
A BILL FOR AN ACT

RELATING TO WATER INFRASTRUCTURE LOANS.

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

1 SECTION 1. Chapter 174C, Hawaii Revised Statutes, is
2 amended by adding a new part to be appropriately designated and
3 to read as follows:

4 "PART . WATER INFRASTRUCTURE LOANS

5 §174C-A Definitions. As used in this part:

6 "Authority" means the Hawaii water infrastructure authority
7 established under section 174C-C.

8 "Department" means the department of land and natural
9 resources, or any successor by law.

10 "Financing order" means any of the costs incurred by the
11 department to modify or amend any indenture, financing
12 agreement, security agreement, or similar agreement or
13 instrument securing any bond or any ancillary agreement.

14 "Water infrastructure charge" means the on-bill charges for
15 the use and services of the loan program, including the
16 repayment of loans made under the loan program to be imposed on
17 water utility customers.



1 "Water infrastructure costs" means costs incurred or to be
2 incurred by the water utility customers to pay for dams,
3 reservoirs, hydroelectric pumping, storm water reclamation,
4 ditch maintenance, spillways, wells, water ducts, and water
5 distribution systems.

6 "Water infrastructure equipment" means infrastructure
7 improvements, equipment, and personal property to be installed
8 for dams, reservoirs, hydroelectric pumping, storm water
9 reclamation, ditch maintenance, spillways, wells, water ducts,
10 and water distribution systems.

11 "Water infrastructure loans" and "loan program" means the
12 program established by this part and loans made to finance the
13 purchase or installation of water infrastructure equipment for
14 dams, reservoirs, hydroelectric pumping, storm water
15 reclamation, ditch maintenance, spillways, wells, water ducts,
16 and water distribution systems.

17 "Water infrastructure special fund" means the special fund
18 created pursuant to section 174C-E.

19 **§174C-B Hawaii water infrastructure loan program.** There
20 is established a Hawaii water infrastructure loan program, which
21 shall be a loan program as defined under section 39-51. The



1 program shall be administered by the authority on behalf of the
2 department in a manner consistent with chapter 39, part III.

3 This loan program may include:

4 (1) Loans made to private entities, whether corporations,
5 partnerships, limited liability companies, or other
6 persons, which entities may lease or provide water
7 infrastructure equipment to utility customers; and

8 (2) Direct loans to utility customers,
9 on terms approved by the authority.

10 §174C-C Hawaii water infrastructure authority. There is
11 established the Hawaii water infrastructure authority as an
12 instrumentality of the State comprising five members. The
13 chairperson of the board of land and natural resources, the
14 chairperson of the water resource management, and the director
15 of finance shall be members of the authority. The governor
16 shall appoint the other two members, pursuant to section 26-34.
17 The chairperson of the board of land and natural resources shall
18 be the chairperson of the authority. The authority shall be
19 placed within the department for administrative purposes,
20 pursuant to section 26-35; provided that until the authority is
21 duly constituted, the department may exercise all powers



1 reserved to the authority and shall perform all responsibilities
2 of the authority.

3 §174C-D Functions, powers, and duties of the authority.

4 (a) In the performance of, and with respect to the functions,
5 powers, and duties vested in the authority by this part, the
6 authority, as directed by the chairperson of the board of land
7 and natural resources, may:

- 8 (1) Make loans and expend funds to finance the purchase or
9 installation of water infrastructure equipment for
10 dams, reservoirs, hydroelectric pumping, storm water
11 reclamation, ditch maintenance, spillways, wells,
12 water ducts, and water distribution systems;
- 13 (2) Hold and invest moneys in the water infrastructure
14 special fund in investments as permitted by law;
- 15 (3) Hire employees necessary to perform its duties,
16 including an executive director. The executive
17 director shall be appointed by the authority, and the
18 employees' positions, including the executive
19 director's position, shall be exempt from chapter 76;
- 20 (4) Enter into contracts for the service of consultants
21 for rendering professional and technical assistance



- 1 and advice, and any other contracts that are necessary
2 and proper for the implementation of the loan program;
- 3 (5) Enter into contracts for the administration of the
4 loan program, without the necessity of complying with
5 chapter 103D;
- 6 (6) Establish loan program guidelines to carry out the
7 purposes of this part;
- 8 (7) Be audited at least annually by a firm of independent
9 certified public accountants selected by the
10 authority, and provide the results of this audit to
11 the department; and
- 12 (8) Perform all functions necessary to effectuate the
13 purposes of this part.
- 14 (b) The authority shall submit to the board of land and
15 natural resources an annual plan for review and approval no
16 later than ninety days prior to the start of each fiscal year.
17 The annual plan submitted by the authority shall include the
18 authority's projected operational budget for the succeeding
19 fiscal year.



