

A Bill for an Act Relating to Revenue Bonds Issued by the State of Hawaii.

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

SECTION 1. Section 39-53, Hawaii Revised Statutes, is amended to read:

**“Sec. 39-53 Additional powers of departments.** In addition to the powers which it may otherwise have, any department shall have power under this part:

- (1) To construct, acquire by gift, purchase, or the exercise of the right of eminent domain, reconstruct, improve, better, or extend any undertaking within its jurisdiction, and to acquire by gift, purchase, or the exercise of the right of eminent domain, lands or rights in land or water rights in connection therewith;
- (2) To operate and maintain any undertaking within its jurisdiction and furnish the services, facilities, and commodities thereof for its own use and for the use of public and private consumers;
- (3) To issue revenue bonds of the State in the amounts authorized by specific act or acts of the legislature of the State to finance in whole or in part the cost of the acquisition, purchase, construction, reconstruction, improvement, betterment, or extension of any undertaking;
- (4) To impose, prescribe, and collect rates, rentals, fees, and charges for the use and services of, and the facilities and commodities furnished by, the undertaking; and
- (5) To pledge the punctual payment of the revenue bonds and interest thereon, or to covenant to pay into any special funds from which any of the revenue bonds may be payable, the revenues of the undertaking, or of any part thereof, or the user taxes derived therefrom, or any combination of both (including improvements, betterments, or extensions thereto thereafter constructed or acquired) sufficient to pay the revenue bonds and interest as they shall become due and to create and maintain reasonable reserves to pay the principal and interest; provided[, ] that no user taxes shall be pledged to such payment unless the legislature in the specific act or acts authorizing the issuance of the revenue bonds shall have provided that such revenue bonds may be payable from and secured by such user taxes. The amount so pledged or covenanted to be paid may consist of all or any part or portion of such revenue, or of such user taxes, or any combination of both.

The department, in determining the cost, may include all costs and estimated costs of the issuance of the revenue bonds, all engineering, inspection,

fiscal, and legal expenses, the cost of causing the payment of the principal or interest or both of the revenue bonds to be insured or guaranteed, and interest which it is estimated will accrue during the construction period and for six months thereafter on money borrowed or which it is estimated will be borrowed pursuant to this part."

SECTION 2. Section 39-54, Hawaii Revised Statutes, is amended to read:

**"Sec. 39-54 Authorization of undertaking; form and contents of revenue bonds.** The issuance of revenue bonds for the acquisition, purchase, construction, reconstruction, improvement, betterment, or extension of any undertaking shall be authorized:

- (1) By a resolution or resolutions of the governing body of the department, which may be adopted at the same meeting at which the same are introduced by a majority of all the members of the governing body of the department then in office, and shall take effect immediately upon filing with the director of finance of the State, or
- (2) By a certificate or certificates of a department head, which shall take effect immediately upon filing with the director of finance.

The revenue bonds shall bear interest at such rate or rates, payable semiannually, may be in one or more series, may bear such date or dates, may mature at such time or times not exceeding thirty years from their respective dates, may be payable in such medium of payment, at such place or places, may carry such registration privileges, may be subject to such terms of redemption, may be executed in such manner, may contain such terms, covenants, and conditions, and may be in such form, either coupon or registered, as the resolution or certificate, subsequent resolutions or certificates, may provide. The revenue bonds may be sold at private sale to the United States, or any agency, instrumentality, or corporation thereof, or to the state employees retirement system, or to any political subdivision of the State. Unless so sold at private sale, the revenue bonds shall be sold at public sale after notice of the sale published once at least five days prior to the sale in a newspaper circulating in the State and in a financial newspaper published in any of the cities of New York, Chicago, or San Francisco.

The revenue bonds shall be sold for not less than [ninety-eight per cent] ninety-five per cent of the principal amount thereof. Pending the preparation of the definitive revenue bonds, interim receipts or certificates in such form and with provisions as the department may determine may be issued to the purchaser or purchasers of revenue bonds sold pursuant to this chapter. The revenue bonds and interim receipts or certificates shall be fully negotiable within the meaning of and for all the purposes of chapter 490, Uniform Commercial Code."

SECTION 3. Section 39-54.5, Hawaii Revised Statutes, is amended to read:

**"Sec. 39-54.5 CUSIP numbers.** The department issuing revenue bonds pursuant to this part in its discretion may provide that CUSIP identification numbers shall be imprinted on such revenue bonds. In the event such numbers are imprinted on any such revenue bonds [(i)] (1) no such number shall constitute a part of the contract evidenced by the particular revenue bond upon which it is

## ACT 8

imprinted and [(ii)] (2) no liability shall attach to the State, the department or any officer or agent of either thereof, including any fiscal agent, paying agent, or registrar for such bonds, by reason of such numbers or any use made thereof, and including any use thereof made by the State, the department, any such officer or any such agent, or by reason of any inaccuracy, error, or omission with respect thereto or in such use. The department in its discretion may require that all cost of obtaining and imprinting such numbers shall be paid by the purchaser of such bonds. For the purposes of this section the term "CUSIP identification numbers" means the numbering system adopted by the Committee for Uniform Security Identification Procedures formed by the Securities Industry Association."

SECTION 4. 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 5. This Act shall take effect upon its approval.

(Approved April 6, 1978.)