JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

GOV. MSG. NO. 1334

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

July 10, 2026

The Honorable Ronald D. Kouchi
President of the Senate,
and Members of the Senate
Thirty-Third State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Nadine K. Nakamura
Speaker, and Members of the
House of Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Aloha President Kouchi, Speaker Nakamura, and Members of the Legislature:

This is to inform you that on July 10, 2026, the following bill was signed into law:

H.B. NO. 2452, S.D. 1, C.D. 1 RELATING TO STATE BONDS.
ACT 232

Mahalo,

Josh Green M.D.

Josh Green, M.D.
Governor, State of Hawai'i

Approved by the Governor

on JUL 10 2026

HOUSE OF REPRESENTATIVES
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

ACT 232

H.B. NO. 2452 S.D. 1 C.D. 1

A BILL FOR AN ACT

RELATING TO STATE BONDS.

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

SECTION 1. Declaration of findings with respect to the general obligation bonds authorized by this Act. Pursuant to article VII, section 13, of the state constitution, which states: "Effective July 1, 1980, the legislature shall include a declaration of findings in every general law authorizing the issuance of general obligation bonds that the total amount of principal and interest, estimated for such bonds and for all bonds authorized and unissued and calculated for all bonds issued and outstanding, will not cause the debt limit to be exceeded at the time of issuance", the legislature finds and declares as follows:

(1) Limitation on general obligation debt. The debt limit of the State is set forth in article VII, section 13, of the state constitution, which states in part: "General obligation bonds may be issued by the State; provided that such bonds at the time of issuance would not cause the total amount of principal and interest

payable in the current or any future fiscal year, whichever is higher, on such bonds and on all outstanding general obligation bonds to exceed: a sum equal to twenty percent of the average of the general fund revenues of the State in the three fiscal years immediately preceding such issuance until June 30, 1982; and thereafter, a sum equal to eighteen and one-half percent of the average of the general fund revenues of the State in the three fiscal years immediately preceding such issuance." Article VII, section 13, of the state constitution also provides that in determining the power of the State to issue general obligation bonds, certain bonds are excludable, including "[r]eimbursable general obligation bonds issued for a public undertaking, improvement or system but only to the extent that reimbursements to the general fund are in fact made from the net revenue, or net user tax receipts, or combination of both, as determined for the immediately preceding fiscal year" and bonds constituting instruments of indebtedness under which the State incurs a contingent liability as a guarantor, but only to the extent the principal amount of those bonds does not exceed seven per cent of the principal amount of outstanding general obligation bonds not otherwise excluded under said article VII, section 13, of the state constitution.

(2) Actual and estimated debt limits. The limit on principal and interest of general obligation bonds issued by the State, actual for fiscal year 2025-2026 and estimated for each fiscal year from 2026-2027 to 2028-2029, is as follows:

Fiscal Year	Net General Fund Revenues	Debt Limit
2022-2023	$10,183,780,738	
2023-2024	10,629,766,311	
2024-2025	11,260,938,822	
2025-2026	11,026,900,000	$ 1,977,926,629
2026-2027	10,609,520,000	2,029,918,983
2027-2028	10,821,218,000	2,028,670,461
2028-2029	(not applicable)	2,001,554,343

For fiscal years 2025-2026, 2026-2027, 2027-2028, and 2028-2029, respectively, the debt limit is derived by multiplying the average of the net general fund revenues for the three preceding fiscal years by eighteen and one-half per cent. The net general fund revenues for fiscal years 2022-2023, 2023-2024, and 2024-2025 are actual, as certified by the director of finance in the Statement of the Debt Limit of the State of Hawaii as of July 1, 2025, dated December 1, 2025. The net general fund revenues for fiscal years 2025-2026 to 2027-2028 are estimates, based on general fund revenue estimates made as of March 10, 2026, by the council on revenues, the body assigned by article VII, section 7, of the state constitution to make such estimates, and based on estimates made by the department of budget and finance of those receipts that cannot be included as general fund revenues for the purpose of calculating the debt limit, all of which estimates the legislature finds to be reasonable.

(3) Principal and interest on outstanding bonds applicable to the debt limit.

