
A BILL FOR AN ACT

RELATING TO SEPTIC SYSTEMS.

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

1 SECTION 1. Chapter 342D, Hawaii Revised Statutes, is
2 amended by adding two new sections to be appropriately
3 designated and to read as follows:
4 "§342D- Hawaii septic system loan program; eligibility;
5 amounts. (a) There is created the Hawaii septic system loan
6 program to be administered by the department of health, to
7 provide financial assistance to property owners who install
8 septic tanks on their property. Loan eligibility requirements
9 and loan amounts shall be established and awarded based on
10 criteria formulated by the department according to rules adopted
11 pursuant to chapter 91. The department may also adopt any other
12 rules necessary to administer this section pursuant to chapter
13 91.

14 (b) Based on the availability of funds, the department
15 shall provide loans to eligible borrowers from moneys in the
16 Hawaii septic system loan special fund; provided that all loans
17 made under this section shall bear interest at zero per cent
18 simple interest. Repayment of the principal amount shall be



1 made according to rules adopted by the department pursuant to
2 chapter 91; provided that the department:

3 (1) May place a lien on the real property with the
4 installed septic system to secure a loan under this
5 section; and

6 (2) Shall require all loans to be paid in full upon any
7 transfer or change in the title to the real property
8 with the installed septic system.

9 (c) The department may enter into written contracts with
10 collection agencies for the purpose of collecting delinquent
11 loans. All payments collected, exclusive of a collection
12 agency's commission, shall revert and be credited to the Hawaii
13 septic system loan special fund. A collection agency that
14 enters into a written contract with the department for the
15 collection of delinquent loans pursuant to this section, may
16 collect a commission from the debtor in accordance with the
17 terms of, and up to the amounts authorized in, the written
18 contract.

19 (d) As used in this section, "septic tank" means an above
20 ground septic system used by residences within one hundred yards
21 of the shoreline.



1 §342D- Hawaii septic system loan special fund. There is
2 established the Hawaii septic system loan special fund to be
3 administered by the department of health. All moneys received
4 by the department from legislative appropriations, loan
5 payments, or any other moneys related to the Hawaii septic
6 system loan program shall be deposited into the special fund.
7 All interest earned or accrued on moneys deposited in the
8 special fund shall become part of the special fund. Moneys in
9 the special fund shall be expended to cover loans and costs to
10 administer the Hawaii septic system loan program and the special
11 fund."

12 SECTION 2. There is appropriated out of the general
13 revenues of the State of Hawaii the sum of \$, or so much
14 thereof as may be necessary for fiscal year 2007-2008, to be
15 deposited into the Hawaii septic system loan special fund for
16 the purposes of providing loans for the installation of septic
17 systems.

18 The sum appropriated shall be expended by the department of
19 budget and finance for the purposes of this Act.

20 SECTION 3. There is appropriated out of the Hawaii septic
21 system loan special fund the sum of \$, or so much thereof
22 as may be necessary for fiscal year 2007-2008, and the same sum



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1 etc. to be expended for the purposes of providing loans for the
2 installation of septic systems.

3 The sums appropriated shall be expended by the department
4 of health for the purposes of this Act.

5 SECTION 4. New statutory material is underscored.

6 SECTION 5. This Act shall take effect on July 1, 2007.

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INTRODUCED BY: Cindy Evans
Mele Canell

JAN 19 2007



Report Title:

Septic Systems; Loans

Description:

Provides no interest loans for the installation of septic tanks on property that is within 100 yards of the shoreline.

