

---

---

## 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 counties and some  
2 state agencies have aging and limited infrastructure that have  
3 been neglected over time and now require a significant capital  
4 improvement investment. The 2013 State Report Card on  
5 Infrastructure, prepared by the American Society of Consulting  
6 Engineers, provided the following assessment of Hawaii's  
7 infrastructure:

8           (1) Dams and levees:

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

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

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

15           (D) Hawaii's dam safety program has an annual budget of  
16 \$754,000; and



- 1 (E) Hawaii has approximately sixteen miles of levees  
2 according to the Federal Emergency Management Agency  
3 (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 known  
7 releases or threatened releases of hazardous  
8 substances, pollutants, or contaminants throughout the  
9 United States and its territories; and
- 10 (B) Hawaii has reported \$1,800,000,000 in wastewater  
11 infrastructure needs over the next twenty years;
- 12 (3) Airports, bridges, and ports:
- 13 (A) Hawaii has fifteen public-use airports;
- 14 (B) 146 of the 1,131 bridges in Hawaii (12.9 per cent) are  
15 considered structurally deficient;
- 16 (C) 359 of the 1,131 bridges in Hawaii (31.7 per cent) are  
17 considered functionally obsolete;
- 18 (D) Hawaii received \$28,700,000 from the Federal Highway  
19 Bridge Fund in fiscal year 2011; and
- 20 (E) Hawaii's ports handled 19,000,000 short tons of cargo  
21 in 2009, ranking twenty-ninth in the nation;
- 22



- 1 (4) Roads and road transit:
- 2 (A) Driving on roads in need of repair costs Hawaii
- 3 motorists \$456,000,000 a year in extra vehicle repairs
- 4 and operating costs or roughly \$515 per motorist;
- 5 (B) 49 per cent of Hawaii's roads are in poor or mediocre
- 6 condition;
- 7 (C) Hawaii has 4,370 public road miles;
- 8 (D) Hawaii's highway vehicle-miles traveled in 2009 was
- 9 approximately 7,331 per capita, ranking it forty-
- 10 eighth in the nation;
- 11 (E) Hawaii's gas tax of 47.1 cents per gallon has not been
- 12 increased since 2012; and
- 13 (F) Hawaii has 74,782 annual unlinked passenger trips via
- 14 transit systems - motor bus, heavy rail, light rail,
- 15 and commuter rail; and
- 16 (5) Public schools, parks, and recreation facilities:
- 17 (A) Public school districts in Hawaii spent a total of
- 18 \$215,000,000 on capital outlays for school
- 19 construction and acquisition of land and existing
- 20 structures in fiscal years 2005-2008;
- 21 (B) Hawaii schools have an estimated \$3,400,000,000 in
- 22 infrastructure funding needs; and



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

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

14 The legislature finds that orderly and planned  
15 infrastructure construction is the foundation for planned  
16 population growth and desirable communities. It is a public  
17 purpose for which public funds should be appropriated and  
18 expended, and infrastructure construction should be coordinated  
19 and timed or phased with planned development. Adequate  
20 infrastructure to accommodate future growth would provide  
21 livable communities with a desirable quality of life, make  
22 possible strategically situated affordable housing (for example,



1 near job growth), and allow the transfer of development rights  
2 to protect and preserve important agricultural lands by  
3 targeting growth to specific areas that have necessary  
4 infrastructure capacity to support development. Based on  
5 population projections prepared by the State, the individual  
6 counties would first plan and determine where growth is  
7 desirable and then proceed to construct, in coordination with  
8 applicable state agencies, the infrastructure to support the  
9 planned growth in those areas.

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



1 accordance with an orderly and predictable plan for increasing  
2 infrastructure capacity, to better utilize existing areas for  
3 planned growth and mitigate impacts to areas that are  
4 appropriate for growth.

5       The State's role in dealing with this growth would be to  
6 provide coordination with the counties on "regional state  
7 infrastructure" construction in areas of planned growth.  
8 Although the primary responsibility for basic municipal  
9 infrastructure needs continues to reside with the counties, much  
10 of the work will need to be coordinated with the State for  
11 "regional infrastructure improvements." Infrastructure projects  
12 included under this Act are regional sewer, water, drainage,  
13 roads, and telecommunications and broadband, if a project would  
14 increase the capacity to accommodate future growth, and not  
15 solely benefit one particular project. Increased capacity is  
16 distinguishable from maintenance. While maintenance would  
17 increase the life of the facility or infrastructure, only  
18 projects that would result in increased infrastructure capacity  
19 would be eligible for supplemental funding under this Act.

20       The State cannot afford to abandon the counties and must  
21 provide financial assistance for improving infrastructure. In  
22 addition, while the counties have primary jurisdiction over



1 planning and development, development links the State with the  
2 counties to several shared responsibilities under the  
3 Constitution of the State of Hawaii, including the following:

- 4 (1) Article IX, section 6, relating to management of state  
5 population growth;
- 6 (2) Article XI, section 3, relating to agricultural lands;  
7 and
- 8 (3) Article XI, section 5, relating to general laws over  
9 the lands owned by or under the control of the State.

