STAND. COM. REP. NO. 201

Honolulu, Hawaii

FEB 1 4 2017

RE: S.B. No. 407

Honorable Ronald D. Kouchi President of the Senate Twenty-Ninth State Legislature Regular Session of 2017 State of Hawaii

Sir:

Your Committee on Public Safety, Intergovernmental, and Military Affairs, to which was referred S.B. No. 407 entitled:

"A BILL FOR AN ACT RELATING TO COUNTIES,"

begs leave to report as follows:

The purpose and intent of this measure is to provide the counties with greater financial authority by allowing them to make short term investments with similar authority as the state Director of Finance.

Your Committee received testimony in support of this measure from the Maui County Department of Finance and two individuals.

Your Committee finds that ensuring the financial strength of the counties is important for public welfare. One means of supporting the financial strength of the counties is to allow the counties to make certain short term investments. While the counties' currently have authority to make some investments, it is important and sensible to expand the authority of the counties so that it more closely mirrors the authority provided to the State Director of Finance. However, to better protect the public, there should also be in place safeguards to ensure quality investments. Accordingly, this measure:

 Allows the director of finance of each county to make short term investments in additional types of bonds and notes, thereby providing the county directors of finance with similar investment authority as the state Director of Finance;



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- (2) Requires that for investments in bonds of any improvement district, the investments be of investment grade or supported by the general obligation pledge of the county in which the improvement district is located; and
- (3) Prohibits investment or the entering into any agreement which would or may require the county to make future payments, such as swap agreements, hedge agreements, or other similar agreements.

As affirmed by the record of votes of the members of your Committee on Public Safety, Intergovernmental, and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 407 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

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Respectfully submitted on behalf of the members of the Committee on Public Safety, Intergovernmental, and Military Affairs,

CLARENCE K. NISHIHARA, Chair

The Senate Twenty-Ninth Legislature State of Hawai'i

Record of Votes Committee on Public Safety, Intergovernmental, and Military Affairs PSM

Bill / Resolution No.:*	Committee Referral:			Date:	
SB407	PSM, WAM			2/1/1)	
The Committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye 🦯	Aye (WR)	Nay	Excused
NISHIHARA, Clarence K. (C)			/		
WAKAI, Glenn (VC)					
BAKER, Rosalyn H.					/
IHARA, Jr., Les					V
THIELEN, Laura H.					
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TOTAL		S	Ø	Ø	2
Recommendation:					
Chair's or Designee's Signature:					
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*Only <u>one</u> measure per Record of Votes					