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**WRITTEN ONLY**

TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON HOUSING  
ON  
HOUSE BILL NO. 529

**February 7, 2025**  
**9:00 A.M.**  
**Room 430 and Videoconference**

RELATING TO STATE FINANCES.

The Department of Budget and Finance (B&F) offers the following comments on House Bill (H.B.) No. 529 which allows the Hawaii Housing Finance and Development Corporation (HHFDC) to secure a line of credit or other instrument of indebtedness for the bond recycling program in an amount not exceed \$300,000,000 during the fiscal biennium beginning July 1, 2025 and ending June 30, 2027.

H.B. No. 529 does not specify the type of bond (indebtedness) as defined in Section 12, Article VII of the Constitution of the State of Hawaii.

Section 12, Article VII of the Constitution of the State of Hawaii states "The term "bonds" shall include bonds, notes, and other instruments of indebtedness". It further defines general obligation bonds, reimbursable general obligation bonds, revenue bonds, and special purpose revenue bonds.

B&F recommends that H.B. No. 529 specifically state the type of bond (i.e. revenue bonds) that HHFDC would be authorized to utilize when securing the line of credit or other instrument of indebtedness.

Thank you for your consideration of our comments.

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



DEAN MINAKAMI  
EXECUTIVE DIRECTOR

## STATE OF HAWAII

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### Statement of DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation  
Before the

### HOUSE COMMITTEE ON HOUSING

February 07, 2025 at 9:00 a.m.  
State Capitol, Room 430

In consideration of  
**H.B. 529**  
**RELATING TO STATE FINANCES.**

Chair Evslin, Vice Chair Miyake, and members of the Committee.

HHFDC **supports** HB 529, which authorizes the Hawaii Housing Finance and Development Corporation (HHFDC) to secure a line of credit or other instrument of indebtedness for the Bond Volume Cap Recycling Program.

A line of credit is needed for private activity bond recycling to provide liquidity and ensure that funds are readily available to pay off existing bonds as they mature or are redeemed. This will allow HHFDC to retire the old bonds while waiting for new bonds to be issued or for cash flows from the underlying projects to become available. The line of credit acts as a financial bridge, maintaining continuity in funding and avoiding disruptions in the financing structure, which is critical for compliance with Internal Revenue Code Section 145 (the federal law for qualified bonds).

Thank you for the opportunity to testify on this bill.