(A) According to the department of budget and finance, the total amount of principal and interest on outstanding general obligation bonds, after the exclusions permitted by article VII, section 13, of the state constitution, for determining the power of the State to issue general obligation bonds within the debt limit as of April 1, 2026, is as follows for fiscal year 2026-2027 to fiscal year 2032-2033:

Fiscal Year	Principal and Interest
2026-2027	$934,453,241
2027-2028	908,088,820
2028-2029	877,015,816
2029-2030	830,364,175
2030-2031	782,919,432
2031-2032	782,843,996
2032-2033	711,586,450

The department of budget and finance further reports that the amount of principal and interest on outstanding bonds applicable to the debt limit generally continues to decline each year from fiscal year 2033-2034 to fiscal year 2043-2044 when the final installment of $56,989,536 shall be due and payable.

(B) The department of budget and finance further reports that the outstanding principal amount of bonds constituting instruments of indebtedness under which the State may incur a contingent liability as a guarantor is $233,500,000, all or part of which is excludable in determining the power of the State to issue general obligation bonds, pursuant to article VII, section 13, of the state constitution.

(4) Amount of authorized and unissued general obligation bonds and guaranties and proposed bonds and guaranties.

(A) As calculated from the state comptroller's bond fund report as of February 28, 2026, adjusted for:

(i) Appropriations to be funded by general obligation bonds or reimbursable general obligation bonds as provided in Act 250, Session Laws of Hawaii 2025 (the General Appropriations Act of 2025), to be expended in fiscal year 2026-2027, adjusted for additional appropriations provided in House

Bill No. 1800, H.D. 1, S.D. 1, C.D. 1 (the Supplemental Appropriations Act of 2026);

(ii) Lapses as provided in House Bill No. 1800, H.D. 1, S.D. 1, C.D. 1 (the Supplemental Appropriations Act of 2026);

(iii) Appropriations to be funded by general obligation bonds or reimbursable general obligation bonds as provided in Act 227, Session Laws of Hawaii 2025 (the Judiciary Appropriations Act of 2025) to be expended in fiscal year 2026-2027, adjusted for additional appropriations provided in House Bill No. 2095, H.D. 2, S.D. 2, C.D. 1 (the Judiciary Supplemental Appropriations Act of 2026);

(iv) Lapses as provided in House Bill No. 2095, H.D. 2, S.D. 2, C.D. 1 (the Judiciary Supplemental Appropriations Act of 2026);

the total amount of authorized but unissued general obligation bonds is $5,961,333,782. The total amount of general obligation bonds authorized in this Act is $1,137,126,000. The total amount of general obligation bonds previously authorized and unissued, as adjusted, and the general obligation bonds authorized in this Act is $7,098,459,782.

(B) As reported by the department of budget and finance the outstanding principal amount of bonds constituting instruments of indebtedness under which the State may incur a contingent liability as a guarantor is $233,500,000, all or part of which is excludable in determining the power of the State to issue general obligation bonds, pursuant to article VII, section 13, of the state constitution.

(5) Proposed general obligation bond issuance. As reported therein for the fiscal years 2025-2026, 2026-2027, 2027-2028, and 2028-2029, the State proposes to issue $1,500,000,000 in general obligation bonds during the second half of fiscal year 2025-2026, $975,000,000 in general obligation bonds during the first half of fiscal year 2026-2027, $950,000,000 in

general obligation bonds during the second half of fiscal year 2026-2027 and semiannually during fiscal year 2027-2028, and $900,000,000 in general obligation bonds semiannually during fiscal year 2028-2029. The State anticipates issuing a combination of twenty-year serial bonds with principal repayments beginning the first year and ten-year serial bonds with principal repayments beginning the first year, payable in substantially equal annual installments of principal and interest payment with interest payments commencing six months from the date of issuance and being paid semi-annually thereafter. It is assumed that this practice will continue to be applied to the bonds that are proposed to be issued.

