

JAN 20 2017

A BILL FOR AN ACT

RELATING TO BONDS.

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

1 SECTION 1. The purpose of this Act is to expressly
2 prohibit the use of general obligation or revenue bond proceeds
3 to pay for the unfunded pension or healthcare long-term
4 liabilities incurred for state employees and retirees.

5 The department of budget and finance prepared the "State of
6 Hawaii Debt Management Policy" pursuant to Act 149, Session Laws
7 of Hawaii 2015. The policy lists "[u]nfunded pension or
8 healthcare long-term liabilities" among the general purposes for
9 which debt may be issued.

10 However, the legislature finds that utilizing general
11 obligation or revenue bond proceeds to pay for unfunded pension
12 or other post-employment benefits liabilities is contrary to
13 good public policy and responsible long-term fiscal policy.

14 While the State has not used bond proceeds to pay such
15 liabilities, the legislature finds that the authority to do so
16 in the future should be expressly prohibited.



S.B. NO. 725

1 SECTION 2. Chapter 39, Hawaii Revised Statutes, is amended
 2 by adding a new section to part VII to be appropriately
 3 designated and to read as follows:

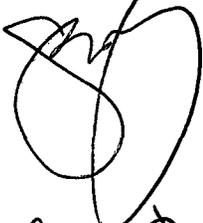
4 "§39- Prohibition on use of bonds for unfunded pension
 5 or other post-employment benefit liabilities. The proceeds of
 6 general obligation or revenue bonds shall not be used to pay for
 7 the unfunded pension or other post-employment benefit
 8 liabilities accrued for state employees and retirees."

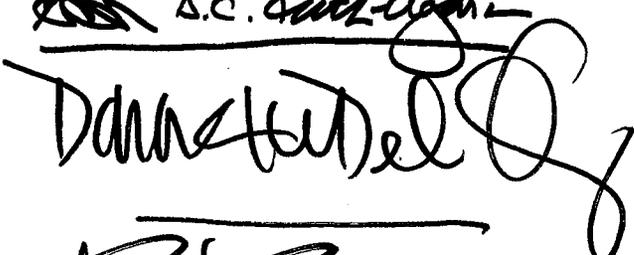
9 SECTION 3. New statutory material is underscored.

10 SECTION 4. This Act shall take effect on July 1, 2017.

11

INTRODUCED BY:

Kal Aburto

 Michelle A. Tedeni
 Mike Sabban
 Mark W.


 Clarence A. Nishikawa
 Rosaly H. Baker
~~Donna~~ D.C. Fitch-Allen


 Governor David Ige

 Mark Wilson



S.B. NO. 725

Report Title:

Bonds; Prohibition for Pension and OPEB Liabilities

Description:

Prohibits the use of general obligation or revenue bond proceeds to pay the unfunded pension or other post-employment benefit liabilities accrued for state employees or retirees.

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

