
A BILL FOR AN ACT

PROPOSING AN AMENDMENT TO THE HAWAII CONSTITUTION TO AUTHORIZE
SPECIAL PURPOSE REVENUE BONDS TO ASSIST REAL ESTATE
DEVELOPERS TO PROVIDE INFRASTRUCTURE.

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

1 SECTION 1. The purpose of this Act is to propose an
2 amendment to article VII, section 12, of the Constitution of the
3 State of Hawaii to authorize special purpose revenue bonds to
4 assist real estate developers to provide infrastructure.

5 SECTION 2. Article VII, section 12, of the Hawaii
6 Constitution, is amended to read as follows:

7 **"DEFINITIONS; ISSUANCE OF INDEBTEDNESS**

8

9 **Section 12.** For the purposes of this article:

10 1. The term "bonds" shall include bonds, notes and other
11 instruments of indebtedness.

12 2. The term "general obligation bonds" means all bonds for
13 the payment of the principal and interest of which the full
14 faith and credit of the State or a political subdivision are
15 pledged and, unless otherwise indicated, includes reimbursable
16 general obligation bonds.

17 3. The term "net revenues" or "net user tax receipts"
18 means the revenues or receipts derived from:



1 a. A public undertaking, improvement or system remaining
2 after the costs of operation, maintenance and repair
3 of the public undertaking, improvement or system, and
4 the required payments of the principal of and interest
5 on all revenue bonds issued therefor, have been made;
6 or

7 b. Any payments or return on security under a loan
8 program or a loan thereunder, after the costs of
9 operation and administration of the loan program, and
10 the required payments of the principal of and interest
11 on all revenue bonds issued therefor, have been made.

12 4. The term "person" means an individual, firm,
13 partnership, corporation, association, cooperative or other
14 legal entity, governmental body or agency, board, bureau or
15 other instrumentality thereof, or any combination of the
16 foregoing.

17 5. The term "rates, rentals and charges" means all
18 revenues and other moneys derived from the operation or lease of
19 a public undertaking, improvement or system, or derived from any
20 payments or return on security under a loan program or a loan
21 thereunder; provided that insurance premium payments,

1 assessments and surcharges, shall constitute rates, rentals and
2 charges of a state property insurance program.

3 6. The term "reimbursable general obligation bonds" means
4 general obligation bonds issued for a public undertaking,
5 improvement or system from which revenues, or user taxes, or a
6 combination of both, may be derived for the payment of the
7 principal and interest as reimbursement to the general fund and
8 for which reimbursement is required by law, and, in the case of
9 general obligation bonds issued by the State for a political
10 subdivision, general obligation bonds for which the payment of
11 the principal and interest as reimbursement to the general fund
12 is required by law to be made from the revenue of the political
13 subdivision.

14 7. The term "revenue bonds" means all bonds payable from
15 the revenues, or user taxes, or any combination of both, of a
16 public undertaking, improvement, system or loan program and any
17 loan made thereunder and secured as may be provided by law,
18 including a loan program to provide loans to a state property
19 insurance program providing hurricane insurance coverage to the
20 general public.

21 8. The term "special purpose revenue bonds" means all
22 bonds payable from rental or other payments made to an issuer by



1 a person pursuant to contract and secured as may be provided by
2 law.

3 9. The term "user tax" means a tax on goods or services or
4 on the consumption thereof, the receipts of which are
5 substantially derived from the consumption, use or sale of goods
6 and services in the utilization of the functions or services
7 furnished by a public undertaking, improvement or system;
8 provided that mortgage recording taxes shall constitute user
9 taxes of a state property insurance program.

10 The legislature, by a majority vote of the members to which
11 each house is entitled, shall authorize the issuance of all
12 general obligation bonds, bonds issued under special improvement
13 statutes and revenue bonds issued by or on behalf of the State
14 and shall prescribe by general law the manner and procedure for
15 such issuance. The legislature by general law shall authorize
16 political subdivisions to issue general obligation bonds, bonds
17 issued under special improvement statutes and revenue bonds and
18 shall prescribe the manner and procedure for such issuance. All
19 such bonds issued by or on behalf of a political subdivision
20 shall be authorized by the governing body of such political
21 subdivision.



