
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 47C-1, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§47C-1 Definitions.** As used in sections 47C-1 through
4 47C-6, the following words and terms shall have the following
5 meanings or inclusions:

6 "Chairperson of the finance committee" shall mean the
7 chairperson of the finance committee of the council of the
8 county, or if the council of the county does not have a finance
9 committee, the member of the council appointed by the council to
10 perform the functions required by this chapter to be performed
11 by the chairperson of the finance committee of the council.

12 "Corporation counsel" shall mean the chief legal advisor or
13 legal representative of the county.

14 "County" shall include each county of the State, including
15 the city and county of Honolulu.

16 "Director of finance" shall mean the director of finance of
17 the county, or if the county does not have a director of



1 finance, the officer of the county in whom is vested the
2 functions and powers of maintaining the treasury of the county
3 and issuing and selling, paying interest on, and redeeming bonds
4 of the county.

5 "Fiscal year" shall mean the fiscal year of the county as
6 defined in section 46-41.

7 "Special assessment bonds" shall mean bonds issued under
8 special improvement statutes when the only security for ~~such~~
9 special assessment bonds is the assessments or special taxes
10 levied and assessed under those statutes or properties subject
11 to the assessments or special taxes.

12 As used in sections 47C-1 through 47C-6, the words or terms
13 "bonds", "general obligation bonds", "net revenue", "net user
14 tax receipts", "reimbursable general obligation bonds", "revenue
15 bonds", "special purpose revenue bonds", "tax increment bonds",
16 and "user tax" shall have the respective meanings and inclusions
17 given to ~~such~~ those words and terms in section 12 of article
18 VII of the constitution."

19 SECTION 2. Section 47C-2, Hawaii Revised Statutes, is
20 amended to read as follows:



1 **"§47C-2 Determination of funded debt.** Within ninety days
 2 after the first day of each fiscal year, the director of finance
 3 of each county shall ascertain and set forth in a tabular
 4 summary the total indebtedness of the county outstanding and
 5 unpaid as of the first day of [~~such~~] that fiscal year. The
 6 summary shall include the following:

7 (1) An itemization of the total principal amount of all
 8 general obligation bonds, reimbursable general
 9 obligation bonds, revenue bonds, special assessment
 10 bonds, special purpose revenue bonds, and all other
 11 bonds of the county outstanding and unpaid, including
 12 bonds [~~which~~] that may be excluded under clauses 1, 2,
 13 3, 4, 5, 6, 8, [~~and~~] 9, and 10 of section 13 of
 14 article VII of the constitution when determining the
 15 funded debt of the county for the purposes of that
 16 section together with a grand total of such total
 17 principal amounts[~~-~~];

18 (2) The total principal amount of all bonds of the State
 19 required by clause (7) of section 13 of article VII of
 20 the constitution to be included when determining the



1 funded debt of the county for the purposes of that
2 section[-];

3 (3) A grand total of the total principal amounts set forth
4 in the summary pursuant to paragraphs (1) and (2)[-];

5 (4) An itemization of the total of the principal amount of
6 all general obligation bonds, reimbursable general
7 obligation bonds, revenue bonds, special assessment
8 bonds, and special purpose revenue bonds of the county
9 outstanding and unpaid [~~which~~] that may be excluded
10 under clauses 1, 2, 3, 4, 5, 6, 8, and 9 of section 13
11 of article VII of the constitution when determining
12 the total funded debt of the county for the purposes
13 of that section, together with a grand total of such
14 total principal amounts[-]; and

15 (5) The difference between the grand total principal
16 amount set forth in the summary pursuant to paragraph
17 (3) and the grand total principal amount set forth in
18 the summary pursuant to paragraph (4).

19 The director of finance shall also prepare and attach to
20 the tabular summary [~~such~~] supporting schedules as may be
21 required to set forth in detail the bonds included in the



1 itemizations required by paragraphs (1) and (4). [~~Such~~] The
2 supporting schedules shall also set forth or make reference to
3 the relevant statutory, charter, ordinance, or other legal
4 provision, and the relevant figures of the tax increment as
5 defined in section 46-102, assessment collections, revenues,
6 user tax receipts, cost of operation, maintenance and repair,
7 net revenues, net user tax receipts, reimbursements to the
8 general fund, and other financial information, justifying the
9 inclusion of [~~such~~] the bonds in the itemization required by
10 paragraph (4). The director of finance shall indicate in the
11 supporting schedules whether the financial findings and figures
12 are based upon the records of the director's office or upon
13 audited statements and reports, and if based upon the latter,
14 shall identify in the schedules the audited reports and
15 statements."

16 SECTION 3. Section 47C-3, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "**§47C-3 Supplemental determination.** Whenever the county
19 proposes to issue bonds, the director of finance shall prepare a
20 supplemental summary of the indebtedness of the county setting
21 forth therein [~~such~~] information and findings as of a date



1 within thirty days of the delivery of [~~such~~] the bonds as will
2 bring up to date and make current the most recent summary
3 prepared in accordance with the provisions of section 47C-2.
4 The director of finance shall also prepare and attach to [~~such~~]
5 the supplemental summary [~~such~~] supporting schedules as may be
6 required to set forth in detail the variations and changes from
7 the summary prepared in accordance with section 47C-2, including
8 [~~such~~] legal and financial findings as will justify any changes
9 in the itemizations set forth in [~~such~~] the previous summary
10 pursuant to the requirements of paragraph (4) of section 47C-2.
11 If all the bonds proposed to be issued may be excluded when
12 determining the funded debt of the county for the purposes of
13 section 13 of article VII of the constitution by reason of the
14 provisions of clauses 2 [~~or~~], 4, or 10 of that section, the
15 supplemental summary and supporting schedules may be limited to
16 [~~such~~] those bonds and findings as are necessary to justify
17 [~~such~~] the exclusion under [~~such~~] those clauses.

18 In the event proceeds of the bonds proposed to be issued
19 are to be applied to the retirement in the then fiscal year of
20 outstanding bonds, including notes issued in anticipation of the
21 issuance of the bonds proposed to be issued, for the purpose of



1 applying the provisions of clause 1 of section 13 of article VII
2 of the constitution to the bonds to be retired, that amount of
3 [~~such~~] proceeds to be so applied may be considered and treated
4 as moneys irrevocably set aside for the payment of [~~such~~] those
5 bonds."

6 SECTION 4. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 5. This Act shall take effect upon its approval
9 and upon ratification of a constitutional amendment expressly
10 providing that the legislature may authorize the counties to
11 issue tax increment bonds and excluding tax increment bonds from
12 determinations of the funded debt of the counties.



Report Title:

Tax Increment Bonds; County Debt Limit Statements; Statutory Amendments

Description:

Conforms county debt limit statements law to permit counties to exclude tax increment bonds from the debt limit of the counties if a constitutional amendment authorizing the use of tax increment bonds and excluding tax increment bonds from determinations of the Counties' funded debt is ratified. (SD1)

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