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## A BILL FOR AN ACT

RELATING TO FUNDING.

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

1           SECTION 1. The legislature finds that despite the best  
2 intentions of legislators and other public servants, capital  
3 improvement projects in need of completion sometimes take years  
4 to be funded through the standard lawmaking process. Elected  
5 officials are limited by time, resources, disagreements over  
6 policy, and other numerous factors that may prevent the timely  
7 financing of worthy projects.

8           In recent years, ordinary Americans have utilized  
9 crowdfunding websites to fund public projects and improve their  
10 communities. Individual citizens willingly and directly donate  
11 their own funds for these purposes, instilling a sense of  
12 hometown pride.

13           The purpose of this Act is to create a state crowdfunding  
14 website, which shall allow members of the public to:

- 15           (1) Donate their own money toward the funding of specific  
16               public capital improvement projects; and  
17           (2) Monitor the progress of those projects as they near  
18               completion.



1 SECTION 2. The Hawaii Revised Statutes is amended by  
2 adding a new chapter to be appropriately designated and to read  
3 as follows:

4 "CHAPTER

5 WEBSITE FOR CROWDFUNDING PUBLIC PROJECTS

6 § -A **Definitions.** Whenever used in this chapter, unless  
7 the context otherwise requires:

8 "Department" means the department of accounting and general  
9 services.

10 "Pledger" means an individual who pledges funds toward a  
11 proposed project listed on the crowdfunding website.

12 "Project" means a capital improvement project, other than:

13 (1) A project that would qualify as a grants and subsidies  
14 project pursuant to chapter 42F;

15 (2) A project that solely funds the hiring of employees;  
16 and

17 (3) A project for which the agency responsible for  
18 completion of the project is a county entity.

19 § -B **Crowdfunding website established.** (a) Before the  
20 twentieth day before the convening of the 2015 regular  
21 legislative session, the department shall post a permanent  
22 crowdfunding website on the Internet.



1 (b) A website created pursuant to subsection (a) shall  
2 contain a description and appropriation amount for each project  
3 that appears in each legislative bill introduced for the 2015  
4 regular session and each subsequent session.

5 (c) A website created under this section shall be free to  
6 use and publicly accessible; provided that the website shall  
7 require every pledger to register, provide identification  
8 verification, and submit a deposit before pledging money toward  
9 a project.

10 (d) The comptroller is authorized to designate one or more  
11 state agencies to participate in the development, establishment,  
12 maintenance, and support of the crowdfunding website.

13 § -C **Project verification process.** (a) Before pledgers  
14 may pledge funds for a project listed on the crowdfunding  
15 website, the project shall pass the project verification process  
16 by:

- 17 (1) Receiving, from the responsible agency, either:  
18 (A) A statement of full concurrence; or  
19 (B) A statement of qualified concurrence, accompanied  
20 by, among other information, a description of  
21 mandatory amendments necessary for full  
22 concurrence; and



1           (2) If applicable, conforming to the mandatory amendments  
2                   required by a responsible agency's statement of  
3                   qualified concurrence.

4           (b) Notwithstanding the foregoing contrary provision of  
5 this section, a project shall not be required to complete the  
6 project verification process if its presence on the crowdfunding  
7 website is by virtue of its appearance on the original draft of  
8 one of the proposed annual budget bills of the governor, the  
9 judiciary, or the legislature.

10           § -D **Responsible agencies.** (a) A responsible agency,  
11 when commenting on a proposed project pursuant to section -  
12 C(a), shall make a reasonable effort to provide a substantive  
13 response to the referral, as described in subsections (b), (c),  
14 and (d).

15           (b) A statement of full concurrence indicates that the  
16 responsible agency would proceed with the project as proposed if  
17 necessary funding became available. Such a statement shall, at  
18 a minimum, be accompanied by the basis for the concurrence, an  
19 estimate of the cost of the project, and an estimate of the  
20 project construction start date.

21           (c) A statement of opposition indicates that the  
22 responsible agency would not proceed with the project,



1 regardless of the availability of funding and the possibility of  
2 any amendments to the project. Such a statement shall, at a  
3 minimum, be accompanied by the basis for the opposition.

