
A BILL FOR AN ACT

RELATING TO STATEWIDE INFRASTRUCTURE CAPACITY BUILDING
CONSTRUCTION FINANCING.

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

1 SECTION 1. The legislature finds that the State's
2 infrastructure has aged and been neglected over time, and now
3 requires a significant capital improvement investment. The 2013
4 State Report Card on Infrastructure, prepared by the American
5 Society of Consulting Engineers, provided the following
6 assessment of Hawaii's infrastructure:

7 (1) Dams and levees:

8 (A) Hawaii's dam safety program has five full-time
9 employees that each oversee an average of 28.4
10 state regulated dams;

11 (B) Hawaii has seventy-five high hazard dams;

12 (C) Ninety-four per cent of the state regulated dams
13 in Hawaii have an emergency action plan;

14 (D) Hawaii's dam safety program has an annual budget
15 of \$754,000; and



1 (E) Hawaii has approximately sixteen miles of levees
2 according to the Federal Emergency Management
3 Agency (FEMA) Mid-term Levee Inventory database;

4 (2) Hazardous waste and wastewater:

5 (A) Hawaii has three sites on the National Priorities
6 List, a list of national priorities among the
7 known releases or threatened releases of
8 hazardous substances, pollutants, or contaminants
9 throughout the United States and its territories;
10 and

11 (B) Hawaii has reported \$1,800,000,000 in wastewater
12 infrastructure needs over the next twenty years;

13 (3) Airports, bridges, and ports:

14 (A) Hawaii has fifteen public-use airports;

15 (B) One hundred forty-six of the 1,131 bridges in
16 Hawaii (12.9 per cent) are considered
17 structurally deficient;

18 (C) Three hundred fifty-nine of the 1,131 bridges in
19 Hawaii (31.7 per cent) are considered
20 functionally obsolete;

21 (D) Hawaii received \$28,700,000 from the Federal
22 Highway Bridge Fund in fiscal year 2011; and



- 1 (E) Hawaii's ports handled 19,000,000 short tons of
2 cargo in 2009, ranking twenty-ninth in the
3 nation;
- 4 (4) Roads and road transit:
- 5 (A) Driving on roads in need of repair costs Hawaii
6 motorists \$456,000,000 a year in extra vehicle
7 repairs and operating costs or roughly \$515 per
8 motorist;
- 9 (B) Forty-nine per cent of Hawaii's roads are in poor
10 or mediocre condition;
- 11 (C) Hawaii has 4,370 public road miles;
- 12 (D) Hawaii's highway vehicle-miles traveled in 2009
13 was approximately 7,331 per capita, ranking it
14 forty-eighth in the nation;
- 15 (E) Hawaii's gas tax of 47.1 cents per gallon has not
16 been increased since 2012; and
- 17 (F) Hawaii has 74,782 annual unlinked passenger trips
18 via transit systems -- motor bus, heavy rail,
19 light rail, and commuter rail; and
- 20 (5) Public schools, parks, and recreation facilities:
- 21 (A) Public school districts in Hawaii spent a total
22 of \$215,000,000 on capital outlays for school



1 construction and acquisition of land and existing
2 structures in fiscal years 2005-2008;

3 (B) Hawaii schools have an estimated \$3,400,000,000
4 in infrastructure funding needs; and

5 (C) Hawaii has reported an unmet need of \$28,000,000
6 for its park systems.

7 TRIP, a national transportation research group, also
8 released a report in October 2013 which found that the Honolulu
9 urban area ranks nineteenth among large cities with a population
10 of more than five hundred thousand in the annual cost to
11 motorists of driving on rough roads and thirteenth in the
12 percentage of roads in poor condition. The report further noted
13 that "[d]riving on roads in disrepair increases consumer costs
14 by accelerating vehicle deterioration and depreciation,
15 increasing the frequency of needed maintenance and requiring
16 additional fuel consumption," as well as increasing the
17 frequency of water main breaks on Oahu each year.

18 The legislature further finds that orderly and planned
19 infrastructure construction is the foundation for planned
20 population growth and desirable communities. It is a public
21 purpose for which public funds should be appropriated and
22 expended, and infrastructure construction should be coordinated



1 and timed or phased with planned development. Adequate
2 infrastructure to accommodate future growth would provide
3 livable communities with a desirable quality of life, make
4 possible strategically situated affordable housing (for example,
5 near job growth), and allow the transfer of development rights
6 to protect and preserve important agricultural lands by
7 targeting growth to specific areas that have necessary
8 infrastructure capacity to support development. Based on
9 population projections prepared by the State, the individual
10 counties would first plan and determine where growth is
11 desirable and then proceed to construct, in coordination with
12 applicable state agencies, the infrastructure to support the
13 planned growth in those areas.

