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# A BILL FOR AN ACT

PROPOSING AN AMENDMENT TO ARTICLE VII, SECTION 12, OF THE HAWAII  
STATE CONSTITUTION TO ASSIST DAM AND RESERVOIR OWNERS.

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

1           SECTION 1. The purpose of this Act is to propose an  
2 amendment to article VII, section 12, of the Hawaii state  
3 constitution, to authorize the State to issue special purpose  
4 revenue bonds and use the proceeds from the bonds to assist dam  
5 and reservoir owners.

6           SECTION 2. Article VII, section 12, of the Constitution of  
7 the State of Hawaii is amended to read as follows:

8                           **"DEFINITIONS; ISSUANCE OF INDEBTEDNESS**

9           **Section 12.** For the purposes of this article:

10           1. The term "bonds" shall include bonds, notes and other  
11 instruments of indebtedness.

12           2. The term "general obligation bonds" means all bonds for  
13 the payment of the principal and interest of which the full  
14 faith and credit of the State or a political subdivision are  
15 pledged and, unless otherwise indicated, includes reimbursable  
16 general obligation bonds.



1           3. The term "net revenues" or "net user tax receipts"

2 means the revenues or receipts derived from:

3           a. A public undertaking, improvement or system remaining  
4           after the costs of operation, maintenance and repair  
5           of the public undertaking, improvement or system, and  
6           the required payments of the principal of and interest  
7           on all revenue bonds issued therefor, have been made;  
8           or

9           b. Any payments or return on security under a loan  
10           program or a loan thereunder, after the costs of  
11           operation and administration of the loan program, and  
12           the required payments of the principal of and interest  
13           on all revenue bonds issued therefor, have been made.

14           4. The term "owner" means any person who has a right,  
15 title or interest in or to a dam or reservoir or to the property  
16 upon which a dam, reservoir or appurtenant work is located or  
17 proposed to be located.

18           ~~[4.]~~ 5. The term "person" means an individual, firm,  
19 partnership, corporation, association, cooperative or other  
20 legal entity, governmental body or agency, board, bureau or  
21 other instrumentality thereof, or any combination of the  
22 foregoing.



1           ~~[5.]~~ 6. The term "rates, rentals and charges" means all  
2 revenues and other moneys derived from the operation or lease of  
3 a public undertaking, improvement or system, or derived from any  
4 payments or return on security under a loan program or a loan  
5 thereunder; provided that insurance premium payments,  
6 assessments and surcharges, shall constitute rates, rentals and  
7 charges of a state property insurance program.

8           ~~[6.]~~ 7. The term "reimbursable general obligation bonds"  
9 means general obligation bonds issued for a public undertaking,  
10 improvement or system from which revenues, or user taxes, or a  
11 combination of both, may be derived for the payment of the  
12 principal and interest as reimbursement to the general fund and  
13 for which reimbursement is required by law, and, in the case of  
14 general obligation bonds issued by the State for a political  
15 subdivision, general obligation bonds for which the payment of  
16 the principal and interest as reimbursement to the general fund  
17 is required by law to be made from the revenue of the political  
18 subdivision.

19           ~~[7.]~~ 8. The term "revenue bonds" means all bonds payable  
20 from the revenues, or user taxes, or any combination of both, of  
21 a public undertaking, improvement, system or loan program and  
22 any loan made thereunder and secured as may be provided by law,



1 including a loan program to provide loans to a state property  
2 insurance program providing hurricane insurance coverage to the  
3 general public.

4 ~~[8.]~~ 9. The term "special purpose revenue bonds" means all  
5 bonds payable from rental or other payments made to an issuer by  
6 a person pursuant to contract and secured as may be provided by  
7 law.

8 ~~[9.]~~ 10. The term "user tax" means a tax on goods or  
9 services or on the consumption thereof, the receipts of which  
10 are substantially derived from the consumption, use or sale of  
11 goods and services in the utilization of the functions or  
12 services furnished by a public undertaking, improvement or  
13 system; provided that mortgage recording taxes shall constitute  
14 user taxes of a state property insurance program.

