
A BILL FOR AN ACT

RELATING TO WATER POLLUTION.

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

1 SECTION 1. The legislature finds that the clean water
2 state revolving fund loan program in the department of health
3 assists in financing the construction of water pollution control
4 projects necessary to prevent contamination of groundwater and
5 coastal resources, and to protect the health, safety, and
6 welfare of the State. To achieve these purposes, the program
7 provides low interest loans to state and county agencies to
8 construct water pollution control projects.

9 The legislature further finds the areas of the State that
10 are more likely to have cesspools would be greatly served by
11 wastewater treatment works. Additionally, while the State or
12 counties may not place a priority on providing water pollution
13 control facilities to areas with prominent cesspool usage, some
14 residents of these areas are willing to work together to plan,
15 design, and construct wastewater treatment works. However,
16 wastewater treatment works can have significant costs, and
17 because the clean water state revolving fund loan program only



1 provides loans to state and county agencies, interested groups
2 of residents cannot access this funding mechanism to plan,
3 design, and construct wastewater treatment works in their area.

4 The purpose of this Act is to make nonprofit organizations
5 eligible to receive loans from the clean water state revolving
6 fund loan program.

7 SECTION 2. Chapter 342D, Hawaii Revised Statutes, is
8 amended by adding a new section to part V to be appropriately
9 designated and to read as follows:

10 "§342D- Revolving fund; nonprofit loan conditions. (a)

11 The director may make and condition loans pursuant to section
12 342D-84 to a nonprofit organization recognized under section
13 501(c) of the Internal Revenue Code of 1986, as amended, for the
14 planning, designing, or constructing of a wastewater treatment
15 works. A loan shall contain the following conditions:

16 (1) Reasonable assurances that the nonprofit organization
17 will provide for the proper and efficient operation
18 and maintenance of the wastewater treatment works
19 after its construction;

20 (2) Reasonable assurances by the nonprofit organization
21 that an impact fee structure will be instituted to



1 ensure that new developments pay their appropriate
2 share of the costs of the wastewater treatment works;
3 (3) The loan is made with no interest;
4 (4) Annual payments of loan principal will be made, with
5 repayment beginning not later than one year after
6 project completion;
7 (5) The loan be fully amortized not later than thirty
8 years after project completion; and
9 (6) Any other provisions required by federal or state law
10 or deemed necessary or convenient by the director.
11 (b) The director may hold individual members of the
12 nonprofit organization that received the loan separately and
13 jointly liable for the nonpayment or default of the loan.
14 (c) No loan of funds from the revolving fund shall be made
15 unless the loan recipient pledges a dedicated source of revenue
16 for the repayment of the loans. This pledge may be a lien
17 against the property that the wastewater treatment works is
18 built upon.
19 (d) The director shall adopt rules, pursuant to chapter
20 91, necessary for the purposes of this section."



1 SECTION 3. Section 342D-83, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§342D-83 Revolving fund; establishment, purposes,
4 coordination. (a) There is established in the state treasury a
5 fund to be known as the water pollution control revolving fund
6 to be administered by the director. The revolving fund shall be
7 administered, operated, and maintained to remain available in
8 perpetuity for its stated purpose.

9 (b) The purpose of the revolving fund is to provide
10 financial assistance to eligible parties for projects or
11 activities to:

12 (1) Enable counties and state agencies to plan, design,
13 and construct publicly owned wastewater treatment
14 works in accordance with [Title] title 33 United
15 States Code sections 1381 to 1387;

16 (2) Enable eligible parties to implement management
17 programs established under [Title] title 33 United
18 States Code section 1329; [and]

19 (3) Enable eligible parties to implement conservation and
20 management plans established under [Title] title 33
21 United States Code section 1330[-]; and



1 (4) Enable nonprofit organizations recognized under
2 section 501(c) of the Internal Revenue Code of 1986,
3 as amended, to plan, design, and construct wastewater
4 treatment works."

