H.B. NO. 636

A BILL FOR AN ACT

RELATING TO SEPTIC SYSTEMS.

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

| 1 | SECTION 1. Chapter 342D, Hawaii Revised Statutes, is |
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| 2 | amended by adding two new sections to be appropriately |
| 3 | designated and to read as follows: |
| 4 | " <u>§342D-</u> Hawaii septic system loan program; eligibility; |
| 5 | amounts. (a) There is created the Hawaii septic system loan |
| 6 | program to be administered by the department of health, to |
| 7 | provide financial assistance to property owners who install |
| 8 | septic tanks on their property. Loan eligibility requirements |
| 9 | and loan amounts shall be established and awarded based on |
| 10 | criteria formulated by the department according to rules adopted |
| 11 | pursuant to chapter 91. The department may also adopt any other |
| 12 | rules necessary to administer this section pursuant to chapter |
| 13 | <u>91.</u> |
| 14 | (b) Based on the availability of funds, the department |
| 15 | shall provide loans to eligible borrowers from moneys in the |
| 16 | Hawaii septic system loan special fund; provided that all loans |
| 17 | made under this section shall bear interest at zero per cent |
| 18 | simple interest. Repayment of the principal amount shall be |
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| 1 | made acco | rding to rules adopted by the department pursuant to |
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| 2 | chapter 9 | 1; provided that the department: |
| 3 | (1) | May place a lien on the real property with the |
| 4 | | installed septic system to secure a loan under this |
| 5 | | section; and |
| 6 | (2) | Shall require all loans to be paid in full upon any |
| 7 | | transfer or change in the title to the real property |
| 8 | | with the installed septic system. |
| 9 | (c) | The department may enter into written contracts with |
| 10 | collectio | n agencies for the purpose of collecting delinquent |
| 11 | loans. A | ll payments collected, exclusive of a collection |
| 12 | agency's | commission, shall revert and be credited to the Hawaii |
| 13 | septic sy | stem loan special fund. A collection agency that |
| 14 | <u>enters in</u> | to a written contract with the department for the |
| 15 | collectio | n of delinquent loans pursuant to this section, may |
| 16 | collect a | commission from the debtor in accordance with the |
| 17 | terms of, | and up to the amounts authorized in, the written |
| 18 | contract. | |
| 19 | (d) | As used in this section, "septic tank" means an above |
| 20 | ground se | ptic system used by residences within one hundred yards |
| 21 | of the sh | oreline. |



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| 1 | §342D- Hawaii septic system loan special fund. There is | | | |
|----|---|--|--|--|
| 2 | established the Hawaii septic system loan special fund to be | | | |
| 3 | administered by the department of health. All moneys received | | | |
| 4 | by the department from legislative appropriations, loan | | | |
| 5 | payments, or any other moneys related to the Hawaii septic | | | |
| 6 | system loan program shall be deposited into the special fund. | | | |
| 7 | All interest earned or accrued on moneys deposited in the | | | |
| 8 | special fund shall become part of the special fund. Moneys in | | | |
| 9 | the special fund shall be expended to cover loans and costs to | | | |
| 10 | administer the Hawaii septic system loan program and the special | | | |
| 11 | fund." | | | |
| 12 | SECTION 2. There is appropriated out of the general | | | |
| 13 | revenues of the State of Hawaii the sum of \$, or so much | | | |
| 14 | thereof as may be necessary for fiscal year 2007-2008, to be | | | |
| 15 | deposited into the Hawaii septic system loan special fund for | | | |
| 16 | the purposes of providing loans for the installation of septic | | | |
| 17 | systems. | | | |
| 18 | The sum appropriated shall be expended by the department of | | | |
| 19 | budget and finance for the purposes of this Act. | | | |
| 20 | SECTION 3. There is appropriated out of the Hawaii septic | | | |
| 21 | system loan special fund the sum of \qquad , or so much thereof | | | |
| 22 | as may be necessary for fiscal year 2007-2008, and the same sum | | | |
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1 etc. to be expended for the purposes of providing loans for the 2 installation of septic systems.

3 The sums appropriated shall be expended by the department4 of health for the purposes of this Act.

5 SECTION 4. New statutory material is underscored.

6 SECTION 5. This Act shall take effect on July 1, 2007.

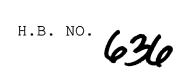
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INTRODUCED BY:

Mele Camel

JAN 1 9 2007





Report Title:

Septic Systems; Loans

Description:

Provides no interest loans for the installation of septic tanks on property that is within 100 yards of the shoreline.

