

ACT 151

H.B. NO. 1568

A Bill for an Act Relating to State Bonds.

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

SECTION 1. Section 39-6, Hawaii Revised Statutes, is repealed.

SECTION 2. Chapter 39, Hawaii Revised Statutes, is amended by adding a new section to be designated as section 39-6 and to read:

"§39-6 Sale of bonds. (a) 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. The director of finance may offer the bonds at public sale or may negotiate the sale of the bonds to any person or group of persons, 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.

(b) The sale of the bonds by the director of finance by negotiation shall be for not less than the par value thereof upon such terms and conditions, and the bonds shall bear interest at such rate or rates, as the director of finance, with the approval of the governor, shall approve.

(c) The sale of the bonds by the director of finance at public sale shall be made only after public advertisement for tenders, 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, in which event the bonds shall be sold in accordance with this subsection. The bonds offered at public sale 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, to the bidder offering to purchase the bonds at the lowest interest cost, such interest cost for the purpose of this paragraph being:

- (1) 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) Where the interest on the bonds is payable annually, the annual interest rate (compounded annually), or, where the interest on the bonds is payable semiannually, the rate obtained by doubling the semiannual interest rate (compounded semiannually), 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 paragraph shall not include the amount of interest accrued on the bonds from their date to the date of delivery and payment);

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.

(d) Bonds offered at public sale, without further action, shall bear interest at the rate or rates specified by the successful bidder. 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 the basis to be used in determining the successful bidder."

SECTION 3. Section 39-54, Hawaii Revised Statutes, is repealed.

SECTION 4. Chapter 39, Hawaii Revised Statutes, is amended by adding a new section to be designated as section 39-54 and to read:

"§39-54 Authorization of undertaking, loan program; form and contents of revenue bonds. (a) The issuance of revenue bonds for the acquisition, purchase, construction, reconstruction, improvement, betterment, or extension of any undertaking or the establishment and administration of any loan program authorized by law 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 and 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.

(b) The head of the department may offer the revenue bonds at public sale or may negotiate the sale of the revenue bonds to any person or group of persons, to the United States, or any agency, instrumentality, or corporation thereof, to the state employees retirement system, or to any political subdivision of the State.

The sale of the revenue bonds by the head of the department by negotiation shall be for not less than ninety-five per cent of the principal amount thereof upon such terms and conditions as the head of the department, with the approval of the governor, shall approve.

The sale of revenue bonds by the head of the department at public sale may be made only after notice of the sale is published once at least five days prior to the sale in a newspaper published and of general circulation in the State and in a financial newspaper published in any of the cities of New York, Chicago, or San Francisco for not less than ninety-five per cent of the principal amount thereof.

(c) Pending the preparation of the definitive revenue bonds, interim receipts or certificates in such form and with such 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 5. Statutory material to be repealed is bracketed. New material is underscored.¹

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

(Approved May 31, 1983.)

Note

1. Edited pursuant to HRS §23G-16.5.