5 SECTION 4. Section 342D-87, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "[+]§342D-87[+] Revolving fund; state or county financing
8 conditions. (a) The following conditions shall apply to each
9 project receiving water pollution control financing under this
10 part:

11 (1) The project shall conform with the state water quality
12 management plan developed under [~~Title~~] title 33
13 United States Code section 1285(j), 1288, 1313(e),
14 1329, or 1330;

15 (2) The project shall be certified by the director as
16 entitled to priority over other eligible projects on
17 the basis of financial and water pollution control
18 needs;

19 (3) In the case of wastewater treatment works construction
20 projects, the application or agreement for the loan
21 shall contain:



- 1 (A) Reasonable assurances that the applicant will
2 provide for the proper and efficient operation
3 and maintenance of the treatment works after its
4 construction;
- 5 (B) Reasonable assurances by the applicant that an
6 impact fee structure will be instituted to ensure
7 that new developments pay their appropriate share
8 of the costs of the wastewater treatment works,
9 as determined by the counties; and
- 10 (C) [~~Such~~] Any other provisions required by federal
11 or state law or deemed necessary or convenient by
12 the director;
- 13 (4) The county or state agency receiving these funds for a
14 construction project shall require the installation of
15 the low flow water fixtures and devices for faucets,
16 hose bibbs, showerheads, urinals, and toilets in all
17 new construction projects; provided that the fixtures
18 and devices shall be approved by the International
19 Association of Plumbing and Mechanical Officials and
20 shall comply with applicable American National
21 Standards Institute standards and [~~such~~] any other



1 standards as may be required by the respective county
2 for all new residential and public buildings; and
3 (5) The county receiving these funds shall take specific
4 steps to reduce polluted runoff into state waters
5 through educational and regulatory programs.

6 (b) The use of federal funds and state matching funds in
7 the revolving fund shall be in conformance with [~~Title~~] title 33
8 United States Code sections 1381 to 1387.

9 (c) The director may make and condition loans from the
10 revolving fund [~~which~~] that shall:

- 11 (1) Be made at or below market interest rates;
- 12 (2) Require periodic payments of principal and interest
13 with repayment commencing not later than one year
14 after completion of the project for which the loan is
15 made; and
- 16 (3) Be fully amortized not later than twenty years after
17 project completion.

18 (d) No loan of funds from the revolving fund shall be made
19 unless the loan recipient pledges a dedicated source of revenue
20 for the repayment of the loans. This pledge may be a county's
21 full faith and credit (a general obligation payable from its



1 general fund), special assessments, revenues from an
2 undertaking, system, or improvements, including user charges, or
3 any other source of revenue.


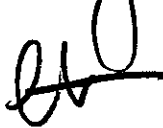
4 (e) This section shall not apply to loans provided to
5 nonprofit organizations for the designing, planning, or
6 construction of wastewater treatment works."

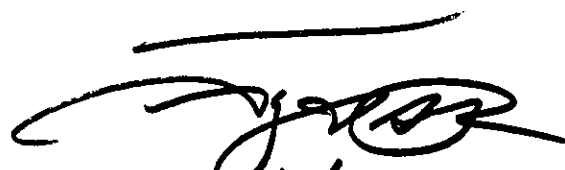
7 SECTION 5. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

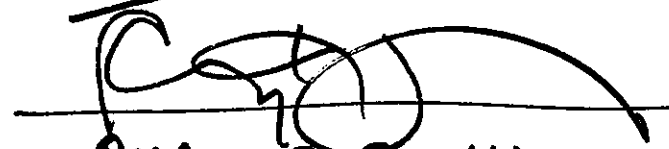
9 SECTION 6. This Act shall take effect upon its approval.

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INTRODUCED BY:

 Cindy Evans



Richard


Allen Roberts
Ly Delate

JAN 22 2016



H.B. NO. 1852

Report Title:

Water Pollution Control Revolving Fund; Clean Water State Revolving Fund Loan Program; Nonprofit Organizations

Description:

Clarifies that nonprofit organizations may receive a loan from the water pollution control revolving fund to enable the planning, designing, and construction of wastewater treatment works. Establishes certain terms for these loans.

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

