



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

July 11, 2017

GOV. MSG. NO. 1307

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Ninth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on July 11, 2017, the following bill was signed into law:

SB407 SD1 HD1 CD1

RELATING TO COUNTIES
ACT 193 (17)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

A BILL FOR AN ACT

RELATING TO COUNTIES.

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

1 SECTION 1. Section 46-50, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§46-50 Short term investment of county moneys.** (a) The
4 director of finance of each county may, with the approval of the
5 legislative body, invest county moneys that are in excess of the
6 amounts necessary for the meeting of immediate requirements when
7 in the judgment of the legislative body the action will not
8 impede or hamper the necessary financial operations of the
9 county in:

- 10 (1) Bonds or interest-bearing notes or obligations:
- 11 (A) Of the county;
- 12 (B) Of the State;
- 13 (C) Of the United States; or
- 14 (D) Of agencies of the United States for which the
15 full faith and credit of the United States are
16 pledged for the payment of principal and
17 interest;



- 1 (2) Federal [~~land bank~~] Farm Credit System notes and
- 2 bonds;
- 3 (3) [~~Joint stock farm loan bonds;~~] Federal Agricultural
- 4 Mortgage Corporation notes and bonds;
- 5 (4) Federal Home Loan Bank notes and bonds;
- 6 (5) Federal Home Loan Mortgage Corporation bonds;
- 7 (6) Federal National Mortgage Association notes and bonds;
- 8 (7) Securities of a mutual fund whose portfolio is limited
- 9 to bonds or securities issued or guaranteed by the
- 10 United States or an agency thereof;
- 11 (8) Tennessee Valley Authority notes and bonds;
- 12 [~~8~~] (9) Repurchase agreements fully collateralized by any
- 13 such bonds or securities;
- 14 [~~9~~] (10) [~~Bank~~] Federally insured savings accounts;
- 15 [~~10~~] (11) Time certificates of deposit;
- 16 [~~11~~] (12) Certificates of deposit open account;
- 17 [~~12~~] (13) Bonds of any improvement district of any county
- 18 of the State; provided that the bonds are of
- 19 investment grade or supported by the general
- 20 obligation pledge of the county in which the
- 21 improvement district is located;



1 [~~(13)~~] (14) Bank, savings and loan association, and
2 financial services loan company repurchase agreements;
3 [~~(14)~~] (15) Student loan resource securities including:
4 (A) Student loan auction rate securities;
5 (B) Student loan asset-backed notes;
6 (C) Student loan program revenue notes and bonds; and
7 (D) Securities issued pursuant to Rule 144A of the
8 Securities Act of 1933, including any private
9 placement issues;
10 issued with either bond insurance or
11 overcollateralization guaranteed by the United States
12 Department of Education; provided all insurers
13 maintain a triple-A rating by Standard & Poor's,
14 Moody's, Duff & Phelps, Fitch, or any other major
15 national securities rating agency;
16 [~~(15)~~] (16) Commercial paper with an A1/P1 or equivalent
17 rating by any national securities rating service;
18 [and]
19 [~~(16)~~] (17) Bankers' acceptances with an A1/P1 or equivalent
20 rating by any national securities rating service; and



1 (18) Securities of a money market fund that is rated AAA,
2 or its equivalent, by a nationally recognized rating
3 agency or whose portfolio consists of securities that
4 are rated as first tier securities by a nationally
5 recognized statistical rating organization as provided
6 in title 17 Code of Federal Regulations section
7 270.2a-7;

8 provided the investments are due to mature not more than five
9 years from the date of investment. The income derived therefrom
10 shall be deposited in the fund or funds that the legislative
11 body shall direct; provided that if any money invested under
12 this section belongs to any waterworks fund, then any income
13 derived therefrom shall be paid into and credited to the fund.

14 (b) Except with respect to an early withdrawal penalty on
15 an investment permitted by this section, the amount of such
16 penalty being mutually agreed at the time of acquisition of such
17 investment, no investment permitted by this section shall
18 require or may in the future require payments by the county,
19 whether unilateral, reciprocal, or otherwise, including margin
20 payments, or shall bear interest at a variable rate which causes
21 or may cause the market price of such investment to fluctuate;



1 provided that such limitation shall not apply to money market
2 mutual funds which:

3 (1) Invest solely in:

4 (A) Direct and general obligations of the United
5 States of America; or

6 (B) Obligations of any agency or instrumentality of
7 the United States of America, the payment of the
8 principal and interest on which are
9 unconditionally guaranteed by the full faith and
10 credit of the United States of America;

11 (2) Are rated at the time of purchase "AAAm-G" or its
12 equivalent by Standard & Poor's Ratings Group; and

13 (3) Are open-end management investment companies regulated
14 under the Investment Company Act of 1940, as amended,
15 which calculate their current price per share pursuant
16 to Rule 2a-7 (title 17 Code of Federal Regulations
17 section 270.2a-7) promulgated under such act.

18 (c) Furthermore, a county shall not acquire any investment
19 or enter into any agreement in connection with the acquisition
20 of any investment or related to any existing investment held by
21 the county, which would require or may in the future require any



1 payment by the county, whether unilateral, reciprocal, or
 2 otherwise, such as swap agreements, hedge agreements, or other
 3 similar agreements. For purposes of this subsection, payment
 4 for a swap agreement or hedge agreement means any payment made
 5 by the county in consideration or in exchange for a reciprocal
 6 payment by any person, including a variable rate payment in
 7 exchange for a fixed rate payment, a fixed rate payment in
 8 exchange for a variable rate payment, a payment when a cap or a
 9 floor amount is exceeded, or other similar payment."

10 SECTION 2. Statutory material to be repealed is bracketed
 11 and stricken. New statutory material is underscored.

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

APPROVED this 11 day of JUL, 2017

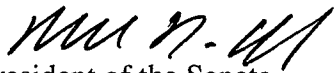



GOVERNOR OF THE STATE OF HAWAII

THE SENATE OF THE STATE OF HAWAII

Date: May 2, 2017
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the
Senate of the Twenty-ninth Legislature of the State of Hawaii, Regular Session of 2017.


President of the Senate


Clerk of the Senate

SB No. 407, SD 1, HD 1, CD 1

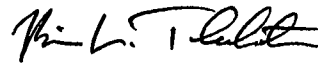
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 2, 2017
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Twenty-Ninth Legislature of the State of Hawaii, Regular Session of 2017.



Joseph M. Souki
Speaker
House of Representatives



Brian L. Takeshita
Chief Clerk
House of Representatives