
A BILL FOR AN ACT

RELATING TO CAPITAL IMPROVEMENT PROJECTS.

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

1 SECTION 1. The legislature finds that the Ala Wai canal
2 and the surrounding watersheds must be fortified in order to
3 prevent major flooding in Honolulu's urban core. According to
4 the United States Army Corps of Engineers, a major flood could
5 damage three thousand structures, require more than
6 \$1,000,000,000 in repairs, and severely impact on Hawaii's
7 economy. The 2003 *Economic Contribution of Waikiki Report*
8 indicated that in 2002, Waikiki-based visitor activity accounted
9 for \$3,600,000,000, or forty-six per cent, of the tourism
10 industry's total contribution to the gross state product. Due
11 to the potential impact that flooding could have on the economy,
12 the legislature finds that the Ala Wai flood risk management
13 project is in the public interest and is necessary for the
14 health, safety, and general welfare of the State.

15 The legislature further finds that the project will cost
16 \$345,000,000, and the United States Congress has appropriated
17 \$345,000,000 for the project but requires a thirty-five per cent



1 match by a local entity. Although this project is under county
2 jurisdiction, the legislature has been requested to allocate
3 matching funds to ensure the health, safety, and general welfare
4 of the State.

5 The purpose of this Act is to establish a financing
6 mechanism to satisfy the federal requirement that thirty-five
7 percent of the Ala Wai flood risk management project costs be
8 funded by a local entity through:

- 9 (1) Establishment of general terms of a financing
10 agreement entered into pursuant to chapter 37D, Hawaii
11 Revised Statutes, and requiring the city and county of
12 Honolulu to enter into the project partnership
13 agreement with the United States Army Corps of
14 Engineers and to accept all the project features
15 identified in the Ala Wai flood risk management
16 project upon completion; or
- 17 (2) An appropriation to the department of budget and
18 finance, based upon the United States Army Corps of
19 Engineers' cost payment plan, for the Ala Wai flood
20 risk management project.



1 SECTION 2. (a) Any financing agreement entered into by
2 the State relating to the Ala Wai flood risk management project,
3 and any certificate of participation issued thereunder, shall be
4 subject to chapter 37D, Hawaii Revised Statutes, and this
5 section.

6 (b) The State's obligation to make payments under any
7 financing agreement entered into pursuant to subsection (a)
8 shall be subject to, and be payable solely from, moneys
9 appropriated by the legislature. No financing agreement shall
10 obligate the legislature to appropriate or make moneys available
11 for any payments under any financing agreement.

12 (c) No obligation to make payments under any financing
13 agreement shall be secured by the full faith and credit of the
14 State.

15 (d) No financing agreement or related certificate of
16 participation shall:

- 17 (1) Constitute bonds under the Hawaii State Constitution;
- 18 (2) Count towards the total amount of outstanding state
19 general obligation bonds; or



1 (3) Require the issuance by the State of future general
2 obligation bonds authorized under the Hawaii State
3 Constitution.

4 SECTION 3. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$ or so much
6 thereof as may be necessary for fiscal year 2019-2020 for the
7 Ala Wai flood risk management project.

8 The sum appropriated shall be expended by the department of
9 budget and finance for the purposes of this Act; provided that
10 the department of budget and finance shall not expend the funds
11 if a financing agreement pursuant to section 2 of this Act is
12 entered into by .

13 SECTION 4. This Act shall take effect on July 1, 2019.



Report Title:

Capital Improvement Projects; Ala Wai Canal; Financing Agreement; Appropriation

Description:

Establishes two financing options for the State to select from to satisfy the federal requirement that thirty-five percent of Ala Wai Flood Risk Management Project costs be funded by a local entity. The first is a financing agreement that does not obligate the State beyond funds appropriated by the Legislature and the second is an appropriation of general funds. (SD2)

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