
A BILL FOR AN ACT

RELATING TO GOVERNMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 36, Hawaii Revised Statutes, is amended
2 by adding two new sections to be appropriately designated and to
3 read as follows:

4 "§36-A State securitization account. (a) There is
5 created in the state treasury, the state securitization account
6 that shall be located in the department of budget and finance.
7 By July 30 of each year, the director of finance shall transfer
8 all excess non-general funds into the state securitization
9 account; provided that the director may subsequently transfer
10 non-general funds from the account back to its source.

11 For the purposes of this section, "excess non-general
12 funds" means funds that are not from the general fund and are
13 not appropriated or are deemed by the director of finance as in
14 excess of planned expenditure of the source of the non-general
15 funds.

16 (b) The account shall serve as a depository for non-
17 general funds to meet the qualifications imposed upon the State
18 with respect to the issuance of general obligation bonds.



1 (c) The account may be used to temporarily finance capital
2 improvement projects.

3 (d) The director of finance shall notify the legislature
4 within ten days of each transfer under subsection (a). The
5 director of finance shall also report quarterly to the
6 legislature, beginning August 1, 2009, and include all transfers
7 made from, and to the account, including the source of the
8 transfers, and any related expenditures made within that
9 reporting period.

10 **§36-B Capital improvement projects; use of non-general**
11 **funds.** (a) Except as provided in section 36-A and
12 notwithstanding any other law to the contrary, no non-general
13 funds shall be used at any time for the purpose of financing
14 capital improvement projects unless the non-general funds are
15 from the state securitization account.

16 (b) Except as permitted in subsection (a), all capital
17 improvement projects shall be financed by the issuance of
18 general obligation bonds."

19 SECTION 2. Section 36-21, Hawaii Revised Statutes, is
20 amended by amending subsection (a) to read as follows:

21 "(a) The director of finance may invest any moneys of the
22 State [~~which~~] that in the director's judgment are in excess of



1 the amounts necessary for meeting the immediate requirements of
2 the State and where in the director's judgment the action will
3 not impede or hamper the necessary financial operations of the
4 State in:

- 5 (1) Any bonds or interest-bearing notes or obligations:
- 6 (A) Of the State (including state director of
7 finance's warrant notes issued pursuant to
8 chapter 40), subject to sections 36-A and 36-B;
- 9 (B) Of the United States;
- 10 (C) For which the faith and credit of the United
11 States are pledged for the payment of principal
12 and interest;
- 13 (2) Federal Farm Credit System notes and bonds;
- 14 (3) Federal Agricultural Mortgage Corporation notes and
15 bonds;
- 16 (4) Federal Home Loan Bank notes and bonds;
- 17 (5) Federal Home Loan Mortgage Corporation bonds;
- 18 (6) Federal National Mortgage Association notes and bonds;
- 19 (7) Student Loan Marketing Association notes and bonds;
- 20 (8) Tennessee Valley Authority notes and bonds;
- 21 (9) Securities of a mutual fund whose portfolio is limited
22 to bonds or securities issued or guaranteed by the



- 1 United States or an agency thereof or repurchase
2 agreements fully collateralized by any such bonds or
3 securities;
- 4 (10) Securities of a money market mutual fund that is rated
5 AAA, or its equivalent, by a nationally recognized
6 rating agency or whose portfolio consists of
7 securities that are rated as first tier securities by
8 a nationally recognized statistical rating
9 organization as provided in 17 Code of Federal
10 Regulations section 270.2a-7;
- 11 (11) Federally insured savings accounts;
- 12 (12) Time certificates of deposit;
- 13 (13) Certificates of deposit open account;
- 14 (14) Repurchase agreements with federally insured banks,
15 savings and loan associations, and financial services
16 loan companies;
- 17 (15) Student loan resource securities including:
18 (A) Student loan auction rate securities;
19 (B) Student loan asset-backed notes;
20 (C) Student loan program revenue notes and bonds; and



1 (D) Securities issued pursuant to Rule 144A of the
2 Securities Act of 1933, including any private
3 placement issues;
4 issued with either bond insurance or
5 overcollateralization guaranteed by the United States
6 Department of Education; provided all insurers
7 maintain a triple-A rating by Standard & Poor's,
8 Moody's, Duff & Phelps, Fitch, or any other major
9 national securities rating agency;

10 (16) Commercial paper with an A1/P1 or equivalent rating by
11 any national securities rating service; and

12 (17) Bankers' acceptances with an A1/P1 or equivalent
13 rating by any national securities rating service;

14 provided that the investments are due to mature not more than
15 five years from the date of investment. Income derived from
16 those investments shall be a realization of the general fund;
17 provided that income earned from moneys invested by the general
18 funds, special funds, bond funds, and trust and agency funds on
19 an investment pool basis shall be paid into and credited to the
20 respective funds based on the contribution of moneys into the
21 investment pool by each fund. As used in this section,
22 "investment pool" means the aggregate of state treasury moneys



1 that are maintained in the custody of the director of finance
2 for investment and reinvestment without regard to fund
3 designation."

4 SECTION 3. Section 36-25, Hawaii Revised Statutes, is
5 amended by amending subsection (a) to read as follows:

6 "(a) [~~When~~] Except as provided in sections 36-A and 36-B,
7 when there are excess moneys, as provided in section 36-21, the
8 director of finance may make temporary transfers of the moneys
9 to the loan fund for the temporary uses thereof. The total of
10 the transfers to the loan fund shall not exceed the sum of
11 unissued general obligation bonds of the State as authorized by
12 the legislature. The general, special, or revolving funds shall
13 be reimbursed from the proceeds of bond sales upon the eventual
14 issuance and sale of the bonds."

15 SECTION 4. This Act does not affect rights and duties that
16 matured, penalties that were incurred, and proceedings that were
17 begun before its effective date.

18 SECTION 5. In codifying the new sections added by section
19 1 of this Act, the revisor of statutes shall substitute
20 appropriate section numbers for the letters used in designating
21 the new sections in this Act.



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

3 SECTION 7. This Act shall take effect upon its approval.



Report Title:

State Securitization Account

Description:

Establishes a state securitization account within the Department of Accounting and General Services. (HB1260 HD1)

