

ACT 28

S.B. NO. 2542

A Bill for an Act Relating to State Bonds.

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

SECTION 1. Chapter 39, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

“PART . SECURITY INTERESTS

§39- Definitions. Whenever used in this part, unless a different meaning clearly appears from the context:

“Authorizing statute” means any statute which authorizes the issuance of bonds.

“Bonds” means any bonds, notes, and other instruments of indebtedness, or lease, lease purchase, or certificates of participation, or other evidence of indebtedness for which a security interest is granted or a pledge made upon revenue or other property to provide for payment or security.

“Governmental unit” means the State of Hawaii, and any state department, board, commission, officer, authority, agency, public corporation, or instrumentality, or the judiciary.

“Measure” means any act, certificate, resolution, statute, or other enactment authorizing the issuance of bonds or authorizing an indenture with respect to bonds pursuant to an authorizing statute.

§39- Perfection of a security interest. Any security interest created by a governmental unit pursuant to any authorizing statute is perfected by the adoption of the measure or measures from the date on which the measure takes effect without the need for any physical delivery, filing, or recording in any office.

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§39- Priority of a security interest. The priority of any security interest created by a governmental unit shall be governed by the contractual terms set forth in the measure or measures, including the terms of any indenture or any other agreement approved by the measure or measures, adopted by the governmental unit. No security interest having priority over an existing security interest may be created in violation of the terms of an existing measure governing outstanding bonds.

§39- Enforcement of a security interest. The terms of any applicable authorizing statute shall govern the enforcement of any security interest to the extent that the authorizing statute contains express provisions relating to enforcement or authorizes a governmental unit to contract with respect to enforcement.”

SECTION 2. This Act shall take effect upon its approval.

(Approved April 20, 2000.)