1 §174C-E Hawaii water infrastructure special fund. (a)

2 There is established the Hawaii water infrastructure special
3 fund into which shall be deposited:

4 (1) Water infrastructure charges received for the use and
5 services of the loan program, including the repayment
6 of loans made under the loan program;

7 (2) All other funds received by the department or the
8 authority and legally available for the purposes of
9 the water infrastructure special fund;

10 (3) Interest earnings on all amounts in the water
11 infrastructure special fund; and

12 (4) Any other moneys permitted by the board of land and
13 natural resources.

14 The Hawaii water infrastructure special fund shall not be
15 subject to section 37-53.

16 (b) Moneys in the Hawaii water infrastructure special fund
17 may be used for the purposes of:

18 (1) Making water infrastructure loans;

19 (2) Paying administrative costs of the Hawaii water
20 infrastructure loan program; or



1 (3) Paying any other costs related to the Hawaii water
2 infrastructure loan program.

3 (c) The authority may invest funds held in the Hawaii
4 water infrastructure special fund in investments as permitted by
5 law. All amounts in the Hawaii water infrastructure special
6 fund shall be exempt from all taxes and surcharges imposed by
7 the State or the counties.

8 **§174C-F Use of Hawaii water infrastructure special fund;**

9 application. (a) The authority shall apply to the board of
10 land and natural resources for directives to effectuate the
11 Hawaii water infrastructure loan program.

12 (b) An application for a directive shall be submitted by
13 the authority to the board of land and natural resources.

14 (c) In accordance with an approved water infrastructure
15 loan program directive or directives, the authority shall
16 utilize the amounts deposited in the Hawaii water infrastructure
17 special fund pursuant to section 174C-E, to pay financing costs.

18 (d) The authority shall obtain approval from the board of
19 land and natural resources to direct county water utilities to
20 serve as agents to bill and collect the water infrastructure



1 charge imposed to repay water infrastructure costs and transfer
2 all water infrastructure charges collected to the authority."

3 SECTION 2. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2016-2017 for
6 deposit into the Hawaii water infrastructure special fund.

7 There is appropriated out of the Hawaii water
8 infrastructure special fund the sum of \$ or so much
9 thereof as may be necessary for fiscal year 2016-2017.

10 The sum appropriated shall be expended by the department of
11 land and natural resources for the purposes of this Act.

12 SECTION 3. There is appropriated out of the general
13 revenues of the State of Hawaii the sum of \$ or so
14 much thereof as may be necessary for fiscal year 2016-2017 for
15 distribution to the counties in the following allocations:

- 16 (1) City and county of Honolulu \$
- 17 (2) County of Hawaii \$
- 18 (3) County of Kauai \$
- 19 (4) County of Maui \$



H.B. NO. 2029

1 in order for the State to fulfill its constitutional
 2 requirements under article VIII, section 5, of the state
 3 constitution.

4 The sums appropriated shall be expended by the respective
 5 counties for the purposes of this Act.

6 SECTION 4. In codifying the new sections added by
 7 section 1 of this Act, the revisor of statutes shall substitute
 8 appropriate section numbers for the letters used in designating
 9 the new sections in this Act.

10 SECTION 5. This Act shall take effect on July 1, 2016.

11

INTRODUCED BY:

H.B. NO. 2029

Report Title:

Water Infrastructure Loans; Infrastructure Financing;
Appropriation

Description:

Establishes a water infrastructure loan program under the Hawaii water infrastructure authority within DLNR. Allows authority to make loans for water infrastructure development, repair, and maintenance. Makes appropriation.

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