15 The legislature, by a majority vote of the members to which  
16 each house is entitled, shall authorize the issuance of all  
17 general obligation bonds, bonds issued under special improvement  
18 statutes and revenue bonds issued by or on behalf of the State  
19 and shall prescribe by general law the manner and procedure for  
20 such issuance. The legislature by general law shall authorize  
21 political subdivisions to issue general obligation bonds, bonds  
22 issued under special improvement statutes and revenue bonds and



1 shall prescribe the manner and procedure for such issuance. All  
2 such bonds issued by or on behalf of a political subdivision  
3 shall be authorized by the governing body of such political  
4 subdivision.

5 Special purpose revenue bonds shall only be authorized or  
6 issued to finance facilities of or for, or to loan the proceeds  
7 of such bonds to assist:

- 8 1. Manufacturing, processing[~~r~~] or industrial  
9 enterprises;
- 10 2. Utilities serving the general public;
- 11 3. Health care facilities provided to the general public  
12 by not-for-profit corporations;
- 13 4. Early childhood education and care facilities provided  
14 to the general public by not-for-profit corporations;
- 15 5. Low and moderate income government housing programs;
- 16 6. Not-for-profit private nonsectarian and sectarian  
17 elementary schools, secondary schools, colleges and  
18 universities; [~~or~~]
- 19 7. Agricultural enterprises serving important  
20 agricultural lands[~~r~~]; or
- 21 8. Dam and reservoir owners,



1 each of which is hereinafter referred to in this paragraph as a  
2 special purpose entity.

3 The legislature, by a two-thirds vote of the members to  
4 which each house is entitled, may enact enabling legislation for  
5 the issuance of special purpose revenue bonds separately for  
6 each special purpose entity, and, by a two-thirds vote of the  
7 members to which each house is entitled and by separate  
8 legislative bill, may authorize the State to issue special  
9 purpose revenue bonds for each single project or multi-project  
10 program of each special purpose entity; provided that the  
11 issuance of such special purpose revenue bonds is found to be in  
12 the public interest by the legislature; and provided further  
13 that the State may combine into a single issue of special  
14 purpose revenue bonds two or more proposed issues of special  
15 purpose revenue bonds to assist not-for-profit private  
16 nonsectarian and sectarian elementary schools, secondary  
17 schools, colleges[7] and universities, and dam and reservoir  
18 owners, separately authorized as aforesaid, in the total amount  
19 [e£] not exceeding the aggregate of the proposed separate issues  
20 of special purpose revenue bonds. The legislature may enact  
21 enabling legislation to authorize political subdivisions to  
22 issue special purpose revenue bonds. If so authorized, a



1 political subdivision by a two-thirds vote of the members to  
2 which its governing body is entitled and by separate ordinance  
3 may authorize the issuance of special purpose revenue bonds for  
4 each single project or multi-project program of each special  
5 purpose entity; provided that the issuance of such special  
6 purpose revenue bonds is found to be in the public interest by  
7 the governing body of the political subdivision. No special  
8 purpose revenue bonds shall be secured directly or indirectly by  
9 the general credit of the issuer or by any revenues or taxes of  
10 the issuer other than receipts derived from payments by a person  
11 or persons under contract or from any security for such contract  
12 or contracts or special purpose revenue bonds and no moneys  
13 other than such receipts shall be applied to the payment  
14 thereof. The governor shall provide the legislature in November  
15 of each year with a report on the cumulative amount of all  
16 special purpose revenue bonds authorized and issued, and such  
17 other information as may be necessary."

18 SECTION 3. The question to be printed on the ballot shall  
19 be as follows:

20 "Shall the State be authorized to issue special  
21 purpose revenue bonds and use the proceeds from the  
22 bonds to assist dam and reservoir owners?"



1           SECTION 4. Constitutional material to be repealed is  
2 bracketed and stricken. New constitutional material is  
3 underscored.

4           SECTION 5. This amendment shall take effect upon  
5 compliance with article XVII, section 3, of the Constitution of  
6 the State of Hawaii.





**Report Title:**

Special Purpose Revenue Bonds; Constitutional Amendment; Dams  
and Reservoirs

**Description:**

Proposes a constitutional amendment to authorize the State to  
issue special purpose revenue bonds and use the proceeds from  
the bonds to assist dam and reservoir owners. (HB2594 HD1)

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