

JAN 23 2025

A BILL FOR AN ACT

RELATING TO HIGHWAY REVENUE BONDS.

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

1 SECTION 1. Part VII of Act 164, Session Laws of Hawaii
2 2023, as amended by Act 230, Session Laws of Hawaii 2024, is
3 further amended by adding a new section 15.4 to read as follows:

4 "SECTION 15.4. HIGHWAY REVENUE BONDS. The department of
5 transportation may issue highway revenue bonds for highway
6 capital improvement projects authorized in part II and listed in
7 part V of this Act and designated to be financed by revenue bond
8 funds or by general obligation bond funds with the debt service
9 cost to be paid from special funds, in a principal amount as
10 shall be required to yield the amounts appropriated for the
11 capital improvement projects and, if so determined by the
12 department and approved by the governor, any additional
13 principal amount as may be deemed necessary by the department to
14 pay interest on the highway revenue bonds during the estimated
15 period of construction of the capital improvement projects for
16 which the highway revenue bonds are issued, to establish,
17 maintain, or increase reserves for the highway revenue bonds or
18 highway revenue bonds heretofore authorized (whether authorized

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1 and issued or authorized and still unissued), and to pay all or
2 any part of the expenses related to the issuance of the highway
3 revenue bonds. The highway revenue bonds shall be issued
4 pursuant to part III of chapter 39, Hawaii Revised Statutes, as
5 amended. The principal of and interest on the highway revenue
6 bonds, to the extent not paid from the proceeds of the highway
7 revenue bonds, shall be payable from and secured by the revenues
8 derived from highways and related facilities under the ownership
9 of the State or operated and managed by the department; from the
10 highway fuel taxes, vehicle weight taxes, and vehicle
11 registration fees levied and paid pursuant to sections 243-4,
12 248-8, 249-31, and 249-33, Hawaii Revised Statutes; from federal
13 moneys received by the State or any department thereof that are
14 available to pay principal of or interest on indebtedness of the
15 State, or the part of any thereof as the department may
16 determine; and from other user taxes, fees, or charges currently
17 or hereafter derived from or arising through the ownership,
18 operation, and management of highways and related facilities and
19 the furnishing and supplying of the services thereof. The
20 expenses related to the issuance of the highway revenue bonds,
21 to the extent not paid from the proceeds of the bonds, shall be
22 paid from the state highway fund.

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1 The governor, in the governor's discretion, may use the
2 state highway fund to finance those projects authorized in part
3 II and listed in part V of this Act where the method of
4 financing is designated to be by highway revenue bond funds."

5 SECTION 2. If any portion of this Act or its application
6 to any person, entity, or circumstance is held to be invalid for
7 any reason, then the legislature declares that the remainder of
8 the Act and each and every other provision thereof shall not be
9 affected thereby. If any portion of a specific appropriation is
10 held to be invalid for any reason, the remaining portion shall
11 be expended to fulfill the objective of such appropriation to
12 the extent possible.

13 SECTION 3. If manifest clerical, typographical, or other
14 mechanical errors are found in this Act, the governor may
15 correct such errors.

16 SECTION 4. New statutory material is underscored.

17 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:

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BY REQUEST

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Report Title:

Budget Provisions; Highway Revenue Bonds; Bond Authorization;
Department of Transportation

Description:

Restores the revenue bond authorization for the Department of Transportation to issue Highway Revenue Bonds for highway capital improvement projects authorized in Act 164, Session Laws of Hawaii (SLH) 2023, as amended by Act 230, SLH 2024. Effective upon approval.

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

JUSTIFICATION SHEET

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DEPARTMENT: Transportation

TITLE: A BILL FOR AN ACT RELATING TO HIGHWAY REVENUE BONDS.

PURPOSE: To restore the revenue bond authorization for the Department to issue Highway Revenue Bonds for highway capital improvement projects authorized in Act 164, Session Laws of Hawaii (SLH) 2023, as amended by Act 230, SLH 2024.

MEANS: Adding a new section to part VII of Act 164, as amended by Act 230, SLH 2024.

JUSTIFICATION: The special provision in Act 164, SLH 2023, that authorized the issuance of Highway Revenue Bonds was inadvertently repealed by Act 230, SLH 2024. The Department's planned 2024 issuance of Highway Revenue Bonds cannot proceed until the budget special provision that authorizes the issuance of highway revenue bonds is restored to fund highway capital improvement projects that are primarily revenue bond funded.

Impact on the public: Without revenue bond funds, State Highway System capital improvement projects that are primarily revenue bond funded would consequentially utilize alternative sources for payment. Should the State issue reimbursable general obligation bonds on behalf of the Department, the general fund of the State would be pledged to the payment of those bonds when it could otherwise be allocated to many other needs. Reimbursements to the general fund would be made from the State Highway Fund, but due to bond certification requirements, payments from the State Highway Fund would be provided in an order of priority in which reimbursements to the general fund are subordinate to many other obligations.

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Impact on the department and other agencies:
This bill will allow the Department to issue Highway Revenue Bonds to fund State Highway System capital improvement projects appropriated by the Legislature.

GENERAL FUND: Restoration of the Highway Revenue Bond authorization would avert the situation where general funds are displaced and obligated for payment of alternative sources when optimally revenue bond funds are the appropriate and primary source of funding for Highway capital improvement projects.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: TRN501, TRN511, TRN531, TRN561, TRN595.

OTHER AFFECTED AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: Upon approval.