
A BILL FOR AN ACT

RELATING TO BONDS.

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

1 SECTION 1. The legislature finds that the Internal Revenue
2 Code of 1986 provides for a formula for the allocation of the
3 State's annual ceiling among governmental units authorized to
4 issue private activity bonds. The legislature further finds
5 that title 26 United States Code section 146(e) also allows a
6 state to establish a different formula for allocating the state
7 ceiling among its governmental units by state law. That
8 authority was exercised in the enactment of Act 62, Session Laws
9 of Hawaii 1987, which established a different ceiling allocation
10 for the counties to provide more flexibility and to better serve
11 the needs of the counties and other issuers of private activity
12 bonds within the State.

13 The purpose of this Act is to:

14 (1) Specify that for five years, the entire allocation of
15 the state bond ceiling shall be allocated to the State
16 to be used entirely for housing related projects;



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- 1 (2) Remove the authorization for counties or issuers to
2 request additional allocations of the state bond
3 ceiling;
- 4 (3) Require counties or issuers that retain their
5 allocation to submit quarterly reports on the status
6 or use of any allocation;
- 7 (4) Require a project to first apply to the county in
8 which the project is located, if the county has a
9 private activity bond issuance program, before
10 applying to the State; and
- 11 (5) For five years, change the dates for reverted or
12 remaining allocations and require certain reverted or
13 remaining allocations to be used for housing related
14 projects.

15 SECTION 2. Section 39B-2, Hawaii Revised Statutes, is
16 amended to read as follows:

17 **"§39B-2 Allocation of annual state ceiling.** (a) [The]
18 One hundred per cent of the annual state ceiling shall be
19 allocated for each calendar year [~~in the following proportions:~~



- 1 ~~(1) An amount equal to fifty per cent of the annual state~~
2 ~~ceiling] to the State[+] and shall be used entirely~~
3 ~~for housing related projects.~~
- 4 ~~[(2) An amount equal to 37.55 per cent of the annual state~~
5 ~~ceiling to the city and county of Honolulu;~~
- 6 ~~(3) An amount equal to 5.03 per cent of the annual state~~
7 ~~ceiling to the county of Hawaii;~~
- 8 ~~(4) An amount equal to 2.41 per cent of the annual state~~
9 ~~ceiling to the county of Kauai; and~~
- 10 ~~(5) An amount equal to 5.01 per cent of the annual state~~
11 ~~ceiling to the county of Maui.]~~

12 (b) The department, with the approval of the governor, may
13 assign all or any part of the allocation of the State to any
14 issuer or any county for a specific calendar year or years. At
15 the request of the department, any issuer or county to which any
16 part of the State's allocation has been assigned shall return
17 all or part of the assignment, in which case the department may
18 provide for its reassignment.

19 ~~[(c) The department may request return of all or any part~~
20 ~~of the allocations of one or more counties made pursuant to~~
21 ~~subsection (a), and may assign and reassign the allocation to~~



1 ~~any other county or issuer for a specified calendar year or~~
2 ~~years.~~

3 ~~(d)]~~ (c) A county, by resolution of its governing body, or
4 any issuer, by written certificate of such issuer, may ~~[request~~
5 ~~additional allocations of the annual state ceiling from, or]~~
6 assign all or any part of its portion of the allocation of the
7 annual state ceiling pursuant to subsection (b) to~~[7]~~ the State
8 for a specified calendar year or years.

9 (d) A county or any issuer that does not assign all or any
10 part of its portion of the allocation of the annual state
11 ceiling to the State pursuant to subsection (c) during a
12 calendar year shall submit a quarterly report to the department
13 on the status or use of that portion of the allocation.

14 (e) Any project subject to the annual state ceiling shall
15 first apply to the county in which the project is located, if
16 the county has a private activity bond issuance program, before
17 applying to the State for the state allocation.

18 (f) After of each calendar year, any unused
19 annual state ceiling allocation shall be used for housing
20 related purposes."



1 SECTION 3. Section 39B-4, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[~~+~~]**§39B-4**[~~+~~] **Report of unused allocation; reversion to**
4 **State.** The director of finance of each county shall report to
5 the department in writing by [~~December 15~~] September 30 of each
6 year as to the amount of allocation to such county which has not
7 been applied to private activity bonds in such year or assigned
8 pursuant to this chapter.

9 In preparing such report, the director of finance of the
10 county shall deduct any allocation which is unused or unassigned
11 as of [~~December 15~~] September 30 but will be applied to private
12 activity bonds on or prior to [~~December 31~~] November 1 of such
13 year.

14 Unless the director of finance of the county or any issuer,
15 by written certificate, indicates to the department prior to
16 [~~December 15~~] September 30 of each year that it intends to carry
17 forward all or any portion of its allocation which has not been
18 applied to private activity bonds in such year or assigned
19 pursuant to this chapter, such unused or unassigned allocation
20 shall revert to the State on [~~December 31~~] November 1 and the
21 State shall be entitled to carry forward such unused or



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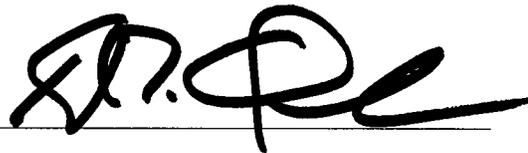
1 unassigned allocation as permitted by federal law[-]; provided
 2 that the State shall use any reverted allocation for housing
 3 related projects, and the amount of reverted allocation carried
 4 forward and used for housing related projects in subsequent
 5 years shall be in addition to, and shall not supplant, any other
 6 portions of the annual state ceiling required by this chapter to
 7 be used for housing related projects."

8 SECTION 4. Statutory material to be repealed is bracketed
 9 and stricken. New statutory material is underscored.

10 SECTION 5. This Act shall take effect on July 1, 2022;
 11 provided that on December 31, 2027, this Act shall be repealed
 12 and sections 39B-2 and 39B-4, Hawaii Revised Statutes, shall be
 13 reenacted in the form in which they read on the day prior to the
 14 effective date of this Act.

15

INTRODUCED BY:



JAN 21 2022



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Report Title:

State Bonds; Annual Ceiling; Private Activity Bonds

Description:

Specifies that the entire allocation of the state bond ceiling shall go to the State to be used for housing related projects. Removes the authorization for counties or issuers to request additional allocations of the state bond ceiling. Requires counties or issuers that retain their allocation to submit quarterly reports on the status or use of any allocation. Requires a project to first apply to the county in which the project is located, if the county has a private activity bond issuance program, before applying to the State. Changes the dates for reverted or remaining allocations and requires certain reverted or remaining allocations to be used for housing related projects. Sunsets on 12/31/2027.

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