(6) Sufficiency of proposed general obligation bond issuance to meet the requirements of authorized and unissued bonds, as adjusted, and bonds authorized by this Act. From the schedule reported in paragraph (5), the total amount of general obligation bonds that the State proposes to issue during the fiscal years 2025-2026 to 2027-2028 is $5,325,000,000. An

additional $1,800,000,000 is proposed to be issued in fiscal year 2028-2029. The total amount of $7,125,000,000 that is proposed to be issued through fiscal year 2028-2029 is sufficient to meet the requirements of the authorized and unissued bonds, as adjusted, the total amount of which is $7,098,459,782 reported in paragraph (4), except for $1,773,459,782. It is assumed that the appropriations to which an additional $1,773,459,782 in bond issuance needs to be applied will have been encumbered as of June 30, 2028. The $1,800,000,000 that is proposed to be issued in fiscal year 2028-2029 will be sufficient to meet the requirements of the June 30, 2028, encumbrances in the amount of $1,773,459,782. The amount of assumed encumbrances as of June 30, 2028, is reasonable and conservative, based upon an inspection of June 30 encumbrances of the general obligation bond fund as reported by the state comptroller. Thus, taking into account the amount of authorized and unissued bonds, as adjusted, and the bonds authorized by this Act versus the amount of bonds proposed to be issued by

June 30, 2028, and the amount of June 30, 2028, encumbrances versus the amount of bonds proposed to be issued in fiscal year 2028-2029, the legislature finds that in the aggregate, the amount of bonds proposed to be issued is sufficient to meet the requirements of all authorized and unissued bonds and the bonds authorized by this Act.

(7) Bonds excludable in determining the power of the State to issue bonds. As noted in paragraph (1), certain bonds are excludable in determining the power of the State to issue general obligation bonds.

(A) General obligation reimbursable bonds can be excluded under certain conditions. It is not possible to make a conclusive determination as to the amount of reimbursable bonds which are excludable from the amount of each proposed bond issued because:

(i) It is not known exactly when projects for which reimbursable bonds have been authorized in prior acts and in this Act will be implemented and will require the application of proceeds from a particular bond issue; and

(ii) Not all reimbursable general obligation bonds may qualify for exclusion.

However, the legislature notes that with respect to the principal and interest on outstanding general obligation bonds, according to the department of budget and finance, the average proportion of principal and interest that is excludable each year from the calculation against the debt limit is 0.36 per cent for approximately ten years from fiscal year 2025-2026 to fiscal year 2034-2035. For the purpose of this declaration, the assumption is made that 0.25 per cent of each bond issue will be excludable from the debt limit, an assumption that the legislature finds to be reasonable and conservative.

(B) Bonds constituting instruments of indebtedness under which the State incurs a contingent liability as a guarantor can be excluded, but only to the extent the principal amount of those guaranties does not exceed seven per cent of the principal amount of outstanding general obligation bonds not otherwise excluded under subparagraph (A) of this paragraph; provided that the State shall establish and maintain a reserve in an amount in reasonable proportion to the outstanding loans guaranteed by the State as provided by law. According to the department of budget and finance and the assumptions presented herein, the total principal amount of outstanding general obligation bonds and general obligation bonds proposed to be issued, which are not otherwise excluded under article VII, section 13, of the state constitution for the fiscal years 2025-2026, 2026-2027, 2027-2028, and 2028-2029 are as follows:

Fiscal Year	Total amount of General Obligation Bonds not otherwise excluded by Article VII, Section 13 of the State Constitution

2025-2026	9,420,177,085
2026-2027	11,340,367,085
2027-2028	13,235,617,085
2028-2029	15,031,177,085

Based on the foregoing and based on the assumption that the full amount of a guaranty is immediately due and payable when such guaranty changes from a contingent liability to an actual liability, the aggregate principal amount of the portion of the outstanding guaranties and the guaranties proposed to be incurred, which does not exceed seven per cent of the average amount set forth in the last column of the above table and for which reserve funds have been or will have been established as heretofore provided, can be excluded in determining the power of the State to issue general obligation bonds. As it is not possible to predict with a reasonable degree of certainty when a guaranty will change from a contingent liability to an actual liability, it is assumed in conformity with fiscal conservatism and prudence, that all guaranties not otherwise excluded pursuant to article VII, section 13, of the state constitution will become due and payable in the same fiscal year in which the greatest amount of principal and interest on general obligation bonds, after exclusions, occurs. Thus, based on such assumptions and on the determination in paragraph (8), all of the outstanding guaranties can be excluded.

