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# A BILL FOR AN ACT

RELATING TO TAX INCREMENT BONDS.

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

1           SECTION 1. Section 39-92, Hawaii Revised Statutes, is  
2 amended as follows:

3           1. By amending subsection (a) to read:

4           "(a) The director of finance shall annually as of July 1  
5 of each fiscal year and following each issuance of general  
6 obligation bonds of the State ascertain and set forth in a table  
7 or other summary a statement evidencing the power of the State  
8 to issue general obligation bonds. In preparing the statements  
9 required by this section, the director of finance may rely on  
10 the statement of total outstanding indebtedness of the State and  
11 the exclusions therefrom prepared pursuant to section 39-93 to  
12 the extent such statement is concurred to by the attorney  
13 general and the comptroller. The statement shall include the  
14 following:

15           (1) The total principal and interest payable in the  
16 current fiscal year and in each future fiscal year on  
17 all outstanding general obligation indebtedness of the



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1 State including outstanding general obligation bonds,  
2 reimbursable general obligation bonds, and any other  
3 outstanding general obligation bonds. Principal and  
4 interest on bonds constituting instruments of  
5 indebtedness under which the State incurs a contingent  
6 liability as a guarantor need not be included, but  
7 only to the extent the principal amount of such bonds  
8 does not exceed seven per cent of the principal amount  
9 of outstanding general obligation bonds not otherwise  
10 excluded under section 13 of Article VII of the  
11 Constitution; provided that the State shall have  
12 established and is maintaining a reserve in an amount  
13 in reasonable proportion to the outstanding loans  
14 guaranteed by the State pursuant to law.

- 15 (2) The total principal and interest payable in the  
16 current fiscal year and in each future fiscal year on  
17 all outstanding general obligation indebtedness of the  
18 State which may be excluded under section 13 of  
19 Article VII of the Constitution in determining the  
20 power of the State to issue general obligation bonds  
21 for the purposes of that section. There shall be



1 itemized and shown the amounts which may be excluded  
2 under each of clauses 1 through [~~9~~] 10 of section 13;  
3 in the case of reimbursable general obligation bonds,  
4 the undertaking, improvement, system, or political  
5 subdivision for which such bonds are issued, and,  
6 except as to such bonds issued for a political  
7 subdivision, the revenues, user taxes, or both, from  
8 which the reimbursement to the general fund for the  
9 payment of the principal and interest of such bonds is  
10 to be made.

11 (3) The total principal and interest payable in the  
12 current fiscal year and in each future fiscal year on  
13 all outstanding general obligation indebtedness which  
14 may not be excluded in determining the power of the  
15 State to issue general obligation bonds for the  
16 purposes of section 13 of Article VII of the  
17 Constitution.

18 (4) The net general fund revenues for each of the three  
19 preceding fiscal years, the average of such net  
20 general fund revenues and, until June 30, 1982, the  
21 figure which is twenty per cent of such average; and



1           thereafter, the figure which is eighteen and one-half  
2           per cent of such average.

3           The items required above to be set forth in the statement  
4 may be disclosed in such manner or arrangement as the director  
5 of finance may deem advisable, and need not be separately stated  
6 if the captions, headings, or groupings disclose the information  
7 required to be set forth."

8           2. By amending subsection (d) to read:

9           "(d) The director of finance shall also prepare and attach  
10 to the statement such supporting schedules as may be necessary  
11 to be set forth in such a manner or arrangement as the director  
12 of finance may deem advisable the following:

13           (1) The principal amount of bonds constituting instruments  
14           of indebtedness under which the State incurs a  
15           contingent liability as a guarantor which may be  
16           excluded under clause 8 of section 13 of Article VII  
17           of the Constitution when determining the power of the  
18           State to issue general obligation bonds;

19           (2) The total principal amount of all outstanding general  
20           obligation indebtedness of the State including general  
21           obligation bonds, reimbursable general obligation



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1           bonds, and any other outstanding general obligation  
2           bonds;

3           (3) The total principal amount of outstanding general  
4           obligation indebtedness of the State which may be  
5           excluded under section 13 of Article VII of the  
6           Constitution. There shall be itemized and shown the  
7           amounts which may be excluded under each of clauses 1  
8           through [9] 10 of section 13; in the case of  
9           reimbursable general obligation bonds, the  
10          undertaking, improvement, system, or political  
11          subdivision for which such bonds are issued. The  
12          principal amount of reimbursable general obligation  
13          bonds issued for an undertaking, improvement, or  
14          system for the purposes of this paragraph shall be the  
15          product of the respective percentages obtained in  
16          subsection (c) (6) of this section and the total  
17          principal amount of outstanding reimbursable general  
18          obligation bonds issued for an undertaking,  
19          improvement, or system;

20          (4) The difference obtained by subtracting from the total  
21          required to be set forth in the statement by paragraph



1           (2) of this subsection, the total required to be set  
2           forth in the statement by paragraph (3) of this  
3           subsection, which difference shall constitute the  
4           principal amount of outstanding general obligation  
5           bonds not otherwise excluded under clause 8 of section  
6           13 of Article VII of the Constitution;  
7           (5) The principal and interest and fraction thereof for  
8           the amount of bonds constituting instruments of  
9           indebtedness under which the State incurs a contingent  
10          liability as a guarantor obtained from paragraph (1)  
11          of this subsection which is in excess of seven per  
12          cent of the amount obtained in paragraph (4) of this  
13          subsection shall be included in the schedule set forth  
14          in subsection (a)(1) of this section."

15          SECTION 2. Statutory material to be repealed is bracketed  
16          and stricken. New statutory material is underscored.


17          SECTION 3. This Act shall take effect upon its approval  
18          and upon ratification of a constitutional amendment expressly  
19          providing that the legislature may authorize the counties to



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1 issue tax increment bonds and excluding tax increment bonds from  
2 determinations of the funded debt of the counties.

3

INTRODUCED BY: 



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**Report Title:**

Tax Increment Bonds; State Debt Limit Statements; Statutory Amendments

**Description:**

Conforms state debt limit statements law to include tax increment bonds if a constitutional amendment authorizing the use of such bonds and excluding such bonds from determinations of the Counties' funded debt is ratified.

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