
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 "dam and reservoir owner" means any person who
15 has a right to, title to, or an interest in, a dam, reservoir,
16 or the property upon which a dam, reservoir, or appurtenant work
17 is located or 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[7] 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; [ø]
- 19 7. Agricultural enterprises serving important
20 agricultural lands[7]; 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~~]:

16 (1) Not-for-profit private nonsectarian and sectarian
17 elementary schools, secondary schools, colleges, and
18 universities[~~7~~]; and

19 (2) Dam and reservoir owners,
20 separately authorized as aforesaid, in the total amount [~~e~~] not
21 exceeding the aggregate of the proposed separate issues of
22 special purpose revenue bonds. The legislature may enact



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

20 SECTION 3. The question to be printed on the ballot shall
21 be as follows:



1 "Shall the State be authorized to issue special purpose revenue
2 bonds and use the proceeds from the bonds to offer low interest
3 loans to qualifying dam and reservoir owners to improve their
4 facilities to protect public safety and provide significant
5 benefits to the general public as important water sources?"

6 SECTION 4. Constitutional material to be repealed is
7 bracketed and stricken. New constitutional material is
8 underscored.

9 SECTION 5. This amendment shall take effect on July 1,
10 2050.



Report Title:

Constitutional Amendment; Special Purpose Revenue Bonds; 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. Effective July 1, 2050. (SB2876 HD1)

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