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# 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, as amended, provides for a formula for the  
3 allocation of the State's annual ceiling among governmental  
4 units authorized to issue private activity bonds. The  
5 legislature further finds that title 26 United States Code  
6 section 146(e) also allows a state to establish a different  
7 formula for allocating the state ceiling among its governmental  
8 units by state law.

9           The legislature further finds that the State is committed  
10 to the production and maintenance of available affordable  
11 housing for its residents, and housing-related projects could  
12 benefit from greater access to private activity bond financing.  
13 Increasing coordination between the State and counties on the  
14 timing of private activity bond issuances would allow the State  
15 to more efficiently allocate private activity bonds for housing-  
16 related projects.

17           Therefore, the purpose of this Act is to:



- 1           (1) Require counties or issuers that retain their
- 2                   allocation of the annual state ceiling to submit
- 3                   quarterly reports to the department of budget and
- 4                   finance on the status or use of any allocation;
- 5           (2) Prohibit the authorization of any special purpose
- 6                   revenue bonds that require an allocation of the annual
- 7                   state ceiling after June 30, 2022, and before
- 8                   December 31, 2028, unless requested by the governor
- 9                   and approved by the legislature; and
- 10          (3) Require any allocation of the annual state ceiling to
- 11                   a county with a population of over five hundred
- 12                   thousand during this same time frame to be used only
- 13                   for rental housing projects that are eligible for the
- 14                   low-income housing tax credit.

15           SECTION 2. Chapter 39B, Hawaii Revised Statutes, is  
 16 amended by adding a new section to be appropriately designated  
 17 and to read as follows:

18           "§39B-\_\_\_\_\_ Quarterly report status or use of allocation. A  
 19 county or any issuer shall submit a quarterly report to the  
 20 department on the status or use of the county's or issuer's  
 21 portion of the allocation of the annual state ceiling, including



1 any carryforward allocation, that has not been applied to an  
2 insurance of a qualified private bond, as evidenced by a  
3 certificate of the issuer or director of finance of a county, as  
4 applicable."

5 SECTION 3. Unless requested by the governor and approved  
6 by the legislature, no special purpose revenue bonds requiring  
7 an allocation of annual state ceiling under section 39B-2,  
8 Hawaii Revised Statutes, shall be authorized after June 30,  
9 2022, and before December 31, 2028.

10 SECTION 4. Any allocation of the annual state ceiling  
11 under section 39B-2, Hawaii Revised Statutes, to a county with a  
12 population of over five hundred thousand after June 30, 2022,  
13 but before December 31, 2028, shall be used only for rental  
14 housing projects eligible for the low-income housing tax credit  
15 under section 235-110.8, Hawaii Revised Statutes.

16 SECTION 5. New statutory material is underscored.

17 SECTION 6. This Act shall take effect on July 1, 2050.



**Report Title:**

State Bonds; Annual State Bond Ceiling; Private Activity Bonds;  
Department of Budget and Finance; HHFDC; Quarterly Reports;  
Rental Housing Projects

**Description:**

Requires counties or issuers that retain their allocation of the annual state bond ceiling to submit quarterly reports to the department of budget and finance on the status or use of any allocation. Specifies that unless requested by the governor and approved by the legislature, no special purpose revenue bonds requiring an allocation of annual state ceiling shall be authorized after 6/30/2022, and before 12/31/2028. Specifies that any allocation of the annual state ceiling to a county with a population of over 500,000 during this same time period shall be used only for rental housing projects that are eligible for the low-income housing tax credit. Effective 7/1/2050. (HD1)

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

