

A Bill for an Act Relating to State Bonds.

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

SECTION 1. Section 39-13, Hawaii Revised Statutes, is amended to read:

“§39-13 Refunding bonds authorized. (a) For the purpose of refunding the present and future bonded indebtedness of the State, or bonds issued by any department, board, agency, instrumentality, commission, or corporation of the State, the director of finance, with the approval of the governor but without further authorization of the legislature, may from time to time issue general obligation refunding bonds of the State [with which] to pay[, call and redeem] or provide for the payment of all or any part of the outstanding bonds of the State or bonds issued by any department, board, agency, instrumentality, commission, or corporation of the State, at or before the maturity or the redemption date thereof, and may include various series and issues of such outstanding bonds in a single issue of refunding bonds and may include refunding bonds and bonds otherwise to be issued under this part in a single issue of bonds. [Refunding bonds may be issued to pay principal, any redemption premium and interest to accrue and become payable on the outstanding bonds being refunded.]

The interest rate or rates of the refunding bonds shall not be limited by the interest rate or rates borne by any of the bonds to be refunded thereby.

The refunding bonds may be issued and delivered at or at any time before the maturity or redemption date of the bonds to be refunded that the director of finance, with the approval of the governor, determines to be in the best interest of the State. The refunding bonds shall be issued in accordance with the provisions of sections 39-4 to 39-6[, both inclusive,] and [sections] 39-8 to 39-13, [both inclusive, of this part,] and all of the provisions of [said] such sections shall be applicable to such refunding bonds; provided that[, notwithstanding the provisions of section 39-6 as to the sale of bonds issued under this part, in the discretion of the governor and director of finance, refunding bonds may be [exchanged at not less than the par value of such refunding bonds for an equal amount of the bonds to be refunded under the provisions of this part at not more than the par value of the bonds to be refunded.] sold for not less than ninety-five per cent of the principal amount thereof. [In the event of the sale of refunding bonds, the proceeds therefor]

Proceeds of the sale of refunding bonds shall be applied solely to the payment of the principal of, and redemption premium, if any, and interest on the bonds to be refunded under the provisions of this part[.] and to the payment of all costs of issuance of such refunding bonds and interest accrued on such refunding bonds to the date of delivery thereof and payment therefor.

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Pending the time the proceeds derived from the sale of refunding bonds issued [hereunder] under this section are required for the purposes for which they were issued, the director may, upon authorization or approval of the governor, invest such proceeds in obligations of, or obligations unconditionally guaranteed by, the United States of America or in savings accounts, time deposits, or certificates of deposit of any bank or trust company within or without the State, to the extent that such savings accounts, time deposits, or certificates of deposits are collaterally secured by a pledge of obligations of, or obligations unconditionally guaranteed by, the United States of America, and to further secure such refunding bonds the State may, through the director of finance, enter into a contract with any bank or trust company, within or without the State, with respect to the safekeeping and application of the proceeds of such refunding bonds, and the safekeeping and application of the earnings of such investment. All bonds so refunded and redeemed by the issue and sale [or issue and exchange] of refunding bonds shall be [cancelled.] cancelled.

(b) The bonds which may be refunded under [the provisions of] this section include bonds issued under this part, [any] bonds payable or secured in whole or in part from the general fund of the State, bonds payable or secured in whole or in part by any taxes or by the taxing power of the State, and [any] bonds which must be included when determining the power of the legislature to authorize the issuance of bonds and other evidences of indebtedness of the State. Nothing in this section shall require or be deemed to require the director of finance to elect to redeem or prepay bonds being refunded, or, if the director elects to redeem or prepay any such bonds, to redeem or prepay as of any particular date or dates.

However, without express authorization by the legislature, no bonds shall be issued under this part to refund bonds, notes, or other instruments of indebtedness payable solely from and secured solely by the revenues, or user taxes, of a public undertaking, improvement, or system, unless the bonds to be refunded were issued prior to November 5, 1968 and are payable from both the revenues and the user taxes of the undertaking, improvement, or system for which they were issued. In the event of the issuance under this part of bonds to refund bonds payable solely from and secured solely by the revenues or user taxes, or combination of both, of a public undertaking, improvement, or system, reimbursement shall be made to the general fund from such revenues or taxes, or combination thereof, for the payment of all of the principal and interest of the refunding bonds.

(c) Notwithstanding any other law to the contrary, for purposes of the statements required to be prepared by part IV of chapter 39, the director of finance may determine the manner of allotting the debt service on the general obligation refunding bonds among the purposes for which the proceeds of the bonds being refunded were allotted."

SECTION 2. Statutory material to be repealed is bracketed. New material is underscored.

SECTION 3. This Act shall take effect upon its approval.

(Approved April 16, 1984.)