

STAND. COM. REP. NO. 2875

Honolulu, Hawaii

MAR 05 2026

RE: S.B. No. 2808
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2808 entitled:

"A BILL FOR AN ACT RELATING TO THE BUDGET,"

begs leave to report as follows:

The purpose and intent of this measure is to establish the means to defease certain tax-exempt bonds to allow the private use of state facilities financed by tax-exempt bonds.

More specifically, this measure:

- (1) Establishes the Defeasement Trust Fund within the Department of Budget and Finance to take all actions necessary to defease tax-exempt bonds; and
- (2) Appropriates moneys into the Defeasement Trust Fund.

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

Your Committee finds that some state facilities that are financed by tax-exempt bonds are underutilized by the State. Your Committee further finds that facilities for community use by private groups are in demand and underutilized state facilities could help alleviate some of this demand. In addition, the State



could generate significant revenue if allowed to rent and license these underutilized facilities for private use. Because federal tax law prohibits the private use of state facilities financed by tax-exempt bonds, establishing a fund to finance defeasement of the tax-exempt bonds financing underutilized facilities will allow the State to generate revenue and better use its physical assets for community benefit.

Your Committee has amended this measure by:

- (1) Requiring the Department of Budget and Finance to consult with bond counsel before defeasement to evaluate the relevant bonds and to assess the impacts of bond defeasance, including the cost to retire the bonds;
- (2) Adding an appropriation of an unspecified sum from the Defeasement Trust Fund to the Department of Budget and Finance for the defeasement of certain tax-exempt bonds; and
- (3) Making technical nonsubstantive amendments to properly reflect standard Ramseyering conventions and for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2808, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2808, S.D. 1, and be placed on the calendar for Third Reading.

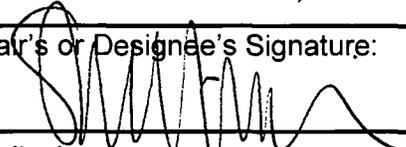
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB2808	WAM	03/04/2026		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
DECOITE, Lynn	X			
ELEFANTE, Brandon J.C.	X			
HASHIMOTO, Troy N.	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
RICHARDS, III, Herbert M. "Tim"	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	13	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink File with Committee Report Committee Drafting Agency				

*Only one measure per Record of Votes