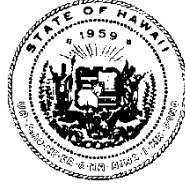


JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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Statement of **DEAN MINAKAMI**

Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON HOUSING

January 23, 2025 at 1:30 p.m.
State Capitol, Room 225

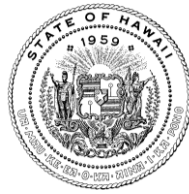
In consideration of
S.B. 40
RELATING TO STATE FINANCES.

Chair Chang, Vice Chair Hashimoto, and members of the Committee.

HHFDC **supports** SB 40, which authorizes the Hawaii Housing Finance and Development Corporation (HHFDC) to secure a line of credit, or other instrument of indebtedness, for use in 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.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON HOUSING
ON
SENATE BILL NO. 40

January 23, 2025
1:30 P.M.
Room 225 and Videoconference

RELATING TO STATE FINANCES.

The Department of Budget and Finance (B&F) offers the following comments on Senate Bill (S.B.) No. 40 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.

S.B. No. 40 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 S.B. No. 40 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.