14 Population increase will occur and economic growth is
15 necessary, and therefore, both should be planned for properly.
16 Prior experience indicates that the lack of adequate
17 infrastructure is a severe constraint to future growth. For
18 example, as Honolulu plans for its new fixed guide-way system,
19 discussion will focus on quality of life issues as the community
20 begins to balance higher densities in and around the transit
21 corridor with the need to protect open space and agricultural
22 areas. Infrastructure capacity must be increased to accommodate



1 higher densities in and around the transit corridor. While this
2 problem is most evident on Oahu, the neighbor islands also
3 suffer from lack of infrastructure capacity to accommodate
4 future growth. It is necessary to increase infrastructure
5 capacity, better use existing areas for planned growth, and
6 mitigate impacts to areas that are appropriate for growth.

7 Infrastructure projects included under this Act are sewer,
8 water, drainage, roads, and telecommunications and broadband, if
9 a project would increase the capacity to accommodate future
10 growth, and not solely benefit one particular project.

11 Increased capacity is distinguishable from maintenance. While
12 maintenance would increase the life of the facility or
13 infrastructure, only projects that would result in increased
14 infrastructure capacity would be eligible for supplemental
15 funding under this Act.

16 The State must provide financial assistance for improving
17 infrastructure. In addition, while the counties have primary
18 jurisdiction over planning and development, development links
19 the State with the counties to several shared responsibilities
20 under the Constitution of the State of Hawaii, including the
21 following:



1 (1) Article IX, section 6, relating to management of state
2 population growth;

3 (2) Article XI, section 3, relating to agricultural lands;
4 and

5 (3) Article XI, section 5, relating to general laws over
6 the lands owned by or under the control of the State.

7 The purpose of this Act is to create an infrastructure
8 capacity construction loan revolving fund to provide loans to
9 private developers for infrastructure improvements.

10 Furthermore, the intent of this Act is to allow for innovative
11 financing techniques, such as tax increment financing and
12 improvement districts, to fund the loan based upon the use of
13 the new infrastructure capacity.

14 SECTION 2. Chapter 36, Hawaii Revised Statutes, is amended
15 by adding a new part to be appropriately designated and to read
16 as follows:

17 "PART . INFRASTRUCTURE CAPACITY FINANCING

18 §36- Infrastructure capacity construction loan revolving
19 fund. (a) There is established within the state treasury an
20 infrastructure capacity construction loan revolving fund. The
21 revolving fund shall be administered by the department of



1 accounting and general services. This section shall be deemed
2 to satisfy the requirements of section 37-52.4.

3 (b) The infrastructure capacity construction loan
4 revolving fund shall consist of the following sources of
5 revenue:

- 6 (1) Appropriations from the legislature;
- 7 (2) Federal grants and subsidies to the State, if any;
- 8 (3) Private investor contributions; and
- 9 (4) Voluntary contributions.

10 (c) The department of accounting and general services
11 shall expend revenues in the fund to:

- 12 (1) Make loans to private developers for the costs, in
13 whole or in part, of infrastructure improvements that
14 would increase the capacity of the infrastructure
15 facilities, including sewer, water, drainage systems,
16 roads, and telecommunications and broadband; and
- 17 (2) Pay costs associated with the implementation,
18 administration, and coordination of the fund.

19 Loans shall be made only for capital improvement projects
20 with a view toward planned growth rather than upkeep and
21 maintenance.



1 (d) Eligible costs shall include costs for planning,
2 design, feasibility studies, construction, and materials. No
3 loan shall be made:

4 (1) For maintenance or repair costs unless the
5 construction would simultaneously increase the
6 carrying capacity of the infrastructure facility; or

7 (2) Solely for mass transit or electrical utilities.

8 The department of accounting and general services may also
9 expend revenues in the fund to repay private investors for their
10 investment plus any interest accrued on their investments made
11 into the fund to finance, in whole or in part, infrastructure
12 improvements that would increase the capacity of the
13 infrastructure facilities, including sewer, water, drainage,
14 roads, and telecommunications and broadband.

15 (e) The department of accounting and general services
16 shall adopt rules in accordance with chapter 91 for the purposes
17 of this section."

18 SECTION 3. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$ or so
20 much thereof as may be necessary for fiscal year 2016-2017 for
21 deposit into the infrastructure capacity construction loan
22 revolving fund.



1 SECTION 4. There is appropriated out of the infrastructure
2 capacity construction loan revolving fund the sum of \$
3 or so much thereof as may be necessary for fiscal year 2016-2017
4 for:

5 (1) The making of loans to private developers for the
6 costs, in whole or in part, of infrastructure
7 improvements that would increase the capacity of the
8 infrastructure facilities; and

9 (2) The implementation, administration, and coordination
10 of the infrastructure capacity construction loan
11 revolving fund.

12 The sum appropriated shall be expended by the department of
13 accounting and general services for the purposes of this Act.

14 SECTION 5. This Act shall take effect on July 1, 2050.

15



Report Title:

Construction; Revolving Fund; Appropriation

Description:

Establishes the Infrastructure Capacity Construction Loan Revolving Fund to provide loans to private developers for infrastructure improvements. Appropriates funds. Effective July 1, 2050. (SD1)

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

