
A BILL FOR AN ACT

RELATING TO COUNTY INFRASTRUCTURE CAPACITY CONSTRUCTION
FINANCING.

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

1 SECTION 1. The legislature finds that orderly and planned
2 infrastructure capacity construction is the foundation for
3 planned population growth and desirable communities.
4 Infrastructure construction should precede development.
5 Adequate infrastructure to accommodate future growth would
6 provide livable communities with a desirable quality of life,
7 make possible strategically situated affordable housing (for
8 example, near areas of job growth), and preserve the environment
9 by targeting growth to specific areas that have the necessary
10 infrastructure to support development. Counties would first
11 determine where development is desirable and then proceed to
12 construct the infrastructure to support a development, rather
13 than vice versa as is the present practice.

14 Population increase is natural and inevitable. The issue
15 then becomes how the government can best prepare for future
16 planned growth. Experience indicates that the lack of adequate



1 infrastructure is a tremendous restriction on planned
2 development.

3 The legislature recognizes that development is linked to
4 several shared responsibilities under the Constitution of the
5 State of Hawaii, including the following: article IX, section 6,
6 relating to management of state population growth to protect the
7 public health and welfare; article XI, section 1, relating to
8 conservation and development of resources for the benefit of
9 present and future generations; and article XVI, section 5,
10 relating to intergovernmental relations to provide cooperation
11 in matters affecting the public health, safety, and general
12 welfare.

13 Accordingly the legislature finds that the State could
14 assist the counties with supplemental financing of
15 infrastructure capacity construction to increase carrying
16 capacity whenever feasible, although the primary responsibility
17 would continue to rest with the counties. Increasing capacity
18 is distinguishable from maintenance. While maintenance would
19 increase the life of a facility, the legislature finds that only
20 projects that increase capacity should be eligible for such
21 supplemental funding.



1 The purpose of this Act is to create a county
2 infrastructure capacity construction loan revolving fund to
3 provide loans to the counties for infrastructure improvements.
4 Sewer, water, drainage, and road infrastructure projects that
5 increase the carrying capacity to accommodate future planning
6 are included under this Act.

7 SECTION 2. Chapter 46, Hawaii Revised Statutes, is amended
8 by adding a new section to be appropriately designated and to
9 read as follows:

10 "§46- County infrastructure capacity construction loan

11 revolving fund. (a) There is established within the state
12 treasury a county infrastructure capacity construction loan
13 revolving fund. The revolving fund shall be administered and
14 moneys expended by the department of budget and finance in
15 accordance with this section. Simple interest charged to a
16 county for a loan shall not exceed five per cent to account for
17 administrative costs. The legislature finds that this section
18 satisfies the requirements of section 37-52.4.

19 (b) The county infrastructure capacity construction loan
20 revolving fund shall consist of:

21 (1) Amounts appropriated by the legislature;

22 (2) Repayment of loan principal and interest;



1 (3) Appropriate federal grants and subsidies to the State
2 or counties, if any; and

3 (4) Contributions.

4 (c) The department shall expend moneys in this fund to
5 make loans to counties for the cost, in whole or in part, of
6 infrastructure improvements that would increase the carrying
7 capacity of infrastructure facilities, including sewer, water,
8 drainage, and road projects. Eligible costs shall be limited to
9 construction and materials, excluding the initial costs of
10 planning, engineering, and feasibility studies. No loan shall
11 be made for maintenance costs, such as for increasing the life
12 of the facility, unless the construction would simultaneously
13 increase the carrying capacity of the facility. No loan shall
14 be made for mass transit or for electrical utilities. Loans
15 shall be made only for capital improvement projects approved by
16 the respective county council with a view towards planned growth
17 rather than upkeep and maintenance.

18 (d) The department shall comply with section 37-47. The
19 department shall adopt rules in accordance with chapter 91 to
20 implement this section."

21 SECTION 3. There is appropriated out of the general
22 revenues of the State of Hawaii the sum of \$ or so much



1 thereof as may be necessary for fiscal year 2008-2009 for
2 deposit into the county infrastructure capacity construction
3 loan revolving fund.

4 SECTION 4. There is appropriated out of the county
5 infrastructure capacity construction loan revolving fund the sum
6 of \$ or so much thereof as may be necessary for fiscal
7 year 2008-2009 for the purpose of making loans under section
8 46- , Hawaii Revised Statutes.

9 The sum appropriated shall be expended by the department of
10 budget and finance for the purposes of this Act.

11 SECTION 5. New statutory material is underscored.

12 SECTION 6. This Act shall take effect upon its approval,
13 except that sections 3 and 4 shall take effect on July 1, 2008.

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[Signature]

Report Title:

County Infrastructure Capacity Construction Loan Revolving Fund

Description:

Creates the county infrastructure capacity construction loan revolving fund. Appropriates funds.

