

# A BILL FOR AN ACT

RELATING TO THE COUNTIES.

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

1 PART II

2 SECTION 1. The legislature finds that municipal electric  
3 utilities have served communities across the United States for  
4 over a century, providing reliable, affordable, and increasingly  
5 renewable electricity while returning revenues to local  
6 governments and ratepayers.

7       The legislature further finds that municipal ownership of  
8       electric generation has a proven record of success. The Los  
9       Angeles Department of Water and Power, established in 1902,  
10      began generating hydroelectric power from its water aqueduct  
11      infrastructure in 1917 and is now the largest municipal utility  
12      in the United States, serving four million residents with over  
13      eight thousand megawatts of electric generating capacity while  
14      transferring a portion of annual revenues to the Los Angeles  
15      general fund. Seattle City Light originated in 1902 under the  
16      administration of the Seattle Water Department and in 1905  
17      became the first municipally owned hydroelectric facility in the



1 nation; it is now the tenth largest public utility in the United  
2 States, has maintained carbon-neutral status since 2005, and  
3 derives approximately ninety-one per cent of its power from  
4 hydroelectric sources. The Sacramento Municipal Utility  
5 District, created by voter approval in 1923 and operational  
6 since 1946, is among the ten largest publicly owned utilities in  
7 the country and generates approximately twenty-nine per cent of  
8 its power from large hydroelectric facilities. Austin Energy,  
9 established in 1895 and serving over five hundred thousand  
10 customers, has achieved forty-seven per cent renewable energy  
11 generation and is committed to one hundred percent carbon-free  
12 generation by 2035. CPS Energy of San Antonio, established in  
13 1860 and acquired by the city in 1942, is the largest  
14 municipally owned electric and natural gas utility in the United  
15 States, serving over nine hundred seventy thousand electric  
16 customers while maintaining combined energy bills among the  
17 lowest of the nation's twenty largest cities and generating over  
18 ten billion dollars in revenue for San Antonio.

19 The legislature additionally finds that county water  
20 utilities in Hawaii possess significant infrastructure assets,  
21 including reservoirs, transmission facilities, and treatment



1 plants, that are suitable for renewable energy generation.  
2 Authorizing county water agencies to generate and sell renewable  
3 electricity would advance the State's clean energy goals, reduce  
4 operational costs for water utilities, provide an additional  
5 revenue source to maintain and improve water infrastructure, and  
6 follow the successful model of municipal utilities on the  
7 mainland.

8 Accordingly, the purpose of this part is to authorize  
9 county boards of water supply to produce, use, and sell  
10 electricity generated from renewable energy sources.

11 SECTION 2. Chapter 54, Hawaii Revised Statutes, is amended  
12 by adding a new section to be appropriately designated and to  
13 read as follows:

14 "§54- Renewable energy generation; authorized. (a)

15 Notwithstanding any other law to the contrary, any board of  
16 water supply established under this chapter may:

17 (1) Generate electricity from renewable energy sources,  
18 including but not limited to:

19 (A) Hydroelectric generation from water transmission  
20 and distribution infrastructure;



1                   (B) Solar photovoltaic systems installed on board-  
2                   owned property or facilities;  
3                   (C) Energy recovery from water pressure reduction  
4                   systems;  
5                   (D) Biogas recovery from wastewater or water  
6                   treatment processes; and  
7                   (E) Other renewable energy technologies;  
8                   (2) Use electricity generated under this section to offset  
9                   the operational energy requirements of the board;  
10                   (3) Sell electricity generated under this section that  
11                   exceeds the operational requirements of the board,  
12                   subject to applicable interconnection requirements and  
13                   tariffs established by the public utilities  
14                   commission;  
15                   (4) Enter into power purchase agreements, community-based  
16                   renewable energy projects, or other contractual  
17                   arrangements for the sale of electricity generated  
18                   under this section;  
19                   (5) Issue revenue bonds pursuant to section 54-22 for the  
20                   purpose of financing renewable energy generation  
21                   facilities; provided that the bonds shall be payable



1                   solely from revenues derived from the sale of  
2                   electricity and shall not constitute a general  
3                   obligation of the county; and  
4                   (6) Establish rates and charges for the sale of  
5                   electricity, subject to approval by the public  
6                   utilities commission.

