

**ACT 204**

A Bill for an Act Relating to the Hawaii State Ferry System and Amending Chapter 114 of the Revised Laws of Hawaii 1955, as Amended.

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

SECTION 1. Chapter 114 of the Revised Laws of Hawaii 1955, as amended, is hereby amended in the following respects.

(a) By amending section 114-4 thereof to read as follows:

**"Sec. 114-4. Appropriation.** There is hereby appropriated from the general revenues of the State the sum of \$150,000 or so much thereof as may be necessary, to defray the cost of any such examination, investigation, survey or reconnaissance and all other expenses necessary for the issuance of any bonds and the implementation of the ferry system; provided, however, that upon the sale of the revenue bonds authorized herein, that portion of the \$150,000 which is expended for planning, designing or preparation of plans and specifications for the construction or improvement of the ferry vessel or terminal facilities needed for the operation of the ferry system shall be repaid by the department to the State.

The department may hire personnel to perform the services noted above and to implement the ferry system. Such personnel, however, shall be hired by contract and be exempt from chapters 3 and 4, and sections 5-30 and 5-39."

(b) By amending section 114-5 thereof to read as follows:

**"Sec. 114-5. Bonds.** For the purpose of paying any and all costs in connection with the acquisition by lease, charter, contract, purchase, condemnation or construction of all or any part of such ferry system, approaches and roadways incidental thereto, and for rehabilitating, rebuilding, enlarging, extending, battering and improving all or any part of such system and of the facilities used or useful in connection therewith and for providing initial working capital, the department is authorized to issue by certificate of its director revenue bonds of the State of Hawaii in an amount not exceeding fourteen million dollars or so much thereof as may be necessary; provided, however, that the department may issue such revenue bonds only after approval by the governor. Revenue bonds issued pursuant to the provisions of the chapter shall be payable solely from and secured by a first charge and a prior paramount lien upon all or such part of the gross revenues derived from the operation of the ferry system as shall be pledged thereto in and by the certificate of the director of the department providing for the issuance of said bonds, and such bonds shall not constitute an indebtedness of the State of Hawaii. Except as otherwise provided herein, said bonds shall be issued in accordance with, be subject to and be entitled to the security and benefits of the provisions of chapter 137, part III. Said bonds shall be sold by the director of the department at public sale as provided in section 137-53, or, with the approval of the governor and of the director of finance, may be sold by the director of the department at private sale, and in either event may be sold a discount of not to exceed two per centum of the par value thereof.

Any certificate or certificates providing for the issuance of revenue bonds pursuant to the provisions of this chapter shall provide that said revenue bonds shall be redeemable prior to the maturity thereof at the option of the department at any time after five years

from the date of such bonds on such terms and conditions as the certificate or certificates providing for the issuance of said bonds shall prescribe, including the payment of premiums upon the redemption thereof, and may contain covenants on behalf of the State to protect and safeguard the security and rights of the holders thereof authorized by chapter 137, part III, and, in addition thereto, covenants as to, among other things:

(1) Creating a special fund for the deposit of the gross revenues derived from the operation of the ferry system and any additions or betterments thereto or extensions thereof, including the creating and maintenance of funds for working capital to be used in the operation of the ferry system and for renewals and replacements to said system;

(2) Subject to the provisions of section 114-7, the establishment and maintenance of adequate rates, rentals and charges for the services and facilities sold, furnished or supplied through the ferry system;

(3) Limitations upon the right to dispose of the ferry system or any part thereof without providing for the payment of revenue bonds issued pursuant to this chapter; and

(4) The appointment and qualification of trustees and depositaries, either within or without the State of Hawaii, to receive, hold, disburse, invest and reinvest all or any part of the income, revenues, receipts and profits derived by the department from the operation, ownership and management of said ferry system, provided, however, that all covenants in such certificate or certificates shall be subject to review by the governor."

(c) By amending section 114-6 thereof to read as follows:

**"Sec. 114-6. Operation of ferry system.** The department is empowered to operate such ferry system, including all operations, whether intrastate or international, upon any route or routes, as a revenue producing undertaking, and the State of Hawaii hereby covenants with the holders from time to time of bonds issued pursuant to this chapter that so long as any of said bonds are outstanding and unpaid the State will continue to maintain and operate said ferry system and to impose and collect rates, rentals and charges for the services, facilities and commodities sold, furnished or supplied through the facilities of the ferry system which will provide gross revenues sufficient to pay the principal of and interest on all bonds issued pursuant to the provisions of this chapter, including reserves therefor, and to maintain all funds or reserves created pursuant to the certificate authorizing such bonds for the rehabilitation, renewal and replacement of the facilities of the ferry system so as to maintain the same in good operating condition. The department shall have full charge of the construction, rehabilitation, rebuilding, enlarging, improving and maintenance of the ferry system, including approaches and roadways incidental thereto that may be authorized by the department, the granting of concessions, the collection of tolls and other charges for the services and facilities of the undertaking; provided that the department shall comply with the provisions of chapter 7B relating to contracts for concessions on public property. The gross

revenues derived from the operation of the ferry system shall be appropriated, applied or expended for the purposes and in the order of priority set forth in section 137-59; provided, however, that if the certificate authorizing the issuance of the bonds shall so provide, such revenues shall be appropriated, applied or expended for the rehabilitation, renewal and replacement of the facilities required to maintain the ferry system in good operating condition, including such reserve or reserves therefor as shall be provided in such certificate, immediately after being appropriated, applied or expended to the payment of the bonds and interest thereon, including reserves therefor, and before being appropriated, applied or expended to the other purposes set forth in said section."

(d) By amending section 114-7 thereof to read as follows:

**"Sec. 114-7. Fixing of charges, rates and disbursements of revenues.** So long as any of the bonds authorized pursuant to this Act are outstanding and unpaid, the department shall establish, maintain and collect charges, rentals and rates for the services, facilities and commodities sold, furnished or supplied through the facilities of the ferry system as shall be reasonable and consistent with the purpose of providing economical inter-island transportation, notwithstanding the provisions of section 137-58 or any other law to the contrary; provided, however, that such rates, rentals and charges shall at all times be sufficient to provide revenues in amounts necessary to pay the principal of and interest on all bonds issued pursuant to this chapter, including reserves therefor, and to maintain all funds or reserves created by the certificate authorizing the issuance of said bonds for the rehabilitation, renewal and replacement of facilities required to maintain the ferry system in good operating condition."

**SECTION 2.** This Act shall take effect upon its approval.  
(Approved June 28, 1965.) **H.B. 33.**