(8) Determination whether the debt limit will be exceeded at the time of issuance. From the foregoing and on the assumption that all of the bonds identified in paragraph (5) will be issued at an interest rate not to exceed 7.50 per cent in fiscal years 2026 through 2029, it can be determined from the following schedule that the bonds that are proposed to be issued, which include all authorized and unissued bonds previously authorized, as adjusted, general obligation bonds, and instruments of indebtedness under which the State incurs a contingent liability as a guarantor authorized in this Act, will not cause the debt limit to be exceeded at the time of such issuance:

Time of Issuance and Amount to be Counted Against Debt Limit	Debt Limit at Time of Issuance	Greatest Amount and Year of Highest Principal and Interest on Bonds and Guaranties
2nd half FY 2025-2026 $1,496,250,000	1,977,926,629	1,113,478,890 (2026-2027)
1st half FY 2026-2027 $972,565,000	2,029,918,983	1,199,196,529 (2027-2028)
2nd half FY 2026-2027 $947,625,000	2,029,918,983	1,310,188,404 (2027-2028)
1st half FY 2027-2028 $947,625,000	2,028,670,461	1,387,554,572 (2028-2029)
2nd half FY 2027-2028 $947,625,000	2,028,670,461	1,498,546,447 (2028-2029)
1st half FY 2028-2029 $897,750,000	2,001,554,343	1,555,421,719 (2029-2030)
2nd half FY 2028-2029 $897,750,000	2,001,554,343	1,660,577,969 (2029-2030)

(9) Overall and concluding finding. From the facts, estimates, and assumptions stated in this declaration of findings, the conclusion is reached that the total amount of principal and interest estimated for the general obligation bonds authorized in this Act, and for all bonds authorized and unissued, and calculated for all bonds issued and outstanding, and all guaranties, will not cause the debt limit to be exceeded at the time of issuance.

SECTION 2. The legislature finds the bases for the declaration of findings set forth in this Act are reasonable. The assumptions set forth in this Act with respect to the principal amount of general obligation bonds that will be issued, the amount of principal and interest on reimbursable general obligation bonds that are assumed to be excludable, and the assumed maturity structure shall not be deemed to be binding, it being the understanding of the legislature that such matters must remain subject to substantial flexibility.

SECTION 3. Authorization for issuance of general obligation bonds. General obligation bonds may be issued as provided by law in an amount that may be necessary to finance projects authorized in House Bill No. 1800, H.D. 1, S.D. 1, C.D. 1. (the Supplemental Appropriations Act of 2026) and House Bill No. 2095, H.D. 2, S.D. 2, C.D. 1 (the Judiciary Supplemental Appropriations Act of 2026); passed by the legislature during this regular session of 2026 and designated to be financed from the general obligation bond fund and from the general obligation bond fund with debt service cost to be paid from special funds; provided that the sum total of general obligation bonds so issued shall not exceed $1,137,126,000. The proceeds of the general obligation bonds herein authorized are intended to be applied to reimburse expenditures made after the effective date of this Act for the purpose for which such bonds are authorized. The foregoing statement of intent with respect to reimbursement is made in conformity with Treasury Regulation Section 1.150-2 of the United States Treasury Department.

Any law to the contrary notwithstanding, general obligation bonds may be issued from time to time in accordance with section 39-16, Hawaii Revised Statutes, in such principal amount as may be required to refund any general obligation bonds of the State of Hawaii heretofore or hereafter issued pursuant to law.

SECTION 4. The provisions of this Act are declared to be severable and if any portion thereof is held to be invalid for any reason, the validity of the remainder of this Act shall not be affected.

SECTION 5. In printing this Act, the revisor of statutes shall substitute in section 1 and section 3 the corresponding act numbers for bills identified therein.

SECTION 6. This Act shall take effect upon its approval.

APPROVED this 10th day of July, 2026

GOVERNOR OF THE STATE OF HAWAII

HB No. 2452, SD 1, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 6, 2026
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Third Legislature of the State of Hawaii, Regular Session of 2026.

Nadine K. Nakamura
Speaker
House of Representatives

Brian L. Takeshita
Chief Clerk
House of Representatives

H.B. No. 2452, S.D. 1, C.D. 1

THE SENATE OF THE STATE OF HAWAIʻI

Date: May 6, 2026
Honolulu, Hawaiʻi 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-Third Legislature of the State of Hawaiʻi, Regular Session of 2026.

President of the Senate

Clerk of the Senate