
A BILL FOR AN ACT

PROPOSING AN AMENDMENT TO ARTICLE VII, SECTION 13, OF THE HAWAII
STATE CONSTITUTION.

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

1 SECTION 1. The purpose of this Act is to propose an
2 amendment to article VII, section 13, of the Hawaii State
3 Constitution, to exempt refunding general obligation bonds from
4 the requirement that all general obligation bonds for a term
5 exceeding two years shall be in serial form maturing in
6 substantially equal installments of principal, or maturing in
7 substantially equal installments of both principal and interest.

8 SECTION 2. Article VII, section 13, of the Constitution of
9 the State of Hawaii is amended to read as follows:

10 **"DEBT LIMIT; EXCLUSIONS**

11 **Section 13.** General obligation bonds may be issued by the
12 State; provided that such bonds at the time of issuance would
13 not cause the total amount of principal and interest payable in
14 the current or any future fiscal year, whichever is higher, on
15 such bonds and on all outstanding general obligation bonds to
16 exceed: a sum equal to twenty percent of the average of the
17 general fund revenues of the State in the three fiscal years



1 immediately preceding such issuance until June 30, 1982; and
2 thereafter, a sum equal to eighteen and one-half percent of the
3 average of the general fund revenues of the State in the three
4 fiscal years immediately preceding such issuance. Effective
5 July 1, 1980, the legislature shall include a declaration of
6 findings in every general law authorizing the issuance of
7 general obligation bonds that the total amount of principal and
8 interest, estimated for such bonds and for all bonds authorized
9 and unissued and calculated for all bonds issued and
10 outstanding, will not cause the debt limit to be exceeded at the
11 time of issuance. Any bond issue by or on behalf of the State
12 may exceed the debt limit if an emergency condition is declared
13 to exist by the governor and concurred to by a two-thirds vote
14 of the members to which each house of the legislature is
15 entitled. For the purpose of this paragraph, general fund
16 revenues of the State shall not include moneys received as
17 grants from the federal government and receipts in reimbursement
18 of any reimbursable general obligation bonds which are excluded
19 as permitted by this section.

20 A sum equal to fifteen percent of the total of the assessed
21 values for tax rate purposes of real property in each political
22 subdivision, as determined by the last tax assessment rolls



1 pursuant to law, is established as the limit of the funded debt
2 of such political subdivision that is outstanding and unpaid at
3 any time.

4 ~~[All]~~ Except for refunding general obligation bonds, all
5 general obligation bonds for a term exceeding two years shall be
6 in serial form maturing in substantially equal installments of
7 principal, or maturing in substantially equal installments of
8 both principal and interest. The first installment of principal
9 of general obligation bonds and of reimbursable general
10 obligation bonds shall mature not later than five years from the
11 date of issue of such series. The last installment on general
12 obligation bonds shall mature not later than twenty-five years
13 from the date of such issue and the last installment on general
14 obligation bonds sold to the federal government, on reimbursable
15 general obligation bonds and on bonds constituting instruments
16 of indebtedness under which the State or a political subdivision
17 incurs a contingent liability as a guarantor shall mature not
18 later than thirty-five years from the date of such issue. The
19 interest and principal payments of general obligation bonds
20 shall be a first charge on the general fund of the State or
21 political subdivision, as the case may be.



1 In determining the power of the State to issue general
2 obligation bonds or the funded debt of any political subdivision
3 under section 12, the following shall be excluded:

4 1. Bonds that have matured, or that mature in the then
5 current fiscal year, or that have been irrevocably called for
6 redemption and the redemption date has occurred or will occur in
7 the then fiscal year, or for the full payment of which moneys or
8 securities have been irrevocably set aside.