7                   (b) Revenues derived from the sale of electricity under  
8                   this section shall be deposited into the board's water utility  
9                   fund and shall be used for:

10                   (1) Operation, maintenance, and improvement of water  
11                   utility infrastructure;  
12                   (2) Debt service on bonds issued for renewable energy  
13                   facilities;  
14                   (3) Reduction of water rates charged to customers; or  
15                   (4) Development of additional renewable energy capacity.

16                   (c) A board shall not be considered a public utility under  
17                   section 269-1 solely by reason of generating or selling  
18                   electricity pursuant to this section; provided that the board  
19                   shall comply with all applicable interconnection and grid  
20                   reliability requirements established by the public utilities  
21                   commission.



1           (d) The public utilities commission shall adopt rules  
2           pursuant to chapter 91 to implement this section, including  
3           rules governing:

4           (1) Interconnection standards for board generation  
5           facilities;  
6           (2) Rate structures for electricity sales by boards of  
7           water supply;  
8           (3) Reporting requirements; and  
9           (4) Consumer protection standards.

10           (e) Nothing in this section shall be construed to:

11           (1) Require any electric utility to purchase electricity  
12           from a board at rates exceeding avoided cost, except  
13           as otherwise provided by law or rule;  
14           (2) Exempt boards from environmental review requirements  
15           under chapter 343; or  
16           (3) Supersede any existing franchise agreements or  
17           territorial service obligations of electric utilities.

18           (f) For the purposes of this section, "renewable energy"  
19           has the same meaning as in section 269-91."

20           SECTION 3. Section 54-15, Hawaii Revised Statutes, is  
21           amended to read as follows:



1        "§54-15    **Powers and duties of board.**    (a)    The board of  
2    water supply shall manage, control, and operate the waterworks  
3    of the county and all property thereof, for the purpose of  
4    supplying water to the public in the county, and shall collect,  
5    receive, expend, and account for all sums of money derived from  
6    the operation thereof and all other moneys provided for the use  
7    or benefit of the waterworks and all property used for or held  
8    in connection therewith.

11 PART II

12 SECTION 4. The legislature finds that neighborhood boards  
13 and other subcounty governing entities serve as vital links  
14 between county government and local communities, providing  
15 forums for citizen participation and advising county agencies on  
16 matters affecting their geographic areas. The legislature  
17 further finds that these entities are uniquely positioned to  
18 identify and prioritize capital improvement projects, community  
19 programs, and other expenditures that address the specific needs  
20 of their communities.



1        The legislature additionally finds that empowering  
2        subcounty governing entities with the ability to designate  
3        funding streams and submit budget allocation recommendations  
4        would strengthen participatory democracy, improve the  
5        responsiveness of county government to community needs, and  
6        promote more equitable distribution of county resources across  
7        all geographic areas.

8        Accordingly, the purpose of this part is to authorize  
9        counties to establish a process by which subcounty governing  
10      entities can designate funding streams within the county budget  
11      and submit budget allocation resolutions to county councils.

12      SECTION 5. Chapter 46, Hawaii Revised Statutes, is amended  
13      by adding a new section to be appropriately designated and to  
14      read as follows:

15      "**§46- Subcounty governing entities; budget allocation**  
16      **process.** (a) Each county may, by ordinance, establish a  
17      process by which subcounty governing entities recognized by the  
18      county may:

19      (1) Designate funding streams within the county budget for  
20      allocation to projects and programs within their  
21      geographic boundaries;



1                   (2) Adopt budget allocation resolutions recommending the  
2                   expenditure of designated funds for specific capital  
3                   improvement projects, community programs, or other  
4                   purposes authorized by the county; and  
5                   (3) Submit budget allocation resolutions to the chair of  
6                   the county council budget committee, or equivalent  
7                   position, for consideration during the annual budget  
8                   process.