10 The purpose of this Act is to create an infrastructure  
11 capacity construction loan revolving fund to provide loans to  
12 the counties, state agencies, and private developers for  
13 infrastructure improvements. Furthermore, the intent of this  
14 Act is to allow for innovative financing techniques, such as tax  
15 increment financing and improvement districts, to fund the loan  
16 based upon the use of the new infrastructure capacity.

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

20 "PART . INFRASTRUCTURE CAPACITY FINANCING

21 §36- Infrastructure capacity construction loan

22 revolving fund. (a) There is established within the state



1 treasury an infrastructure capacity construction loan revolving  
2 fund. The revolving fund shall be administered by the office of  
3 planning. This section shall be deemed to satisfy the  
4 requirements of section 37-52.4.

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

8 (1) Moneys received by the office of planning from  
9 counties for the repayment of the loan principal and  
10 the payment of simple interest from various  
11 assessments or fees from special improvement  
12 districts, improvement districts, tax increment  
13 financing districts, community facilities districts,  
14 and other areas where property value increases are  
15 captured over periods of time for the purposes of  
16 infrastructure financing; provided that simple  
17 interest charged to a county for a loan shall be  
18 per cent below the prevailing market rate at the time  
19 the loan is made but not less than per cent;  
20 provided further that in no event shall the simple  
21 interest charged to a county exceed per cent;

22 (2) Appropriations from the legislature;





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

3 (4) Private investor contributions; and

4 (5) Voluntary contributions.

5 (c) The office of planning shall expend revenues in the  
6 fund to make loans to counties, state agencies, or private  
7 developers for the costs, in whole or in part, of infrastructure  
8 improvements that would increase the capacity of the  
9 infrastructure facilities, including regional sewer, water,  
10 drainage systems, roads, and telecommunications and broadband.

11 Loans shall be made only for capital improvement projects  
12 approved by the respective county council or state agency with a  
13 view towards planned growth rather than upkeep and maintenance.

14 (d) Eligible costs shall include those for planning,  
15 design, feasibility studies, construction, and materials. No  
16 loan shall be made:

17 (1) For maintenance or repair costs unless the  
18 construction would simultaneously increase the  
19 carrying capacity of the infrastructure facility; or

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

21 The office of planning may also expend revenues in the fund  
22 to repay private investors for their investment plus any



1 interest accrued on their investments made into the fund to  
2 finance, in whole or in part, infrastructure improvements that  
3 would increase the capacity of the infrastructure facilities,  
4 including regional sewer, water, drainage, roads, and  
5 telecommunications and broadband.

6 (e) The office of planning shall adopt rules in accordance  
7 with chapter 91 for the purposes of this section."

8 SECTION 3. There is appropriated out of the general  
9 revenues of the State of Hawaii the sum of \$ or so much  
10 thereof as may be necessary for fiscal year 2015-2016 and the  
11 same sum or so much thereof as may be necessary for fiscal year  
12 2016-2017 for deposit into the infrastructure capacity  
13 construction loan revolving fund.

14 SECTION 4. There is appropriated out of the infrastructure  
15 capacity construction loan revolving fund the sum of \$  
16 or so much thereof as may be necessary for fiscal year 2015-2016  
17 and the same sum or so much thereof as may be necessary for  
18 fiscal year 2016-2017 for the making of loans to the counties,  
19 state agencies, or private developers for the costs, in whole or  
20 in part, of infrastructure improvements that would increase the  
21 capacity of the infrastructure facilities.




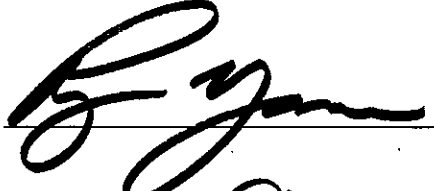






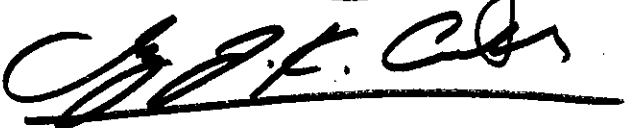
1 The sums appropriated shall be expended by the office of  
2 planning for the purposes of this Act.

3 SECTION 5. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$ or so much  
5 thereof as may be necessary for fiscal year 2015-2016 and the  
6 same sum or so much thereof as may be necessary for fiscal year  
7 2016-2017 for the implementation, administration, and  
8 coordination of the infrastructure capacity construction loan  
9 revolving fund.

10 The sums appropriated shall be expended by the office of  
11 planning for the purposes of this Act.

12 SECTION 6. This Act shall take effect on July 1, 2015.  
13

INTRODUCED BY:

JAN 23 2015



# H.B. NO. 441

**Report Title:**

Construction; Revolving Fund; Appropriation

**Description:**

Establishes the infrastructure capacity construction loan revolving fund to provide loans to counties, state agencies, or private developers for infrastructure improvements. Appropriates funds for the administration and implementation of the infrastructure capacity construction loan revolving fund.

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

