

## ACT 15

S.B. NO. 1861

A Bill for an Act Relating to State Bonds.

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

SECTION 1. The purpose of this Act is to provide for technical corrections to chapter 39, Hawaii Revised Statutes.

SECTION 2. Section 39-4, Hawaii Revised Statutes, is amended to read as follows:

**“§39-4 Details of bonds.** (a) All bonds issued pursuant to this part shall bear interest at such rate or rates, payable at such time or times[, at a stated rate or rates;] as determined in accordance with this part; 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 a place or places within or 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 in fully registrable form without coupons; may be made registrable at a place or places within or without the State; may be subject to redemption, to tenders for purchase or to purchase prior to their stated maturity at the option of the State, or the holder, or both.

(b) The director of finance shall determine the date, denomination or denominations, interest payment dates, maturity date or dates, place or places and manner of payment, registration privileges and place or places of registration, redemption price or prices and time or times and terms and conditions and method of redemption, the right of the holder to tender for purchase and the price or prices and time or times and terms and conditions upon which the right might be exercised, the right to purchase and the price or prices and the time or times and terms and conditions upon which the right may be exercised and the purchase may be made, and all other details of bonds issued under this part.

The principal of and interest and premium, if any, on 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 3. Section 39-62, Hawaii Revised Statutes, is amended to read as follows:

**“§39-62 Use of revenue and user taxes of undertaking or loan program.** Whenever any revenue bonds have been issued pursuant to this part for an undertaking or a loan program, the revenue, or the user taxes, or combination of both, of the undertaking or loan program from which the revenue bonds are payable and by which they are secured shall be deposited in a special fund and shall be appropriated, applied, or expended[, and the department shall have the right to appropriate, apply, or expend the same,] in the amount necessary therefor for the following

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purposes and in the order of priority as the department shall provide in the resolution or certificate authorizing the issuance of revenue bonds pursuant to this part:

- (1) To pay when due all revenue bonds and interest thereon issued for the undertaking or loan program, for the payment of which the revenue, or user taxes, or combination of both, is or shall have been pledged, charged, or otherwise encumbered, including reserves therefor;
- (2) To pay or provide for the payment of the cost of operation, maintenance, and repair of the undertaking, or to pay or provide for the payment of administering, operating, and maintaining the loan program, including reserves therefor;
- (3) For such purposes, within the jurisdiction, powers, duties, and functions of the department, including the creation and maintenance of reserves, as shall have been covenanted in any resolution or resolutions or certificate or certificates of the department providing for the issuance of revenue bonds;
- (4) To reimburse the general fund of the State for all bond requirements for general obligation bonds which are or shall have been issued for the undertaking or loan program, or to refund any general obligation bonds, except insofar as the obligation of reimbursement has been or shall be canceled by the legislature, the bond requirements being the interest on term and serial bonds, sinking fund for term bonds, and principal of serial bonds maturing the following year;
- (5) To provide for betterments and improvements to the undertaking or expansion of the loan program, including reserves therefor; and
- (6) To provide special reserve funds and other special funds as are or may be created by law.

The appropriation, application, or expenditure of amounts deposited in the special fund pursuant to this section shall be accounted for on a fiscal year basis. Unless and until adequate provision has been made for the foregoing purposes, the State shall not have the right to transfer to its general fund or any special fund or to apply to any other purposes any part of the revenue or user taxes pledged to the payment of revenue bonds of the undertaking or loan program."

SECTION 4. Statutory material to be repealed is bracketed. New statutory material is underscored.

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

(Approved April 12, 1989.)