9                   (b) Any county ordinance adopted pursuant to this section  
10                  shall include provisions for:

11                  (1) The amount or percentage of county revenues to be  
12                  designated as subcounty governing entity funding  
13                  streams, which may include but are not limited to:

14                  (A) A per capita allocation based on the population  
15                  of each subcounty governing entity's geographic  
16                  area;

17                  (B) A base allocation to each subcounty governing  
18                  entity plus additional amounts based on  
19                  geographic area, population, or demonstrated  
20                  need;



1                   (C) A percentage of real property tax revenues  
2                   collected within each subcounty governing  
3                   entity's geographic area; or  
4                   (D) Other allocation methodologies determined by the  
5                   county council;  
6                   (2) Eligible uses of designated funds, which may include  
7                   capital improvement projects, community programs,  
8                   public safety initiatives, infrastructure maintenance,  
9                   environmental restoration, cultural preservation, or  
10                   other purposes determined by the county council;  
11                   (3) Procedures for subcounty governing entities to adopt  
12                   budget allocation resolutions, including requirements  
13                   for public notice, public hearings, and voting  
14                   thresholds;  
15                   (4) Deadlines for submission of budget allocation  
16                   resolutions to the chair of the county council budget  
17                   committee, or equivalent position;  
18                   (5) Procedures for county council review and action on  
19                   submitted budget allocation resolutions;  
20                   (6) Reporting requirements to ensure transparency and  
21                   accountability in the use of designated funds;



- 1        (7) Technical assistance to be provided by county agencies
- 2                to subcounty governing entities in developing budget
- 3                allocation resolutions; and
- 4        (8) Procedures for resolving disputes regarding budget
- 5                allocations.
- 6        (c) Budget allocation resolutions submitted by subcounty
- 7                governing entities pursuant to this section shall be advisory to
- 8                the county council; provided that the county council shall:
- 9                (1) Consider each submitted budget allocation resolution
- 10                during the annual budget process;
- 11                (2) Provide a written response to each subcounty governing
- 12                entity explaining the disposition of its budget
- 13                allocation resolution; and
- 14                (3) To the extent practicable, incorporate subcounty
- 15                governing entity budget allocation resolutions into
- 16                the county operating or capital improvement budget.
- 17        (d) Nothing in this section shall be construed to:
- 18                (1) Limit the authority of the county council to adopt the
- 19                annual county budget;
- 20                (2) Create any entitlement to funding for any subcounty
- 21                governing entity;



1           (3) Supersede any existing charter provisions regarding  
2           the county budget process; or  
3           (4) Require a county to adopt an ordinance pursuant to  
4           this section.

5           (e) For the purposes of this section:

6           "Neighborhood board" means a board established pursuant to  
7           charter or ordinance to provide a forum for community  
8           participation in government.

9           "Subcounty governing entity" means a neighborhood board,  
10          community development district, or other geographic subdivision  
11          of a county recognized by charter or ordinance as having  
12          authority to advise the county on matters affecting its  
13          geographic area."

14          SECTION 6. Section 46-1.5, Hawaii Revised Statutes, is  
15          amended to read as follows:

16          **"§46-1.5 General powers and limitation of the counties.**

17          Subject to general law, each county shall have the following  
18          powers and shall be subject to the following liabilities and  
19          limitations:

20           (1) Each county shall have the power to frame and adopt a  
21           charter for its own self-government that shall



1 establish the county executive, administrative, and  
2 legislative structure and organization, including but  
3 not limited to the method of appointment or election  
4 of officials, their duties, responsibilities, and  
5 compensation, and the terms of their office;

6 (2) Each county shall have the power to provide for and  
7 regulate the marking and lighting of all buildings and  
8 other structures that may be obstructions or hazards  
9 to aerial navigation, so far as may be necessary or  
10 proper for the protection and safeguarding of life,  
11 health, and property;

12 (3) Each county shall have the power to enforce all claims  
13 on behalf of the county and approve all lawful claims  
14 against the county, but shall be prohibited from  
15 entering into, granting, or making in any manner any  
16 contract, authorization, allowance payment, or  
17 liability contrary to the provisions of any county  
18 charter or general law;

19 (4) Each county shall have the power to make contracts and  
20 to do all things necessary and proper to carry into



1 execution all powers vested in the county or any  
2 county officer;

