

**ACT 130**

A Bill for an Act Relating to Loans for Federal Aid Projects and Amending Chapter 132, Revised Laws of Hawaii 1955, as Amended.

*Be it Enacted by the Legislature of the State of Hawaii:*

**SECTION 1.** Purpose. Although Section 9-36, Revised Laws of Hawaii 1955, as amended, obligates the State for only the State's share of the cost of federal-aid projects, the State is required in many instances to prepay the entire cost of a project because federal funds become available to the State only upon the completion of the project and payment by the State of the entire cost therefor.

This Act will permit loans from the various funds of the State to be used on federal-aid projects until such time as federal reimbursements become available, unless recalled sooner, in either of which events the funds from which the loans were made will be reimbursed.

**SECTION 2.** Chapter 132, Revised Laws of Hawaii 1955, as amended, is hereby amended by adding thereto a new section, to be designated Section 132-12.5, to read as follows:

**"Section 132-12.5** (a) The director of finance may make loans to any state agency from the general, special and revolving funds of the State for the purpose of enabling the State to prepay the costs reimbursable by the federal-government on federal-aid projects, when he determines that:

(1) There are any moneys of the State which in his judgment are in excess of the amounts necessary for meeting the immediate requirements of the State and where in his judgment such action will not impede or hamper the necessary financial obligations of the State.

(2) The project is authorized in compliance with Section 9-5.5, Revised Laws of Hawaii 1955, as amended.

(3) Federal-aid in the form of reimbursable funds has been committed to the project in an amount sufficient to repay the principal on the loan.

(4) Federal reimbursement is expected to be received within a reasonable period of time after the loan is made.

(b) In addition to any other conditions that the director of finance may impose, any loan made pursuant to this Act shall be subject to the following conditions:

(1) The full amount of the loan must be repaid to the fund from which the loan was made upon final settlement of accounts with the participating federal agency.

(2) The term of such loans shall not exceed one calendar year from the time of the loan; provided, however, at the option of the director of finance, such loans or the balances thereof may be renewed annually.

(c) The director of finance may, in his discretion, require payment of interest on any loan made, the rate of interest not to exceed that which the State could have realized if it invested the same in time certificates of deposit.

(d) The director of finance shall have the option at any time to recall such loan and recover the outstanding amount of such loan plus interest due, if any.”

**SECTION 3.** This Act shall take effect on July 1, 1965.

(Approved June 16, 1965.) **H.B. 259.**