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# A BILL FOR AN ACT

RELATING TO BONDS.

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

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

13       The purpose of this Act is to, for a period of six years:

- 14       (1) Specify that the entire allocation of the state bond  
15           ceiling shall be allocated to the Hawaii housing  
16           finance and development corporation to be used for  
17           housing-related projects;



- 1           (2) Require the Hawaii housing finance and development  
2           corporation, in consultation with the respective  
3           counties, to allocate specified percentage amounts for  
4           housing-related projects in each county;
- 5           (3) Authorize the Hawaii housing finance and development  
6           corporation to accumulate each county's annual  
7           allocation before assigning the allocation for  
8           housing-related projects, pursuant to the discretion  
9           of the corporation's board of directors;
- 10          (4) Authorize the Hawaii housing finance and development  
11          corporation, with the approval of the governor, to  
12          assign and reassign the corporation's allocation to  
13          the counties;
- 14          (5) Remove the authorization for the department of budget  
15          and finance to request return of all or any part of  
16          the allocations of any of the counties and to assign  
17          and reassign the allocation to other counties or  
18          issuers;
- 19          (6) Remove the authorization for counties or issuers to  
20          request additional allocations of the state bond  
21          ceiling; and



(7) Change the deadlines for reporting on unused or unassigned allocations and reversion of certain allocations to the State.

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

**"§39B-2 Allocation of annual state ceiling. (a) [The]**

One hundred per cent of the annual state ceiling shall be allocated for each calendar year [in the following proportions:

~~(1) An amount equal to fifty per cent of the annual state ceiling]~~ to the [State,]

Hawaii housing finance and development corporation to be used for housing-related projects. The Hawaii housing finance and development corporation, in consultation with the respective county, shall allocate:

~~[(2)]~~ (1) An amount equal to 37.55 per cent of the annual state ceiling ~~[to]~~ for housing-related projects in the city and county of Honolulu;

~~[(3)]~~ (2) An amount equal to 5.03 per cent of the annual state ceiling ~~[to]~~ for housing-related projects in the county of Hawaii;



1       ~~[(+4)]~~ (3) An amount equal to 2.41 per cent of the annual  
2           state ceiling ~~[(+)]~~ for housing-related projects in the  
3           county of Kauai; and

4       ~~[(+5)]~~ (4) An amount equal to 5.01 per cent of the annual  
5           state ceiling ~~[(+)]~~ for housing-related projects in the  
6           county of Maui~~[(+)]~~;

7       provided that the Hawaii housing finance and development  
8       corporation may accumulate each county's respective annual  
9       allocation as provided under this subsection before assigning  
10       the allocation for projects in each county. Any unallocated  
11       amounts under this subsection shall be allocated at the  
12       discretion of the board of directors of the Hawaii housing  
13       finance and development corporation.

14       (b) The ~~[(department,)]~~ Hawaii housing finance and  
15       development corporation, with the approval of the governor, may  
16       assign all or any part of the allocation of the ~~[(State)]~~ Hawaii  
17       housing finance and development corporation to [any issuer or]  
18       any county for [a specific calendar year or years.] housing-  
19       related projects. At the request of the ~~[(department,)]~~ Hawaii  
20       housing finance and development corporation, any ~~[(issuer or)]~~  
21       county to which any part of the ~~[(State's)]~~ allocation has been



1 assigned under this subsection shall return all or part of the  
2 assignment, in which case the ~~[department]~~ Hawaii housing  
3 finance and development corporation may provide for its  
4 reassignment.

5 ~~[(c) The department may request return of all or any part~~  
6 ~~of the allocations of one or more counties made pursuant to~~  
7 ~~subsection (a), and may assign and reassign the allocation to~~  
8 ~~any other county or issuer for a specified calendar year or~~  
9 ~~years.~~

10 ~~[(d) A county, by resolution of its governing body, or any~~  
11 ~~issuer, by written certificate of such issuer, may request~~  
12 ~~additional allocations of the annual state ceiling from, or~~  
13 ~~assign all or any part of its portion of the allocation of the~~  
14 ~~annual state ceiling to, the State for a specified calendar year~~  
15 ~~or years.]"~~

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

18 "[~~{~~]**\$39B-4**[~~}~~] **Report of unused allocation; reversion to**  
19 **State.** The director of finance of each county shall report to  
20 the ~~[department]~~ Hawaii housing finance and development  
21 corporation in writing by ~~[December 15]~~ September 30 of each



1 year as to the amount of allocation to ~~[such]~~ the county ~~[which]~~  
2 that has not been applied to private activity bonds in such year  
3 or assigned pursuant to this chapter.

4 In preparing ~~[such]~~ the report, the director of finance of  
5 the county shall deduct any allocation ~~[which]~~ that is unused or  
6 unassigned as of ~~[December 15]~~ September 30 but will be applied  
7 to private activity bonds on or prior to ~~[December 31]~~  
8 November 1 of ~~[such]~~ that year.

9 Unless the director of finance of the county or any issuer,  
10 by written certificate, indicates to the ~~[department]~~ Hawaii  
11 housing finance and development corporation prior to  
12 ~~[December 15]~~ September 30 of each year that it intends to carry  
13 forward all or any portion of its allocation ~~[which]~~ that has  
14 not been applied to private activity bonds in ~~[such]~~ that year  
15 or assigned pursuant to this chapter, ~~[such]~~ the unused or  
16 unassigned allocation shall revert to the State on ~~[December 31]~~  
17 November 1 and the State shall be entitled to carry forward  
18 ~~[such]~~ the unused or unassigned allocation as permitted by  
19 federal law."

20 SECTION 4. Statutory material to be repealed is bracketed  
21 and stricken. New statutory material is underscored.



1       SECTION 5. This Act shall take effect on July 1, 2050;  
2 provided that:

3       (1) This Act shall not affect the allocations of the  
4       annual state bond ceiling under section 39B-2, Hawaii  
5       Revised Statutes, that were authorized, but not issued  
6       for any project before July 1, 2022; and

7       (2) On December 31, 2028, this Act shall be repealed and  
8       sections 39B-2 and 39B-4, Hawaii Revised Statutes,  
9       shall be reenacted in the form in which they read on  
10      the day prior to the effective date of this Act.



**Report Title:**

State Bonds; Annual Ceiling; Private Activity Bonds; HHFDC;  
Housing-related Projects; Counties

**Description:**

Specifies that the entire allocation of the state bond ceiling shall be allocated to the HHFDC to be used for housing-related projects. Requires the HHFDC, in consultation with the respective counties, to allocate specified percentage amounts for housing-related projects in each county. Authorizes the HHFDC to accumulate each county's annual allocation before assigning the allocation for housing-related projects, pursuant to the discretion of the HHFDC board of directors. Authorizes the HHFDC, with the approval of the governor, to assign and reassign the HHFDC's allocation to the counties. Removes the authorization for the department of budget and finance to request return of all or any part of the allocations of any of the counties and to assign and reassign the allocation to other counties or issuers. Removes the authorization for counties or issuers to request additional allocations of the state bond ceiling. Changes the deadlines for reporting on unused or unassigned allocations and reversion of certain allocations to the State. Sunsets 12/31/2028. Effective 7/1/2050. (HD2)

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