

ACT 254

H.B. NO. 2300-74

A Bill for an Act Relating to Agricultural Development Bonds.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 48, Hawaii Revised Statutes, is amended as follows:

1. The title of chapter 48 is amended to read "ECONOMIC DEVELOPMENT BONDS."

2. Section 48-1 is amended to read:

"Sec. 48-1 Definitions. As used in this chapter:

- (1) "Economic development bond" means any general or revenue bond issued by any political subdivision of the State for the purpose of financing the purchase or lease of land; the purchase or construction, including reconstruction, improvement, expansion, extension, and enlargement, of buildings and appurtenances; and the purchase and installation of machinery, equipment, or fixtures, when the purchases or leases are made primarily for sale or continuing lease to a private individual, partnership, or corporation for use in connection with the development of an agricultural, industrial, commercial, or hotel enterprise;
- (2) "Political subdivision" means a county or other political subdivision created by the legislature pursuant to article VII, section 1, of the Constitution of the State;
- (3) "Governing body" means the body, council, or board charged with exercising the legislative authority of a political subdivision of the State; and
- (4) "Department" means the department of planning and economic development."

3. Section 48-3 is amended to read:

"Sec. 48-3 Certificate of convenience and necessity. No political subdivision may issue economic development bonds without first having been issued a certificate of convenience and necessity therefor. The certificate shall be issued by the department of planning and economic development upon a petition of the governing body of the political subdivision proposing to issue economic development bonds upon the department finding:

- (1) That the political subdivision has a contract, approved by its governing body, with an individual, partnership, or corporation to lease the property to be acquired with the proceeds of the economic development bonds for occupancy and use in connection with the conduct of an agricultural, industrial, commercial, or hotel enterprise for a period of years, and for the lessee to pay an annual rental adequate to meet interest and principal payments falling due during the term of the lease;
- (2) That the lessee of the property is a responsible party;
- (3) That the contract for lease of the property provides for:
 - (A) The reasonable maintenance, less normal wear and tear, or the property by the lessee;
 - (B) Insurance to be carried on the property and the use and disposition of insurance moneys; and
 - (C) The rights of the political subdivision and the lessee respecting the disposition of the property financed by the proposed economic development bonds upon retirement of the bonds or termination of the contract by expiration or failure to comply with any of the provisions thereof;
- (4) In addition to the above, the contract may provide for the rights of the bondholders, the care and disposition of rental receipts, and such other safeguards as are deemed to be necessary by the department;
- (5) That opportunities for employment are inadequate in the area from which the proposed development plan would reasonably draw its labor force and that there exists in that area a condition of substantial and persistent unemployment or underemployment;
- (6) That the proposed project will provide employment having a reasonable relationship to the volume of the bonds issued as compared to investment per employee of comparable facilities elsewhere in the private sector;
- (7) That financing by banks, other financial institutions, or other parties, of the property required by the lessee is not readily available to lessee on ordinary commercial terms in adequate amounts either on the local or the national market;
- (8) That no portion of the proposed economic development bond issues will be purchased by the lessee or any affiliate or subsidiary of the lessee at the time of the initial marketing;
- (9) That the facility offered the lessee is intended to accommodate expansion of an enterprise located elsewhere or a new enterprise and not primarily the relocation of an existing facility;
- (10) That adequate provision is being made to meet any increased demand upon community public facilities that might result from the proposed project; and
- (11) That the issuance of the proposed bonds and the operation of the enterprise of the lessee will not disrupt the fiscal stability of the issuing political subdivision in the event it should become necessary for

it to assume responsibility for payment of the interest and principal of the proposed economic development bonds.”

SECTION 2. Statutory material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes need not include the brackets, the bracketed material, or the underscoring.*

SECTION 3. This Act shall take effect upon its approval.

(Approved June 17, 1974.)

*Edited accordingly.