

ACT 182

H.B. NO. 1829

A Bill for an Act Relating to Bonds.

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

SECTION 1. The legislature finds that the Internal Revenue Code of 1986, as amended, provides for a formula for the allocation of the State's annual ceiling for tax-exempt private activity bonds among governmental units authorized to issue these bonds. The legislature further finds that title 26 United States Code section 146(e) also allows a state to establish a different formula for allocating the state ceiling among its governmental units by state law. That authority was exercised in the enactment of Act 62, Session Laws of Hawaii 1987, which established a different ceiling allocation for the counties to provide more flexibility and to better serve the needs of the counties and other issuers of private activity bonds within the State.

The legislature further finds that the State is committed to the production and maintenance of available affordable housing for its residents and that housing-related projects could benefit from greater access to private activity bond financing. Increasing coordination between the State and the counties on the timing of private activity bond issuances would allow the State to more efficiently allocate private activity bonds for housing related projects.

Therefore, the purpose of this Act is to:

- (1) Require counties or issuers that retain their allocation to submit semi-annual reports on the status or use of any allocation to the department of budget and finance and Hawaii housing finance and development corporation;
- (2) Amend the date by which each county's annual report of its unused or unassigned allocation must be submitted to the department of budget and finance;
- (3) Require that the county's annual report also be submitted to the Hawaii housing finance and development corporation;
- (4) Prohibit the authorization of special purpose revenue bonds requiring the allocation of the annual ceiling, unless requested by the governor and approved by the legislature, within the period after June 30, 2022, and before December 31, 2028; and
- (5) Require allocation of the annual ceiling to a county with a population of five hundred thousand or more within the period after June

30, 2022, and before December 31, 2028, to be used only for rental housing projects eligible for low-income housing tax credits.

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

“§39B- Semi-annual report status or use of allocation. In addition to the report required by section 39B-4, within thirty days of the end of each fiscal and calendar year, each county or any issuer shall submit a report to the department and the Hawaii housing finance and development corporation on the status or use of its portion of the allocation of the annual state ceiling, including any carryforward allocation, that has not been applied to an issuance of a qualified private bond, as evidenced by a certificate of the issuer or the director of finance of a county, as applicable.”

SECTION 3. Section 39B-4, Hawaii Revised Statutes, is amended to read as follows:

“[§39B-4] Report of unused allocation; reversion to State. The director of finance of each county shall report to the department in writing by ~~[December]~~ November 15 of each year as to the amount of allocation to such county which has not been applied to private activity bonds in such year or assigned pursuant to this chapter.

In preparing such report, the director of finance of the county shall deduct any allocation which is unused or unassigned as of ~~[December]~~ November 15 but will be applied to private activity bonds on or prior to December ~~[34]~~ 1 of such year.

Unless the director of finance of the county or any issuer, by written certificate, indicates to the department and the Hawaii housing finance and development corporation prior to ~~[December]~~ November 15 of each year that it intends to carry forward all or any portion of its allocation which has not been applied to private activity bonds in such year or assigned pursuant to this chapter, such unused or unassigned allocation shall revert to the State on December ~~[34]~~ 1 and the State shall be entitled to carry forward such unused or unassigned allocation as permitted by federal law.”

SECTION 4. Unless requested by the governor and approved by the legislature, no special purpose revenue bonds requiring an allocation of annual state ceiling under section 39B-2, Hawaii Revised Statutes, shall be authorized after June 30, 2022 and before December 31, 2028.

SECTION 5. Any allocation of the annual state ceiling under section 39B-2, Hawaii Revised Statutes, to a county with a population of over five hundred thousand after June 30, 2022, or before December 31, 2028, shall only be used for rental housing projects eligible for the low-income housing tax credit under section 235-110.8, Hawaii Revised Statutes.

SECTION 6. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.¹

SECTION 7. This Act shall take effect on July 2, 2022.

(Approved June 27, 2022.)

Note

1. Edited pursuant to HRS §23G-16.5.