

STAND. COM. REP. NO. 1

Honolulu, Hawaii

**JAN 29 2025**

RE: S.B. No. 40  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 40 entitled:

"A BILL FOR AN ACT RELATING TO STATE FINANCES,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the Hawaii Housing Finance and Development Corporation to secure a line of credit or other instrument of indebtedness for the Bond Volume Cap Recycling Program.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation.

Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that the Hawaii Housing Finance and Development Corporation (HHFDC) requires a line of credit to provide liquidity for private activity bond recycling. HHFDC utilizes available funds to pay off existing bonds as they are matured or redeemed, allowing HHFDC to retire old bonds upon issuance of new bonds or cash flow from existing projects. As the line of credit provides financial stability for HHFDC's financing structure, ensuring continuity of funding is necessary for the timely completion of HHFDC's housing projects. This measure ensures efficiency in HHFDC's financial operations by providing



continuity of funding with minimal disruptions, which is critical for compliance with federal requirements.

Your Committee further finds that pursuant to Act 35, Session Laws of Hawaii 2024, HHFDC received continued line of credit funding for fiscal year 2024-2025. However, to ensure continuity of funding for the line of credit, HHFDC will need to request a line of credit at the start of every fiscal biennium. According to HHFDC's testimony at the public hearing on this measure, alternative forms of indebtedness, or other sources of cash such as private bank loans and taxable bonds, would be detrimental to the State's debt ceiling. As the line of credit is a federal requirement for the Bond Volume Cap Recycling Program, your Committee encourages the administration to study other means to secure the line of credit without having to pass a measure through the Legislature every fiscal biennium.

Your Committee has amended this measure by specifying that the Hawaii Housing Finance and Development Corporation is authorized to utilize revenue bonds when securing the line of credit for the Bond Volume Cap Recycling Program.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 40, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 40, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Housing,

  
STANLEY CHANG, Chair



The Senate  
 Thirty-Third Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Housing**  
**HOU**

Bill / Resolution No.:* <b>SB 40</b>	Committee Referral: <b>HOU, WAM</b>	Date: <b>1/23/25</b>
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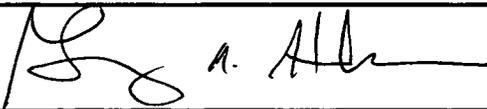
The Committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312    
  Pass, with amendments 2311    
 Hold 2310    
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)	✓			
HASHIMOTO, Troy N. (VC)	✓			
AQUINO, Henry J.C.				✓
KANUHA, Dru Mamo	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>

Recommendation:    
 Adopted    
 Not Adopted

Chair's or Designee's Signature: 

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**\*Only one measure per Record of Votes**