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:

SECTION 1. The purpose of this Act is to propose an amendment to article VII, section 12, of the Hawaii State Constitution 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.

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

"DEFINITIONS; ISSUANCE OF INDEBTEDNESS

Section 12. For the purposes of this article:

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

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

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

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

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

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

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

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

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

[7-] 8. The term "revenue bonds" means all bonds payable
from the revenues, or user taxes, or any combination of both, of
a public undertaking, improvement, system or loan program and any loan made thereunder and secured as may be provided by law, including a loan program to provide loans to a state property insurance program providing hurricane insurance coverage to the general public.

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

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

The legislature, by a majority vote of the members to which each house is entitled, shall authorize the issuance of all general obligation bonds, bonds issued under special improvement statutes and revenue bonds issued by or on behalf of the State and shall prescribe by general law the manner and procedure for such issuance. The legislature by general law shall authorize
political subdivisions to issue general obligation bonds, bonds
issued under special improvement statutes and revenue bonds and
shall prescribe the manner and procedure for such issuance. All
such bonds issued by or on behalf of a political subdivision
shall be authorized by the governing body of such political
subdivision.

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

1. Manufacturing, processing[7] or industrial
   enterprises;

2. Utilities serving the general public;

3. Health care facilities provided to the general public
   by not-for-profit corporations;

4. Early childhood education and care facilities provided
   to the general public by not-for-profit corporations;

5. Low and moderate income government housing programs;

6. Not-for-profit private nonsectarian and sectarian
   elementary schools, secondary schools, colleges and
   universities; [er]

7. Agricultural enterprises serving important
   agricultural lands[7]; or
8. Dam and reservoir owners; provided that the bonds are issued for and the proceeds are used 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, each of which is hereinafter referred to in this paragraph as a special purpose entity.

The legislature, by a two-thirds vote of the members to which each house is entitled, may enact enabling legislation for the issuance of special purpose revenue bonds separately for each special purpose entity, and, by a two-thirds vote of the members to which each house is entitled and by separate legislative bill, may authorize the State to issue special purpose revenue bonds for each single project or multi-project program of each special purpose entity; provided that the issuance of such special purpose revenue bonds is found to be in the public interest by the legislature; and provided further that the State may combine into a single issue of special purpose revenue bonds two or more proposed issues of special purpose revenue bonds to assist [not for profit]:
(1) Not-for-profit private nonsectarian and sectarian elementary schools, secondary schools, colleges, and universities; or

(2) Dam and reservoir owners, separately authorized as aforesaid, in the total amount not exceeding the aggregate of the proposed separate issues of special purpose revenue bonds. The legislature may enact enabling legislation to authorize political subdivisions to issue special purpose revenue bonds. If so authorized, a political subdivision by a two-thirds vote of the members to which its governing body is entitled and by separate ordinance may authorize the issuance of special purpose revenue bonds for each single project or multi-project program of each special purpose entity; provided that the issuance of such special purpose revenue bonds is found to be in the public interest by the governing body of the political subdivision. No special purpose revenue bonds shall be secured directly or indirectly by the general credit of the issuer or by any revenues or taxes of the issuer other than receipts derived from payments by a person or persons under contract or from any security for such contract or contracts or special purpose revenue bonds and no moneys other than such receipts shall be applied to the payment
thereof. The governor shall provide the legislature in November
of each year with a report on the cumulative amount of all
special purpose revenue bonds authorized and issued, and such
other information as may be necessary."

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

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

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

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

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