3 (5) Each county shall have the power to:

4 (A) Maintain channels, whether natural or artificial,  
5 including their exits to the ocean, in suitable  
6 condition to carry off storm waters;

7 (B) Remove from the channels, and from the shores and  
8 beaches, any debris that is likely to create an  
9 unsanitary condition or become a public nuisance;  
10 provided that, to the extent any of the foregoing  
11 work is a private responsibility, the  
12 responsibility may be enforced by the county in  
13 lieu of the work being done at public expense;

14 (C) Construct, acquire by gift, purchase, or by the  
15 exercise of eminent domain, reconstruct, improve,  
16 better, extend, and maintain projects or  
17 undertakings for the control of and protection  
18 against floods and flood waters, including the  
19 power to drain and rehabilitate lands already  
20 flooded;



1 (D) Enact zoning ordinances providing that lands  
2 deemed subject to seasonable, periodic, or  
3 occasional flooding shall not be used for  
4 residence or other purposes in a manner as to  
5 endanger the health or safety of the occupants  
6 thereof, as required by the Federal Flood  
7 Insurance Act of 1956 (chapter 1025, Public Law  
8 1016); and

9 (E) Establish and charge user fees to create and  
10 maintain any stormwater management system or  
11 infrastructure; provided that no county shall  
12 charge against or collect user fees from the  
13 department of transportation in excess of  
14 \$1,500,000 in the aggregate per year; provided  
15 further that no services shall be denied to the  
16 department of transportation by reason of  
17 nonpayment of the fees;

18 (6) Each county shall have the power to exercise the power  
19 of condemnation by eminent domain when it is in the  
20 public interest to do so;





1 public nuisances and to compel the clearing or removal  
2 of any public nuisance, refuse, and uncultivated  
3 undergrowth from streets, sidewalks, public places,  
4 and unoccupied lots. In connection with these powers,  
5 each county may impose and enforce liens upon the  
6 property for the cost to the county of removing and  
7 completing the necessary work where the property  
8 owners fail, after reasonable notice, to comply with  
9 the ordinances. The authority provided by this  
10 paragraph shall not be self-executing, but shall  
11 become fully effective within a county only upon the  
12 enactment or adoption by the county of appropriate and  
13 particular laws, ordinances, or rules defining "public  
14 nuisances" with respect to each county's respective  
15 circumstances. The counties shall provide the  
16 property owner with the opportunity to contest the  
17 summary action and to recover the owner's property;  
18 (13) Each county shall have the power to enact ordinances  
19 deemed necessary to protect health, life, and  
20 property, and to preserve the order and security of  
21 the county and its inhabitants on any subject or



1 matter not inconsistent with, or tending to defeat,  
2 the intent of any state statute where the statute does  
3 not disclose an express or implied intent that the  
4 statute shall be exclusive or uniform throughout the  
5 State;

6 (14) Each county shall have the power to:

7 (A) Make and enforce within the limits of the county  
8 all necessary ordinances covering all:  
9 (i) Local police matters;  
10 (ii) Matters of sanitation;  
11 (iii) Matters of inspection of buildings;  
12 (iv) Matters of condemnation of unsafe  
13 structures, plumbing, sewers, dairies, milk,  
14 fish, and morgues; and  
15 (v) Matters of the collection and disposition of  
16 rubbish and garbage;

17 (B) Provide exemptions for homeless facilities and  
18 any other program for the homeless authorized by  
19 part XVII of chapter 346, for all matters under  
20 this paragraph;



1 (C) Appoint county physicians and sanitary and other  
2 inspectors as necessary to carry into effect  
3 ordinances made under this paragraph, who shall  
4 have the same power as given by law to agents of  
5 the department of health, subject only to  
6 limitations placed on them by the terms and  
7 conditions of their appointments; and  
8 (D) Fix a penalty for the violation of any ordinance,  
9 which penalty may be a misdemeanor, petty  
10 misdemeanor, or violation as defined by general  
11 law;

12 (15) Each county shall have the power to provide public  
13 pounds; to regulate the impounding of stray animals  
14 and fowl, and their disposition; and to provide for  
15 the appointment, powers, duties, and fees of animal  
16 control officers;

