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# A BILL FOR AN ACT

RELATING TO STATE FUNDS.

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

PART I

SECTION 1. The legislature finds that the Hawaii housing finance and development corporation has legacy funds within the rental housing revolving fund that are derived from tax-exempt general obligation bond proceeds. These tax-exempt funds have limited usefulness for affordable rental housing development because under United States Treasury regulations, tax-exempt funds cannot be used to finance projects that also use low-income housing tax credits as there can only be one tax-exempt financing source per project. However, under United States Treasury regulations, tax-exempt bond proceeds can be used for public infrastructure projects. Financing of public infrastructure projects is an allowable use of the Hawaii housing finance and development corporation's dwelling unit revolving fund, but not the rental housing revolving fund.

The legislature further finds that the tax-exempt general obligation bond proceeds in the rental housing revolving fund



1 could be utilized if the funds were transferred to the dwelling  
2 unit revolving fund.

3 Therefore, the purpose of this part is to transfer  
4 tax-exempt general obligation bond funds from the rental housing  
5 revolving fund to the dwelling unit revolving fund.

6 SECTION 2. The director of finance is authorized to  
7 transfer tax-exempt general obligation bond proceeds and the  
8 interest that has accrued thereon from the rental housing  
9 revolving fund to the dwelling unit revolving fund in an amount  
10 not to exceed \$45,000,000 for fiscal year 2022-2023.

11 PART II

12 SECTION 3. There is appropriated out of the general  
13 revenues of the State of Hawaii the sum of \$300,000,000 or so  
14 much thereof as may be necessary for fiscal year 2022-2023 to be  
15 deposited into the rental housing revolving fund established in  
16 section 201H-202, Hawaii Revised Statutes.

17 SECTION 4. There is appropriated out of the rental housing  
18 revolving fund the sum of \$300,000,000 or so much thereof as may  
19 be necessary for fiscal year 2022-2023 for the purposes of this  
20 part; provided that up to \$150,000,000 may be used for mixed-  
21 income rental projects or units in mixed-income rental projects



1 targeted for individuals and families with incomes above sixty  
2 and at or below one hundred per cent of the median family income  
3 for the State of Hawaii.

4 The sum appropriated shall be expended by the Hawaii  
5 housing finance and development corporation for the purposes of  
6 this part; provided that the appropriation shall not lapse at  
7 the end of the fiscal year for which the appropriation is made;  
8 provided further that any moneys not awarded as of June 30,  
9 2023, may be used for other rental housing projects pursuant to  
10 paragraph 201H-202(e)(1), Hawaii Revised Statutes; provided  
11 further that all moneys from the appropriation that are  
12 unallotted as of June 30, 2024, shall lapse on that date.

13 PART III

14 SECTION 5. Section 201H-202, Hawaii Revised Statutes, is  
15 amended by amending subsections (b) and (c) to read as follows:

16 "(b) An amount from the fund, to be set by the corporation  
17 and authorized by the legislature, may be used for  
18 administrative expenses incurred by the corporation in  
19 administering the ~~[fund,]~~ corporation's housing finance  
20 programs; provided that fund moneys ~~[may]~~ shall not be used to



1 finance day-to-day administrative expenses of projects allotted  
2 fund moneys.

3 (c) The following may be deposited into the fund:  
4 appropriations made by the legislature, conveyance taxes  
5 pursuant to section 247-7, private contributions, repayment of  
6 loans, interest, other returns, and moneys from other sources."

7 PART IV

8 SECTION 6. There is established two full-time equivalent  
9 (2.0 FTE) housing finance specialist I positions (BED160HF)  
10 within the Hawaii housing finance and development corporation.

11 SECTION 7. There is appropriated out of the general  
12 revenues of the State of Hawaii the sum of \$554,000 or so much  
13 thereof as may be necessary for fiscal year 2022-2023 for  
14 computer software and hardware; information technology  
15 improvements; videoconferencing improvements; and scanning and  
16 digitization equipment, services, and warranties.

17 The sum appropriated shall be expended by the department of  
18 business, economic development, and tourism for the purposes of  
19 this part.

20 PART V



1       SECTION 8. If any provision of this Act, or the  
2 application thereof to any person or circumstance, is held  
3 invalid, the invalidity does not affect other provisions or  
4 applications of the Act that can be given effect without the  
5 invalid provision or application, and to this end the provisions  
6 of this Act are severable.

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

9       SECTION 10. This Act shall take effect on July 1, 2022.



**Report Title:**

State Funds; Rental Housing Revolving Fund; Dwelling Unit Revolving Fund; Housing Finance Programs; HHFDC; Appropriation

**Description:**

Authorizes the transfer of excess funds from the Rental Housing Revolving Fund to the Dwelling Unit Revolving Fund. Appropriates funds into and out of the Rental Housing Revolving Fund. Provides that the Rental Housing Revolving Fund may be used for the HHFDC's housing finance programs. Establishes two full-time equivalent (2.0 FTE) housing finance specialist positions. Appropriates funds to the HHFDC for computer software and hardware; information technology improvements; videoconferencing improvements; and scanning and digitization equipment, services, and warranties. (CD1)

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