
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 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, for a period of six years:

- 14 (1) Specify that the entire allocation of the state bond
15 ceiling shall be allocated to the Hawaii housing
16 finance and development corporation to be used for
17 housing related projects;



- 1 (2) Require the Hawaii housing finance and development
2 corporation, in consultation with the respective
3 counties, to allocate specified percentage amounts for
4 housing related projects in each county;
- 5 (3) Authorize the Hawaii housing finance and development
6 corporation to accumulate each county's annual
7 allocation before assigning the allocation for housing
8 related projects, pursuant to the discretion of the
9 corporation's board of directors;
- 10 (4) Authorize the Hawaii housing finance and development
11 corporation, with the approval of the governor, to
12 assign and reassign the corporation's allocation to
13 the counties;
- 14 (5) Remove the authorization for the department of budget
15 and finance to request return of all or any part of
16 the allocations of any of the counties and to assign
17 and reassign the allocation to other counties or
18 issuers;
- 19 (6) Remove the authorization for counties or issuers to
20 request additional allocations of the state bond
21 ceiling; and



(7) Change the dates for reverted or remaining allocations and require certain reverted or remaining allocations to be used for housing related projects.

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

"§39B-2 Allocation of annual state ceiling. (a) ~~[The]~~ One hundred per cent of the annual state ceiling shall be allocated for each calendar year [in the following proportions:
~~(1) An amount equal to fifty per cent of the annual state ceiling]~~ to the [State,
Hawaii housing finance and development corporation to be used for housing related projects. The Hawaii housing finance and development corporation, in consultation with the respective county, shall allocate:

~~[(2)]~~ (1) An amount equal to 37.55 per cent of the annual state ceiling ~~[to]~~ for housing related projects in the city and county of Honolulu;

~~[(3)]~~ (2) An amount equal to 5.03 per cent of the annual state ceiling ~~[to]~~ for housing related projects in the county of Hawaii;



1 ~~[-(4)-]~~ (3) An amount equal to 2.41 per cent of the annual
2 state ceiling ~~[to]~~ for housing related projects in the
3 county of Kauai; and

4 ~~[-(5)-]~~ (4) An amount equal to 5.01 per cent of the annual
5 state ceiling ~~[to]~~ for housing related projects in the
6 county of Maui~~[-]~~;

7 provided that the Hawaii housing finance and development
8 corporation may accumulate each county's respective annual
9 allocation as provided under this subsection before assigning
10 the allocation for projects in each county. Any unallocated
11 amounts under this subsection shall be allocated at the
12 discretion of the board of directors of the Hawaii housing
13 finance and development corporation.

14 (b) The ~~[department,]~~ Hawaii housing finance and
15 development corporation, with the approval of the governor, may
16 assign all or any part of the allocation of the ~~[State]~~ Hawaii
17 housing finance and development corporation to [any issuer or]
18 any county for ~~[a specific calendar year or years.]~~ housing
19 related projects. At the request of the ~~[department,]~~ Hawaii
20 housing finance and development corporation, any ~~[issuer or]~~
21 county to which any part of the ~~[State's]~~ allocation has been



1 assigned under this subsection shall return all or part of the
2 assignment, in which case the ~~[department]~~ Hawaii housing
3 finance and development corporation may provide for its
4 reassignment.

5 ~~[(c) The department may request return of all or any part~~
6 ~~of the allocations of one or more counties made pursuant to~~
7 ~~subsection (a), and may assign and reassign the allocation to~~
8 ~~any other county or issuer for a specified calendar year or~~
9 ~~years.~~

10 ~~(d) A county, by resolution of its governing body, or any~~
11 ~~issuer, by written certificate of such issuer, may request~~
12 ~~additional allocations of the annual state ceiling from, or~~
13 ~~assign all or any part of its portion of the allocation of the~~
14 ~~annual state ceiling to, the State for a specified calendar year~~
15 ~~or years.] "~~

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

18 "[~~§~~39B-4~~§~~] **Report of unused allocation; reversion to**
19 **State.** The director of finance of each county shall report to
20 the ~~[department]~~ Hawaii housing finance and development
21 corporation in writing by ~~[December 15]~~ September 30 of each



1 year as to the amount of allocation to such county [~~which~~] that
2 has not been applied to private activity bonds in such year or
3 assigned pursuant to this chapter.

4 In preparing [~~such~~] the report, the director of finance of
5 the county shall deduct any allocation [~~which~~] that is unused or
6 unassigned as of [~~December 15~~] September 30 but will be applied
7 to private activity bonds on or prior to [~~December 31~~]
8 November 1 of such year.

9 Unless the director of finance of the county or any issuer,
10 by written certificate, indicates to the [~~department~~] Hawaii
11 housing finance and development corporation prior to
12 [~~December 15~~] September 30 of each year that it intends to carry
13 forward all or any portion of its allocation [~~which~~] that has
14 not been applied to private activity bonds in such year or
15 assigned pursuant to this chapter, such unused or unassigned
16 allocation shall revert to the State on [~~December 31~~] November 1
17 and the State shall be entitled to carry forward such unused or
18 unassigned allocation as permitted by federal law."

19 SECTION 4. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



SECTION 5. This Act shall take effect on July 1, 2022;
provided that:

(1) This Act shall not affect the allocations of the
annual state bond ceiling under section 39B-2, Hawaii
Revised Statutes, that were authorized, but not issued
for any project before July 1, 2022; and

(2) On December 31, 2028, this Act shall be repealed and
sections 39B-2 and 39B-4, Hawaii Revised Statutes,
shall be reenacted in the form in which they read on
the day prior to the effective date of this Act.



Report Title:

State Bonds; Annual Ceiling; Private Activity Bonds; HHFDC;
Housing Related Projects; Counties

Description:

Specifies that the entire allocation of the state bond ceiling shall be allocated to the HHFDC to be used for housing related projects. Requires the HHFDC, in consultation with the respective counties, to allocate specified percentage amounts for housing related projects in each county. Authorizes the HHFDC to accumulate each county's annual allocation before assigning the allocation for housing related projects, pursuant to the discretion of the HHFDC board of directors. Authorizes the HHFDC, with the approval of the governor, to assign and reassign the HHFDC's allocation to the counties. Removes the authorization for the department of budget and finance to request return of all or any part of the allocations of any of the counties and to assign and reassign the allocation to other counties or issuers. Removes the authorization for counties or issuers to request additional allocations of the state bond ceiling. Changes the dates for reverted or remaining allocations and require certain reverted or remaining allocations to be used for housing related projects. Sunsets 12/31/2028. (HD1)

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