17 (16) Each county shall have the power to purchase and  
18 otherwise acquire, lease, and hold real and personal  
19 property within the defined boundaries of the county  
20 and to dispose of the real and personal property as



1 the interests of the inhabitants of the county may  
2 require, except that:

3 (A) Any property held for school purposes may not be  
4 disposed of without the consent of the  
5 superintendent of education;

6 (B) No property bordering the ocean shall be sold or  
7 otherwise disposed of; and

8 (C) All proceeds from the sale of park lands shall be  
9 expended only for the acquisition of property for  
10 park or recreational purposes;

11 (17) Each county shall have the power to provide by charter  
12 for the prosecution of all offenses and to prosecute  
13 for offenses against the laws of the State under the  
14 authority of the attorney general of the State;

15 (18) Each county shall have the power to make  
16 appropriations in amounts deemed appropriate from any  
17 moneys in the treasury, for the purpose of:

18 (A) Community promotion and public celebrations;

19 (B) The entertainment of distinguished persons as may

20 from time to time visit the county;



1 (C) The entertainment of other distinguished persons,  
2 as well as, public officials when deemed to be in  
3 the best interest of the community; and  
4 (D) The rendering of civic tribute to individuals  
5 who, by virtue of their accomplishments and  
6 community service, merit civic commendations,  
7 recognition, or remembrance;

8 (19) Each county shall have the power to:  
9 (A) Construct, purchase, take on lease, lease,  
10 sublease, or in any other manner acquire, manage,  
11 maintain, or dispose of buildings for county  
12 purposes, sewers, sewer systems, pumping  
13 stations, waterworks, including reservoirs,  
14 wells, pipelines, and other conduits for  
15 distributing water to the public, lighting  
16 plants, and apparatus and appliances for lighting  
17 streets and public buildings, and manage,  
18 regulate, and control the same;  
19 (B) Regulate and control the location and quality of  
20 all appliances necessary to the furnishing of





- 1 (A) Establish and maintain waterworks and sewer  
2 works;
- 3 (B) Implement a sewer monitoring program that  
4 includes the inspection of sewer laterals that  
5 connect to county sewers, when those laterals are  
6 located on public or private property, after  
7 providing a property owner not less than ten  
8 calendar days' written notice, to detect leaks  
9 from laterals, infiltration, and inflow, any  
10 other law to the contrary notwithstanding;
- 11 (C) Compel an owner of private property upon which is  
12 located any sewer lateral that connects to a  
13 county sewer to inspect that lateral for leaks,  
14 infiltration, and inflow and to perform repairs  
15 as necessary;
- 16 (D) Collect rates for water supplied to consumers and  
17 for the use of sewers;
- 18 (E) Install water meters whenever deemed expedient;  
19 provided that owners of premises having vested  
20 water rights under existing laws appurtenant to  
21 the premises shall not be charged for the



3 (F) Take over from the State existing waterworks  
4 systems, including water rights, pipelines, and  
5 other appurtenances belonging thereto, and sewer  
6 systems, and to enlarge, develop, and improve the  
7 same; and

**8** (G) For purposes of subparagraphs (B) and (C):

13 (ii) "Inflow" means non-sewage entering the  
14 county sewer system via inappropriate  
15 illegal connections;

16 (24) (A) Each county may impose civil fines, in addition  
17 to criminal penalties, for any violation of  
18 county ordinances or rules after reasonable  
19 notice and requests to correct or cease the  
20 violation have been made upon the violator. Any  
21 administratively imposed civil fine shall not be





1 eligible taxes, fees, or charges and may require  
2 hearings or other proceedings. After addition of  
3 the unpaid civil fines to the taxes, fees, or  
4 charges, the unpaid civil fines shall not become  
5 a part of any taxes, fees, or charges. The  
6 county by ordinance may condition the issuance or  
7 renewal of a license, approval, or permit for  
8 which a fee or charge is assessed, except for  
9 water for residential use and sewer charges, on  
10 payment of the unpaid civil fines. Upon  
11 recordation of a notice of unpaid civil fines in  
12 the bureau of conveyances, the amount of the  
13 civil fines, including any increase in the amount  
14 of the fine which the county may assess, shall  
15 constitute a lien upon all real property or  
16 rights to real property belonging to any person  
17 liable for the unpaid civil fines. The lien in  
18 favor of the county shall be subordinate to any  
19 lien in favor of any person recorded or  
20 registered prior to the recordation of the notice  
21 of unpaid civil fines and senior to any lien