1 Special purpose revenue bonds shall only be authorized or
2 issued to finance facilities of or for, or to loan the proceeds
3 of such bonds to assist:

- 4 1. Manufacturing, processing, or industrial enterprises;
- 5 2. Utilities serving the general public;
- 6 3. Health care facilities provided to the general public
7 by not-for-profit corporations;
- 8 4. Early childhood education and care facilities provided
9 to the general public by not-for-profit corporations;
- 10 5. Low and moderate income government housing programs;
- 11 6. Not-for-profit private nonsectarian and sectarian
12 elementary schools, secondary schools, colleges and
13 universities; [~~or~~]
- 14 7. Agricultural enterprises serving important
15 agricultural lands[~~7~~]; or
- 16 8. Real estate developers to provide infrastructure,
17 including highway improvements,

18 each of which is hereinafter referred to in this paragraph as a
19 special purpose entity.

20 The legislature, by a two-thirds vote of the members to
21 which each house is entitled, may enact enabling legislation for
22 the issuance of special purpose revenue bonds separately for



1 each special purpose entity, and, by a two-thirds vote of the
2 members to which each house is entitled and by separate
3 legislative bill, may authorize the State to issue special
4 purpose revenue bonds for each single project or multi-project
5 program of each special purpose entity; provided that the
6 issuance of such special purpose revenue bonds is found to be in
7 the public interest by the legislature; and provided further
8 that the State may combine into a single issue of special
9 purpose revenue bonds two or more proposed issues of special
10 purpose revenue bonds to assist not-for-profit private
11 nonsectarian and sectarian elementary schools, secondary
12 schools, colleges, and universities, or to assist real estate
13 developers to provide infrastructure, including highway
14 improvements, separately authorized as aforesaid, in the total
15 amount of not exceeding the aggregate of the proposed separate
16 issues of special purpose revenue bonds. The legislature may
17 enact enabling legislation to authorize political subdivisions
18 to issue special purpose revenue bonds. If so authorized, a
19 political subdivision by a two-thirds vote of the members to
20 which its governing body is entitled and by separate ordinance
21 may authorize the issuance of special purpose revenue bonds for
22 each single project or multi-project program of each special



1 purpose entity; provided that the issuance of such special
2 purpose revenue bonds is found to be in the public interest by
3 the governing body of the political subdivision. No special
4 purpose revenue bonds shall be secured directly or indirectly by
5 the general credit of the issuer or by any revenues or taxes of
6 the issuer other than receipts derived from payments by a person
7 or persons under contract or from any security for such contract
8 or contracts or special purpose revenue bonds and no moneys
9 other than such receipts shall be applied to the payment
10 thereof. The governor shall provide the legislature in November
11 of each year with a report on the cumulative amount of all
12 special purpose revenue bonds authorized and issued, and such
13 other information as may be necessary."

14 SECTION 3. The question to be printed on the ballot shall
15 be as follows:

16 "Shall the State be authorized to issue special purpose
17 revenue bonds to assist real estate developers to provide
18 infrastructure, including highway improvements?"

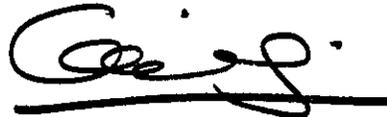
19 SECTION 4. Constitutional material to be repealed is
20 bracketed and stricken. New constitutional material is
21 underscored.

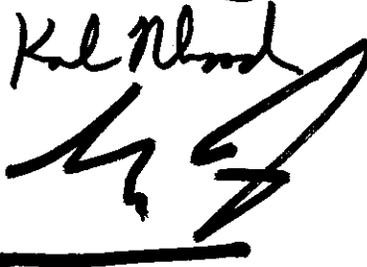


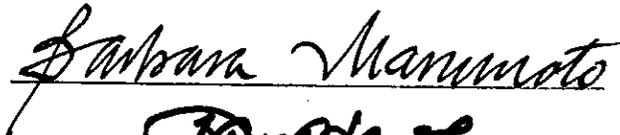
1 SECTION 5. This amendment shall take effect upon
 2 compliance with article XVII, section 3, of the Constitution of
 3 the State of Hawaii.

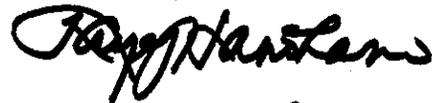
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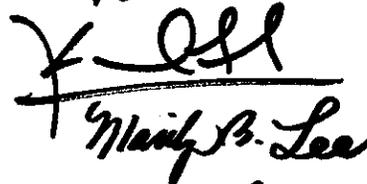
INTRODUCED BY: 










 Mary B. Lee





JAN 25 2011



Report Title:

Hawaii Constitutional Amendment; SPRBs; Real Estate Development

Description:

Authorizes special purpose revenue bonds to assist real estate developers to provide infrastructure, including highway improvements.

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