4 (d) A responsible agency's statement of qualified  
5 concurrence shall contain, at a minimum, the basis for the  
6 concurrence, the basis for the mandatory amendments, a  
7 description of mandatory amendments necessary for full  
8 concurrence, an estimate of the cost of the project as amended,  
9 and, if separate phases are necessary, a breakdown of the  
10 project into phases.

11 § -E The funding process. (a) After the department  
12 determines that no project verification steps need to be  
13 completed for a project, the crowdfunding site shall publish the  
14 availability of the project for pledges.

15 (b) An individual who wishes to pledge money toward a  
16 project shall submit a deposit, which the department shall place  
17 into the crowdfunding trust fund, that is the greater of:

18 (1) \$25; or

19 (2) Ten per cent of the amount the pledger will pledge to  
20 the project.

21 (c) No pledge from any pledger shall exceed ten per cent  
22 of the total estimated cost of the proposed project.



1           (d) After the project is pledged the amount of funds  
2 necessary for funding the estimated cost of the project, the  
3 department shall request the pledged amount from each pledger,  
4 less the amount the pledger deposited toward the project.

5           (e) If the department does not receive the balance of a  
6 pledger's pledged amount within sixty days after the department  
7 requests the pledged amount from the pledger, the pledger shall  
8 forfeit the amount the pledger deposited into the crowdfunding  
9 trust fund. If, by that time, substitute pledges are not  
10 available to remedy the deficiency caused by the pledger's  
11 failure to pay the requested amount, each remaining pledger  
12 shall have the option of:

13           (1) Receiving a refund, with interest, to be determined by  
14               administrative rule; or

15           (2) Applying his or her deposit toward another project on  
16               the crowdfunding website.

17           (f) The department shall not release the funds collected  
18 pursuant to this section to the responsible agency of a project  
19 until all the pledged amounts for the relevant project have been  
20 collected.



1           § -F **The crowdfunding trust fund.** (a) There is  
2 established the crowdfunding trust fund to be administered by  
3 the department.

4           (b) The following may be deposited into the fund:  
5 appropriations made by the legislature, pledged amounts,  
6 interest, and moneys from other sources.

7           (c) Moneys available in the fund shall be used for the  
8 purpose of providing, in whole or in part, moneys for projects  
9 that attempt to establish, construct, improve, restore, repair,  
10 or maintain a state property within this State.

11           (d) The department shall submit an annual report to the  
12 legislature no later than twenty days before the convening of  
13 each regular session describing the projects funded and any  
14 barriers to developing projects pursuant to this section.

15           § -G **Status of funded projects.** (a) For each project  
16 funded pursuant to this section, the crowdfunding website shall  
17 contain the following information, which shall, at a minimum, be  
18 updated on a seminannual basis:

- 19           (1) The project title;  
20           (2) The phase of the project;  
21           (3) The status of the project;  
22           (4) Expenditures made;



- 1 (5) Balances remaining;
- 2 (6) Costs incurred but not yet expended;
- 3 (7) Procurement steps taken;
- 4 (8) Environmental issues encountered;
- 5 (9) Historic preservation issues encountered;
- 6 (10) The names of all consultants and contractors
- 7 associated with the project;
- 8 (11) Dates and amounts of all construction awards; and
- 9 (12) Estimated and actual dates of construction.

10 (b) Every governmental agency shall furnish the department  
11 with all such documents and information as the department may  
12 from time to time require to fulfill the requirements of this  
13 section.

14 § -H Adoption of rules. The department shall adopt  
15 rules, pursuant to chapter 91, necessary for the purposes of  
16 this chapter.

17 SECTION 3. In codifying the new sections added by section  
18 2 of this Act, the revisor of statutes shall substitute  
19 appropriate section numbers for the letters used in designating  
20 the new sections in this Act.

21 SECTION 4. If any provision of this Act, or the  
22 application thereof to any person or circumstance, is held





1 invalid, the invalidity does not affect other provisions or  
2 applications of the Act that can be given effect without the  
3 invalid provision or application, and to this end the provisions  
4 of this Act are severable.

5 SECTION 5. This Act shall take effect upon its approval.  
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JAN 18 2013



**Report Title:**

Funding of Projects; Crowdfunding

**Description:**

Creates a state crowdfunding website, which allows members of the public to donate their own money toward the funding of specific public capital improvement projects and monitor the progress of those projects as they near completion.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

