A BILL FOR AN ACT

RELATING TO THE BROWNFIELDS CLEANUP REVOLVING LOAN FUND.

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

SECTION 1. The Hawaii brownfields cleanup revolving loan fund was capitalized with funds from a United States Environmental Protection Agency brownfields revolving loan fund grant. In 2012, the grant was closed when all grant funds had been expended for cleanup loans, and a closeout agreement was executed between the United States Environmental Protection Agency and the department of business, economic development, and tourism. Under the closeout agreement, revolving loan funds may be used for loans and sub-grants to eligible entities for brownfields site assessment activities, sampling, and related activities in addition to cleanup activities. The existing loan fund statutory authority strictly limits use of revolving loan funds to loans and cleanup activities.

The legislature finds that expanding the loan fund authority to enable sub-grants for cleanups, environmental site assessments, and related activities, in conformance with the closeout agreement, will allow for greater use of the grant funds for eligible brownfields projects and facilitate
redevelopment of lands that are underutilized due to perceived
or real contamination.

SECTION 2. Section 201-18, Hawaii Revised Statutes, is
amended by amending subsections (b) and (c) to read as follows:

"(b) Moneys in the brownfields cleanup revolving loan fund
shall be used to provide low interest loans or other authorized
financial assistance to eligible public, private, and nonprofit
borrowers for brownfields site assessments, cleanup activities
of contaminated sites, and site monitoring activities necessary
to determine the effectiveness of a cleanup. Moneys in the
brownfields cleanup revolving loan fund may also be used to
provide grants to eligible public and nonprofit entities for
brownfields site assessments, cleanup activities of contaminated
sites, and site monitoring activities necessary to determine the
effectiveness of a cleanup.

All environmental site assessments and response activities
and entities receiving funding shall be subject to the
eligibility requirements of, and conducted in accordance with
the Comprehensive Environmental Response, Compensation, and
amended, and shall be consistent with the National Oil and
Hazardous Substances Pollution Contingency Plan at 40 Code of
Federal Regulations part 300. Moneys from the fund may be used
to cover administrative and legal costs of fund management and
site management associated with individual loans, to include
personnel, services, materials, equipment, and travel for the
purposes of this section; provided that the moneys used for
these purposes shall not exceed the amounts allowed by the
United States Environmental Protection Agency’s Brownfields
[Cleanup Revolving Loan Fund Pilot] Program[.] grant guidance,
as amended.

(c) The fund shall be administered by the department of
business, economic development, and tourism. Appropriations or
authorizations from the fund shall be expended by the
department. The department may award and disburse funds from
the loan fund in the form of grants to eligible public or
nonprofit entities for brownfields site assessments or cleanup
and related activities. At a minimum, the grant applicant must
show that:

(1) The applicant has not caused or contributed to
contamination at the site where funds will be used;

(2) The project is ready to proceed upon grant award and
has a realistic plan for completion of activities to
be funded;
(3) Any cleanup activity will be completed within twelve months of site mobilization;

(4) The site has a reuse or redevelopment plan with near-term economic viability or long-term community benefit;

(5) The project promotes the use or redevelopment of urban infill sites or developed property whose reuse has been idled due to perceived or actual contamination;

(6) The project will improve environmental conditions at the site and result in elimination of public exposure to contamination at the site; and

(7) The project is consistent with the property's underlying state and county land use laws and ordinances.

The department may contract with other public or private entities for the provision of all or a portion of the services necessary for the administration and implementation of loans under the loan fund program. The department may set fees or charges for fund management and technical site assistance provided under this section. The department may adopt rules pursuant to chapter 91 to carry out the purposes of this section."
SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

INTRODUCED BY: [Signature]

BY REQUEST
Report Title:
Brownfields Cleanup Revolving Loan Fund

Description:
Enables use of funds for environmental site assessments and for sub-grants to eligible entities for assessment and cleanup of brownfields sites.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*
DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO THE BROWNFIELDS CLEANUP REVOLVING LOAN FUND.

PURPOSE: Amend the statutory authority for the revolving loan fund to expand the use of funds for brownfields environmental site assessments and sub-grants to eligible public and nonprofit entities.

MEANS: Amend section 201-18(b) and (c), Hawaii Revised Statutes.

JUSTIFICATION: The Department of Business, Economic Development, and Tourism (DBEDT) received a grant of $2,000,000 from the U.S. Environmental Protection Agency (EPA) to establish and capitalize a brownfields cleanup revolving loan program to clean up contaminated sites. In 2012, the grant was closed when all grant funds had been expended for cleanup loans, and a closeout agreement was executed between the EPA and the department. All program revenue, such as loan repayments and fees, received by the revolving loan fund from loans capitalized by EPA grant funds and subsequent loan activity are not subject to federal grant requirements. However, under the EPA closeout agreement, the program revenue must be used for brownfields activities and comply with EPA site and applicant eligibility requirements. The EPA closeout agreement allows the program revenue to be used for both loans and sub-grants to eligible entities for brownfields site assessment activities, sampling, and related activities, in addition to cleanup activities. The existing loan fund statutory authority strictly limits use of revolving loan funds to loans and cleanup activities as allowed under the original grant award terms. The proposed amendment
would align the use of revolving loan funds with the provisions of the more-flexible EPA closeout agreement.

**Impact on the public:** The public will benefit from brownfields site assessments and cleanups that will facilitate the restoration and redevelopment of contaminated sites.

**Impact on the department and other agencies:** The amendment will allow DBEDT to disburse funds through sub-grants as well as loans to eligible entities. This will enable greater use of the funds for brownfields redevelopment.

**GENERAL FUND:** None.

**OTHER FUNDS:** None.

**PPBS PROGRAM DESIGNATION:** BED-144 PL.

**OTHER AFFECTED AGENCIES:** None.

**EFFECTIVE DATE:** Upon approval.