
A BILL FOR AN ACT

RELATING TO GENERAL OBLIGATION BONDS.

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

1 SECTION 1. The purpose of this Act is to promote fiscally
2 responsible funding of repair and maintenance projects in the
3 State by:

4 (1) Prohibiting the issuance of general obligation bonds
5 to finance the repair and maintenance of a capital
6 asset with a depreciable life of less than ten years
7 from the date the asset was first placed into service;

8 (2) Authorizing only cash appropriations or the issuance
9 of bonds other than general obligation bonds to
10 finance the repair and maintenance of a capital asset
11 with a depreciable life of less than ten years from
12 the date the asset was first placed into service; and

13 (3) Requiring the state director of finance to set a
14 maturity date of not more than ten years when issuing
15 general obligation bonds to finance the repair and
16 maintenance of a capital asset with a depreciable life



1 of ten years or more from the date the asset was first
2 placed into service.

3 SECTION 2. Section 37-66, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "[~~§~~37-66~~§~~] **Responsibilities of the legislature.** The
6 legislature shall:

7 (1) Consider the long-range plans, including the proposed
8 objectives and policies, the six-year state program
9 and financial plan, and the budget and revenue
10 proposals recommended by the governor and any
11 alternatives thereto.

12 (2) Adopt programs and the state budget, and appropriate
13 moneys to implement the programs it deems
14 appropriate~~[-]~~; provided that:

15 (A) The legislature is absolutely prohibited from
16 authorizing any issuance of general obligation
17 bonds to finance the repair and maintenance of a
18 capital asset with a depreciable life of less
19 than ten years from the date the asset was first
20 placed into service; and



1 (B) The legislature, when appropriate, shall
2 authorize only cash appropriations or the
3 issuance of bonds other than general obligation
4 bonds to finance the repair and maintenance of a
5 capital asset with a depreciable life of less
6 than ten years from the date the asset was first
7 placed into service.

8 (3) Adopt such other legislation as necessary to implement
9 state programs.

10 (4) Review the implementation of the state budget and
11 program accomplishments and execution of legislative
12 policy direction. Implementation of the state budget
13 and program management, execution, and performance
14 shall be subject to post-audits by the auditor who
15 shall report the auditor's findings and
16 recommendations to the legislature as provided in
17 chapter 23."

18 SECTION 3. Section 37-67, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "~~§~~37-67~~§~~ Responsibilities of the department of budget
21 and finance. The director of finance shall assist the governor



1 in the preparation, explanation and administration of the state
2 long-range plans, the proposed six-year program and financial
3 plan and the state budget. To this end, subject to this part,
4 the director shall:

- 5 (1) With the approval of the governor, develop procedures
6 and prescribe rules and regulations to guide such
7 state agencies as may be assigned by the director the
8 task of formulating and preparing the initial
9 proposals with respect to long-range plans, program
10 and financial plans, program budget requests and
11 program performance reports and to assure the
12 availability of information needed for effective
13 policy decision-making[-]; provided that the director
14 shall specify in the procedures, rules, and
15 regulations that general obligation bonds shall not be
16 issued for the purpose of financing the repair and
17 maintenance of a capital asset with a depreciable life
18 of less than ten years from the date the asset was
19 first placed into service.
- 20 (2) Assist such state agencies in the formulation of
21 program objectives, preparation of program plans and



1 program budget requests, and reporting of program
2 performance.

3 (3) Coordinate, analyze and revise as necessary the
4 program objectives, long-range plans, program and
5 financial plans, program budget requests and program
6 performance reports initially proposed or prepared by
7 such state agencies and develop the state
8 comprehensive program and financial plan, budget and
9 program performance report.

10 (4) Administer its responsibilities under the program
11 execution provisions of this part so that the policy
12 decisions and budget determinations of the governor
13 and the legislature are implemented to the fullest
14 extent possible within the concepts of proper
15 management.

16 (5) Investigate continuously the administration of the
17 various agencies for the purpose of advising the
18 governor and recommending to the governor, the
19 legislature and the committees of the legislature
20 concerning the duties of the various positions in
21 these agencies, the methods of the agency, the



1 standards of efficiency therein, and changes which in
2 the director's judgment will produce greater
3 effectiveness of programs and economy in the conduct
4 of government programs and assist in the preparation
5 of program and financial plans, budget requests and
6 program performance reports.

7 (6) Provide the legislature and any member or committee of
8 either house of the legislature with such documents
9 and information as may be requested concerning the
10 programs, budget, and fiscal and management operations
11 of the State."

12 SECTION 4. Section 39-4, Hawaii Revised Statutes, is
13 amended by amending its title and subsection (a) to read as
14 follows:

15 "**§39-4 Details of bonds[-]; restrictions.** (a) All bonds
16 issued pursuant to this part shall bear interest at such rate or
17 rates, payable at such time or times as determined in accordance
18 with this part; shall mature and be payable at such time or
19 times from the date of the issue thereof as will comply with the
20 provisions of the Constitution of the State; may be made payable
21 as to both principal and interest at a place or places within or



1 without the State; may be issued in coupon form without
2 privilege of registration or registrable as to principal only or
3 as to both principal and interest or in fully registrable form
4 without coupons; may be made registrable at a place or places
5 within or without the State; may be subject to redemption, to
6 tenders for purchase or to purchase prior to their stated
7 maturity at the option of the State, or the holder, or both[-];
8 provided that no bond issued pursuant to this part shall be for
9 the purpose of financing the repair and maintenance of a capital
10 asset with a depreciable life of less than ten years from the
11 date the asset was first placed into service.

12 (b) The director of finance shall determine the date,
13 denomination or denominations, interest payment dates, maturity
14 date or dates, place or places and manner of payment,
15 registration privileges and place or places of registration,
16 redemption price or prices and time or times and terms and
17 conditions and method of redemption, the right of the holder to
18 tender for purchase and the price or prices and time or times
19 and terms and conditions upon which the right might be
20 exercised, the right to purchase and the price or prices and the
21 time or times and terms and conditions upon which the right may



1 be exercised and the purchase may be made, and all other details
 2 of bonds issued under this part[-]; provided that the director
 3 of finance shall set a maturity date or dates of not more than
 4 ten years when issuing a bond pursuant to this part to finance
 5 the repair and maintenance of a capital asset with a depreciable
 6 life of ten years or more from the date the asset was first
 7 placed into service.

8 The principal of and interest and premium, if any, on all
 9 bonds issued under this part shall be payable in any coin or
 10 currency of the United States of America, which at the time of
 11 payment is legal tender for public and private debts."

12 SECTION 5. Statutory material to be repealed is bracketed
 13 and stricken. New statutory material is underscored.

14 SECTION 6. This Act shall take effect upon its approval.

15

INTRODUCED BY:

[Handwritten signatures and names of legislators]
 Mike E. Loman
 Lynn DeCorte
 Bill Kolypski
 Perry M. Sanchez
 Nadine K. Huber



H.B. NO. 1588

Report Title:

General Obligation Bonds; Repair and Maintenance; Restrictions

Description:

Prohibits the issuance of GO bonds to finance the repair and maintenance of a capital asset with a depreciable life of less than 10 years from the date the asset was first placed into service. Authorizes only cash appropriations or the issuance of bonds other than GO bonds to finance the repair and maintenance of a capital asset with a depreciable life of less than 10 years from the date the asset was first placed into service. Requires the Director of Finance to set a maturity date of not more than 10 years when issuing GO bonds to finance the repair and maintenance of a capital asset with a depreciable life of 10 years or more from the date the asset was first placed into service.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