1 recorded or registered after the recordation of  
2 the notice. The lien shall continue until the  
3 unpaid civil fines are paid in full or until a  
4 certificate of release or partial release of the  
5 lien, prepared by the county at the owner's  
6 expense, is recorded. The notice of unpaid civil  
7 fines shall state the amount of the fine as of  
8 the date of the notice and maximum permissible  
9 daily increase of the fine. The county shall not  
10 be required to include a social security number,  
11 state general excise taxpayer identification  
12 number, or federal employer identification number  
13 on the notice. Recordation of the notice in the  
14 bureau of conveyances shall be deemed, at such  
15 time, for all purposes and without any further  
16 action, to procure a lien on land registered in  
17 land court under chapter 501. After the unpaid  
18 civil fines are added to the taxes, fees, or  
19 charges as specified by county ordinance, the  
20 unpaid civil fines shall be deemed immediately  
21 due, owing, and delinquent and may be collected





14 (i) The nature and egregiousness of the  
15 violation;  
16 (ii) The duration of the violation;  
17 (iii) The number of recurring and other similar  
18 violations;  
19 (iv) Any effort taken by the violator to correct  
20 the violation;



1 (v) The degree of involvement in causing or  
2 continuing the violation;

3 (vi) Reasons for any delay in the completion of  
4 the appeal; and

5 (vii) Other extenuating circumstances.

6 The civil fine that is imposed by administrative  
7 order after this review is completed and the  
8 violation is corrected shall be subject to  
9 judicial review, notwithstanding any provisions  
10 for administrative review in county charters;

11 (E) After completion of a review of the amount of  
12 accrued civil fine by the county agency that  
13 imposed the fine, the amount of the civil fine  
14 determined appropriate, including both the  
15 initial civil fine and any accrued daily civil  
16 fine, shall immediately become due and  
17 collectible following reasonable notice to the  
18 violator. If no review of the accrued civil fine  
19 is requested, the amount of the civil fine, not  
20 to exceed the total accrual of civil fine prior  
21 to correcting the violation, shall immediately



1                   become due and collectible following reasonable  
2                   notice to the violator, at the completion of all  
3                   appeal proceedings; and

4 (F) If no county agency exists to conduct appeal  
5 proceedings for a particular civil fine action  
6 taken by the county, then one shall be  
7 established by ordinance before the county shall  
8 impose the civil fine;

19 (26) Any county may establish a captive insurance company  
20 pursuant to article 19, chapter 431; [and]



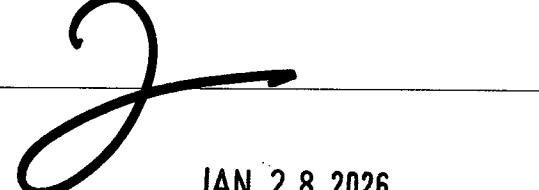
1                   (27) Each county shall have the power to enact and enforce  
2                   ordinances regulating towing operations [–]; and  
3                   (28) Each county shall have the power to establish a  
4                   subcounty governing entity budget allocation process  
5                   pursuant to section 46- ."

6                   PART III

7                   SECTION 7. Statutory material to be repealed is bracketed  
8                   and stricken. New statutory material is underscored.

9                   SECTION 8. This Act shall take effect upon its approval.

10

INTRODUCED BY: 

JAN 28 2026



**Report Title:**

Counties; Boards of Water Supply; Renewable Energy; Subcounty Governing Entities; Budget Allocation Process

**Description:**

PART I: Authorizes county boards of water supply to produce, use, and sell electricity generated from renewable energy sources. PART II: Authorizes counties to establish a process by which subcounty governing entities can designate funding streams within the county budget and submit budget allocation resolutions to county councils.

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

