
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. That authority was exercised in the
9 enactment of Act 62, Session Laws of Hawaii 1987, which
10 established a different ceiling allocation for the counties to
11 provide more flexibility and to better serve the needs of the
12 counties and other issuers of private activity bonds within the
13 State.

14 The legislature further finds that the State is committed
15 to the production and maintenance of available affordable
16 housing for its residents and that housing-related projects



1 could benefit from greater access to private activity bond
2 financing.

3 Therefore, the purpose of this Act is to amend provisions
4 that govern the allocation of the State's private activity bond
5 ceiling by:

- 6 (1) Making it easier for counties or issuers to assign
7 their allocation back to the State by removing the
8 requirement for a resolution or written certificate;
- 9 (2) Removing the authorization for counties or issuers to
10 request additional allocations of the state bond
11 ceiling;
- 12 (3) Prioritizing projects of counties that assign their
13 allocation back to the State over projects of counties
14 that have their own bond issuance program;
- 15 (4) Requiring counties or issuers that retain their
16 allocation to submit quarterly reports on the status
17 or use of any allocation;
- 18 (5) Requiring a project to first apply to the county in
19 which the project is located, if the county has a
20 private activity bond issuance program, before
21 applying to the State; and



1 (6) Changing the dates for reverted or remaining
2 allocations and requiring certain reverted or
3 remaining allocations to be allocated to the Hawaii
4 housing finance and development corporation.

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

7 "**§39B-2 Allocation of annual state ceiling.** (a) The
8 annual state ceiling shall be allocated for each calendar year
9 in the following proportions:

10 (1) An amount equal to fifty per cent of the annual state
11 ceiling to the State;

12 (2) An amount equal to 37.55 per cent of the annual state
13 ceiling to the city and county of Honolulu;

14 (3) An amount equal to 5.03 per cent of the annual state
15 ceiling to the county of Hawaii;

16 (4) An amount equal to 2.41 per cent of the annual state
17 ceiling to the county of Kauai; and

18 (5) An amount equal to 5.01 per cent of the annual state
19 ceiling to the county of Maui.

20 (b) The department, with the approval of the governor, may
21 assign all or any part of the allocation of the State to any



1 issuer or any county for a specific calendar year or years. At
2 the request of the department, any issuer or county to which any
3 part of the State's allocation has been assigned shall return
4 all or part of the assignment, in which case the department may
5 provide for its reassignment.

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

11 (d) A county~~[, by resolution of its governing body,]~~ or
12 any issuer~~[, by written certificate of such issuer,]~~ may
13 ~~[request additional allocations of the annual state ceiling~~
14 ~~from, or]~~ assign all or any part of its portion of the
15 allocation of the annual state ceiling to~~[,]~~ the State for a
16 specified calendar year or years. Any county or issuer that
17 assigns all or any part of its portion of the allocation of the
18 annual state ceiling to the State shall be given priority over
19 counties that have their own bond issuance program for projects
20 in those counties that are subject to the annual state ceiling.



1 (e) A county or any issuer shall submit a quarterly report
2 to the department on the status or use of its portion of the
3 allocation of the annual state ceiling, including any
4 carryforward allocation, that has not been applied to an
5 issuance of a qualified private bond, as evidenced by a
6 certificate of the issuer or the director of finance of a
7 county, as applicable.

8 (f) Any project subject to the annual state ceiling shall
9 first apply to the county in which the project is located, if
10 the county has a private activity bond issuance program, before
11 applying to the State for the state allocation.

12 (g) After December 1 of each calendar year, any unused
13 annual state ceiling allocation shall be allocated to the Hawaii
14 housing finance and development corporation."

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

17 "~~+~~§39B-4~~+~~ **Report of unused allocation; reversion to**
18 **State.** The director of finance of each county shall report to
19 the department in writing by ~~December 15~~ September 30 of each
20 year as to the amount of allocation to ~~such~~ the county ~~which~~



1 that has not been applied to private activity bonds in [~~such~~]
2 that year or assigned pursuant to this chapter.

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

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



1 to, and shall not supplant, any other portions of the annual
2 state ceiling required by this chapter to be allocated to the
3 Hawaii housing finance and development corporation."

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

6 SECTION 5. This Act shall take effect on July 1, 2050;
7 provided that this Act shall be repealed on December 31, 2027,
8 and sections 39B-2 and 39B-4, Hawaii Revised Statutes, shall be
9 reenacted in the form in which they read on the day prior to the
10 effective date of this Act.



Report Title:

State Bonds; Annual Ceiling; Private Activity Bonds; HHFDC

Description:

Amends provisions governing the allocation of the State's private activity bond ceiling. Prioritizes projects of counties that assign their allocation back to the State over projects of counties with their own private activity bond issuance program. 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 allocated to the Hawaii Housing Finance and Development Corporation. Sunsets on 12/31/2027. Effective 7/1/2050. (SD2)

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

