

ACT 57

H.B. NO. 2098-78

A Bill for an Act Relating to General Obligation Bonds of the State.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 39-5, Hawaii Revised Statutes, is amended to read:

“Sec. 39-5 Interest rate, denominations, maturities, place payable, medium of payment, registration, redemption and other details of bonds. All bonds issued under this part shall bear interest, payable annually or semi-annually, at a coupon or stated rate or rates not exceeding eight per cent a year; shall mature and be payable at such time or times from the date of the issue thereof as will comply with the provisions of the Constitution of the State; may be made payable as to both principal and interest at places within and without the State; may be issued in coupon form without privilege of registration or registrable as to principal only or as to both principal and interest or issued in fully registrable form; may be made registrable at places within and without the State; and may be made redeemable at any time or times prior to their stated maturities at prices not to exceed one hundred four per cent of the par value thereof. The director of finance shall determine the date, denomination or denominations, interest payment dates, maturities, places of payment, registration privileges and places of registration, redemption prices and time or times and method of redemption, and all other details of bonds issued under this part. The principal and interest of all bonds issued under this part shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.”

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

"Sec. 39-6 Sale of bonds. The director of finance may make such arrangements as may be necessary or proper for the sale of each issue of bonds or part thereof as are issued under this part. With the approval of the governor, the bonds may be sold for not less than the par value thereof at private sale to the United States of America, or any board, agency, instrumentality or corporation thereof, to the employees retirement system of the State, to any political subdivision of the State, or to any board, agency, instrumentality, corporation or other governmental organization of the State or of any political subdivision of the State. Unless so sold at private sale such arrangements shall provide for the sale of the bonds by the director of finance, after public advertisement for tenders, either (A) with the interest rate or rates to be borne by such bonds having theretofore been fixed by the director with the approval of the governor, in which event the bonds shall be sold to the bidder offering the highest price therefor, or (B) at not less than the par value thereof, with the interest rate or rates to be borne by the bonds to be specified by the bidders therefor, in which event the bonds shall be sold in accordance with the provisions of the next following sentence. The bonds shall be sold on one or the other of the following bases as selected by the director of finance with the approval of the governor:

- (1) To the bidder offering to purchase the bonds at the lowest interest cost, such interest cost for the purpose of this clause being the figure obtained by adding together the amounts of interest payable on the bonds from their date to their respective maturity dates at the rate or rates specified by the bidder and deducting from the sum obtained the amount of any premium offered by the bidder, or
- (2) To the bidder offering to purchase the bonds at the lowest interest cost, such interest cost for the purpose of this clause being, where the interest on the bonds is payable annually, the annual interest rate (compounded annually), or, where the interest on the bonds is payable semi-annually, the rate obtained by doubling the semi-annual interest rate (compounded semi-annually), necessary to discount the principal and interest payments on the bonds from the dates of payment thereof to the date of the bonds and to the price bid (the price bid for the purpose of this clause shall not include the amount of interest accrued on the bonds from their date to the date of delivery and payment therefor); provided that in any case the right shall be reserved to reject any or all bids and waive any irregularity or informality in any bid.

Bonds offered for sale without a specified rate or rates of interest shall, without further action, bear interest at the rate or rates specified by the successful bidder therefor. The advertisement for tenders required by this section shall be published at least once and at least five days prior to the date of such sale in a newspaper published and of general circulation in the State and in a financial newspaper or newspapers published in any of the cities of New York, Chicago or San Francisco, and shall set forth therein the basis to be used in determining the successful bidder."

SECTION 3. Statutory material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes need not include the

brackets, the bracketed material, or the underscoring.*

SECTION 4. This Act shall take effect upon its approval.

(Approved May 8, 1978.)

*Edited accordingly.