund of the county issuing same and the principal thereof from the proceeds of sale of the bonds in anticipation of which the notes have been issued or from any money in the general fund available therefor. To the extent that the principal of the notes shall be paid from moneys other than the proceeds of sale of such bonds, the maximum amount of bonds in anticipation of which the notes are issued that has been authorized shall be reduced by the amount of notes paid in such manner.”

(e) By amending section 47-3 so that said section shall read in its entirety as follows:

“Section 47-3. Purposes of issuance. Such bonds shall be issued only for public improvements of the county, including without limitation, special improvements, the cost of which is assessed or assessable in whole or in part against properties benefited or improved by such improvements; provided that the issuance of such bonds for such special improvements shall be limited to special improvements initiated by the county.”

(f) By amending section 47-4 by deleting the first sentence thereof and substituting therefor the following:

“All bonds of a county issued pursuant to this chapter must be authorized by the governing body of the county issuing same, and shall be authorized by an ordinance or resolution of the governing body, which ordinance or resolution may relate to more than one public improvement.”

(g) By amending section 47-5 so as to read in its entirety as follows:

“Section 47-5. Exemption from taxes; first charge on general fund. All bonds heretofore or hereafter issued under the authority of this chapter and the income therefrom shall be exempt from any and all state, county and municipal taxation. The interest and principal payments of bonds issued under this chapter shall be a first charge on the general fund of the county issuing same, and sufficient revenues shall be raised or provided from time to time by the county for the purpose of such payment. Any county issuing bonds under this chapter shall appropriate out of the general fund of the county all amounts necessary for the payment from time to time of the principal of the bonds and the several interest amounts as they mature and such appropriation shall be a paramount appropriation upon the general fund of the county issuing same.”

(h) Section 47-6 is hereby amended by deleting therefrom the words “board of supervisors” and “board”, the latter in two places, and substituting therefor in each instance the words “governing body”.

(i) Section 47-7 is hereby amended by deleting the caption thereto and first sentence thereof and substituting in place thereof the following:

“Section 47-7. Issuance, interest rate, denominations, maturities, places payable, registration, redemption, medium of payment, sale, or other disposal. The director of finance of the county may, upon authorization of its governing body, issue from time to time and in accordance with the provisions of this chapter, bonds of the county authorized for issuance by the governing body thereof. All bonds issued under authority of this chapter shall bear inter-

est payable semi-annually at a rate or rates not exceeding seven percentum per annum; if for a term exceeding one year, shall be in serial form maturing in substantially equal installments of principal, or maturing in substantially equal installments of both principal and interest, the first installment of principal to mature not later than five years from the date of issue of such series and the last installment not later than thirty-five years from the date of such issue; may be payable as to both principal and interest at places within and without the State; may be issued in coupon form without privilege of registration or registrable as to principal only or as to both principal and interest or in fully registrable form; may be made redeemable at any time or times prior to their stated maturities at prices not exceeding one-hundred four per cent of the par value thereof; and shall be payable, as to both principal and interest, dollar for dollar in any coin or currency of the United States which at the time of payment is legal tender for public and private debts."

Section 47-7 is further amended by deleting from the third-to-last and fourth-to-last sentences of that section the words "board of supervisors" and "board" in each instance they appear and substituting therefor the words "governing body"; by deleting in the last and fourth-to-last sentence of the section the word "treasurer" and substituting therefor the words "director of finance"; and by deleting from the last sentence of the section the words "board of supervisors" and substituting therefor the words "governing body".

(j) By amending section 47-8 to read in its entirety as follows:

"Section 47-8. Form and execution of bonds. All bonds issued under the provisions of this chapter shall be lithographed or steel engraved, shall be signed by the director of finance of the county and shall bear the lithographed or engraved facsimile signature of the mayor of the county and shall be sealed with the seal or lithographed or engraved facsimile seal of the county. Interest coupons shall bear a lithographed or engraved facsimile of the signature of the director of finance of the county. When bonds of the county are prepared and signed by the director of finance in office at the time of such signing and by the mayor in office at the time of the lithographing or engraving of a facsimile of his signature upon the bonds, the signatures of such director and mayor shall be valid and sufficient for all purposes, and shall have the same effect as if the persons so officially signing the bonds or whose facsimile signature appears thereon had remained in office until the delivery of the same to the purchasers, although the term of office of such persons or either of them may have expired or they may otherwise have ceased to be such officers before such delivery."

(k) By amending section 47-9 by deleting from the caption and first sentence thereof the word "treasurer" and substituting therefor the words "director of finance".

(l) By amending section 47-16 by deleting from the second sentence thereof the words "board of supervisors" and substituting therefor the words "governing body"; and by deleting from the third sentence thereof the word "treasurer" and substituting therefor the words "director of finance".

(m) By amending section 47-18 by deleting the comma after the word "thereby" and inserting immediately before the word "notwithstanding" the

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following words and comma: "or an undertaking, improvement or system of the county".

(n) By amending section 47-19 by deleting therefrom the word "board" and substituting therefor the words "governing body".

(o) By amending Parts II, III and IV of Chapter 47 by deleting therefrom the word "treasurer" in each instance it appears and substituting therefor in each instance the words "director of finance", and by deleting therefrom the words "board of supervisors" in each instance they appear, except in the last sentence of the second paragraph of section 47-41, and substituting therefor in each such instance the words "governing body".

(p) By amending section 47-41 by deleting the second paragraph of that section and inserting in lieu thereof the following: "All duplicate bonds and coupons issued in place of bonds destroyed or defaced pursuant to the provisions hereof shall be in such form and executed in such manner as is provided in section 47-8 hereof; provided that all signatures upon such bonds may be manual signatures thereon."

(q) By repealing section 47-51.

(r) By deleting the third sentence of section 47-52 and substituting therefor the following: "The refunding bonds shall be issued in accordance with the provisions of Part I of this chapter, and all of the provisions of that chapter shall be applicable to such refunding bonds."

(s) By amending section 47-53 by deleting therefrom the words "except bonds payable solely from the revenues of a water supply and distribution system"; and by deleting the comma after the numerals 49-1 and inserting a period in lieu of such comma.

SECTION 2. This Act shall take effect upon its approval.

(Approved June 23, 1969.)