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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 offer loans  
5 to assist dam and reservoir owners to improve their facilities  
6 to protect public safety and provide significant benefits to the  
7 general public as important water sources.

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

10                   **"DEFINITIONS; ISSUANCE OF INDEBTEDNESS**

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

12           1. The term "bonds" shall include bonds, notes and other  
13 instruments of indebtedness.

14           2. The term "general obligation bonds" means all bonds for  
15 the payment of the principal and interest of which the full  
16 faith and credit of the State or a political subdivision are



1 pledged and, unless otherwise indicated, includes reimbursable  
2 general obligation bonds.

3 3. The term "net revenues" or "net user tax receipts"  
4 means the revenues or receipts derived from:

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

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

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

20 [4-] 5. The term "person" means an individual, firm,  
21 partnership, corporation, association, cooperative or other  
22 legal entity, governmental body or agency, board, bureau or



1 other instrumentality thereof, or any combination of the  
2 foregoing.

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

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

21       ~~[7-]~~ 8. The term "revenue bonds" means all bonds payable  
22 from the revenues, or user taxes, or any combination of both, of



1 a public undertaking, improvement, system or loan program and  
2 any loan made thereunder and secured as may be provided by law,  
3 including a loan program to provide loans to a state property  
4 insurance program providing hurricane insurance coverage to the  
5 general public.

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

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

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



1 political subdivisions to issue general obligation bonds, bonds  
2 issued under special improvement statutes and revenue bonds and  
3 shall prescribe the manner and procedure for such issuance. All  
4 such bonds issued by or on behalf of a political subdivision  
5 shall be authorized by the governing body of such political  
6 subdivision.

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

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



1        8. Dam and reservoir owners; provided that the bonds are  
2        issued for and the proceeds are used to offer loans to  
3        assist dam and reservoir owners to improve their  
4        facilities to protect public safety and provide  
5        significant benefits to the general public as  
6        important water sources,

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

9        The legislature, by a two-thirds vote of the members to  
10 which each house is entitled, may enact enabling legislation for  
11 the issuance of special purpose revenue bonds separately for  
12 each special purpose entity, and, by a two-thirds vote of the  
13 members to which each house is entitled and by separate  
14 legislative bill, may authorize the State to issue special  
15 purpose revenue bonds for each single project or multi-project  
16 program of each special purpose entity; provided that the  
17 issuance of such special purpose revenue bonds is found to be in  
18 the public interest by the legislature; and provided further  
19 that the State may combine into a single issue of special  
20 purpose revenue bonds two or more proposed issues of special  
21 purpose revenue bonds to assist [~~not for profit~~]:



1       (1) Not-for-profit private nonsectarian and sectarian  
2            elementary schools, secondary schools, colleges, and  
3            universities [7]; or  
4       (2) Dam and reservoir owners,  
5 separately authorized as aforesaid, in the total amount [øf] not  
6 exceeding the aggregate of the proposed separate issues of  
7 special purpose revenue bonds. The legislature may enact  
8 enabling legislation to authorize political subdivisions to  
9 issue special purpose revenue bonds. If so authorized, a  
10 political subdivision by a two-thirds vote of the members to  
11 which its governing body is entitled and by separate ordinance  
12 may authorize the issuance of special purpose revenue bonds for  
13 each single project or multi-project program of each special  
14 purpose entity; provided that the issuance of such special  
15 purpose revenue bonds is found to be in the public interest by  
16 the governing body of the political subdivision. No special  
17 purpose revenue bonds shall be secured directly or indirectly by  
18 the general credit of the issuer or by any revenues or taxes of  
19 the issuer other than receipts derived from payments by a person  
20 or persons under contract or from any security for such contract  
21 or contracts or special purpose revenue bonds and no moneys  
22 other than such receipts shall be applied to the payment



1 thereof. The governor shall provide the legislature in November  
2 of each year with a report on the cumulative amount of all  
3 special purpose revenue bonds authorized and issued, and such  
4 other information as may be necessary."

5 SECTION 3. The question to be printed on the ballot shall  
6 be as follows:

7 "Shall the State be authorized to issue special  
8 purpose revenue bonds and use the proceeds from the  
9 bonds to offer loans to qualifying dam and reservoir  
10 owners to improve their facilities to protect public  
11 safety and provide significant benefits to the general  
12 public as important water sources?"

13 SECTION 4. Constitutional material to be repealed is  
14 bracketed and stricken. New constitutional material is  
15 underscored.

16 SECTION 5. This Act shall take effect upon compliance with  
17 Article XVII, section 3, of the Constitution of the State of  
18 Hawaii.





**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 offer loans to assist dam and reservoir owners to improve their facilities to protect public safety and provide significant benefits to the general public as important water sources. (SB2876 HD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