9 2. Revenue bonds, if the issuer thereof is obligated by
10 law to impose rates, rentals and charges for the use and
11 services of the public undertaking, improvement or system or the
12 benefits of a loan program or a loan thereunder or to impose a
13 user tax, or to impose a combination of rates, rentals and
14 charges and user tax, as the case may be, sufficient to pay the
15 cost of operation, maintenance and repair, if any, of the public
16 undertaking, improvement or system or the cost of maintaining a
17 loan program or a loan thereunder and the required payments of
18 the principal of and interest on all revenue bonds issued for
19 the public undertaking, improvement or system or loan program,
20 and if the issuer is obligated to deposit such revenues or tax
21 or a combination of both into a special fund and to apply the
22 same to such payments in the amount necessary therefor.



1 3. Special purpose revenue bonds, if the issuer thereof is
2 required by law to contract with a person obligating such person
3 to make rental or other payments to the issuer in an amount at
4 least sufficient to make the required payment of the principal
5 of and interest on such special purpose revenue bonds.

6 4. Bonds issued under special improvement statutes when
7 the only security for such bonds is the properties benefited or
8 improved or the assessments thereon.

9 5. General obligation bonds issued for assessable
10 improvements, but only to the extent that reimbursements to the
11 general fund for the principal and interest on such bonds are in
12 fact made from assessment collections available therefor.

13 6. Reimbursable general obligation bonds issued for a
14 public undertaking, improvement or system but only to the extent
15 that reimbursements to the general fund are in fact made from
16 the net revenue, or net user tax receipts, or combination of
17 both, as determined for the immediately preceding fiscal year.

18 7. Reimbursable general obligation bonds issued by the
19 State for any political subdivision, whether issued before or
20 after the effective date of this section, but only for as long
21 as reimbursement by the political subdivision to the State for
22 the payment of principal and interest on such bonds is required



1 by law; provided that in the case of bonds issued after the
2 effective date of this section, the consent of the governing
3 body of the political subdivision has first been obtained; and
4 provided further that during the period that such bonds are
5 excluded by the State, the principal amount then outstanding
6 shall be included within the funded debt of such political
7 subdivision.

8 8. Bonds constituting instruments of indebtedness under
9 which the State or any political subdivision incurs a contingent
10 liability as a guarantor, but only to the extent the principal
11 amount of such bonds does not exceed seven percent of the
12 principal amount of outstanding general obligation bonds not
13 otherwise excluded under this section; provided that the State
14 or political subdivision shall establish and maintain a reserve
15 in an amount in reasonable proportion to the outstanding loans
16 guaranteed by the State or political subdivision as provided by
17 law.

18 9. Bonds issued by or on behalf of the State or by any
19 political subdivision to meet appropriations for any fiscal
20 period in anticipation of the collection of revenues for such
21 period or to meet casual deficits or failures of revenue, if
22 required to be paid within one year, and bonds issued by or on



1 behalf of the State to suppress insurrection, to repel invasion,
2 to defend the State in war or to meet emergencies caused by
3 disaster or act of God.

4 The total outstanding indebtedness of the State or funded
5 debt of any political subdivision and the exclusions therefrom
6 permitted by this section shall be made annually and certified
7 by law or as provided by law. For the purposes of section 12
8 and this section, amounts received from on-street parking may be
9 considered and treated as revenues of a parking undertaking.

10 Nothing in section 12 or in this section shall prevent the
11 refunding of any bond at any time."

12 SECTION 3. The question to be printed on the ballot shall
13 be as follows:

14 "Shall the State be authorized to exempt refunding general
15 obligation bonds from the requirement that all general
16 obligation bonds for a term of more than two years shall be
17 in serial form maturing in substantially equal installments
18 of principal, or maturing in substantially equal
19 installments of both principal and interest?"

20 SECTION 4. Constitutional material to be repealed is
21 bracketed and stricken. New constitutional material is
22 underscored.



1 SECTION 5. This amendment shall take effect upon
2 compliance with article XVII, section 3, of the Constitution of
3 the State of Hawaii.



Report Title:

Constitutional Amendment; General Obligation Bonds

Description:

Proposes a constitutional amendment to exempt refunding general obligation bonds from the requirement that all general obligation bonds for a term exceeding two years shall be in serial form maturing in substantially equal installments of principal, or maturing in substantially equal installments of both principal and interest. (HB804 HD1)

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