

**ACT 16**

H.B. NO. 12-S

A Bill for an Act Relating to Governmental Assistance.

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

**PART I**

SECTION 1. (a) In the late 1980's, the steady decline of the sugar industry threatened the economic stability of the entire Hilo-Hamakua Coast on the island of Hawaii. However, long before the actual closure of Hamakua Sugar Company and the Hilo Coast Processing Corporation, the residents of Hilo-Hamakua organized to prepare the employees, their families, and the community for the eventual loss of their primary economic base as well as their traditional plantation lifestyle.

Immediately, the legislature took a proactive role in assisting the Hilo-Hamakua community. For example:

- (1) Act 85, Session Laws of Hawaii 1993, provided a state loan guaranty that ensured a final harvest at Hamakua Sugar Company. In retrospect, this action not only provided much needed jobs for sugar workers, but it has also provided the state with approximately \$3,000,000 (the original \$800,000 deposit and \$2,200,000 in fees earned by the Hamakua Sugar Loan Guaranty trust fund). The auditor has recommended that this amount be deposited into the general fund;
- (2) Act 311, Session Laws of Hawaii 1993, designated the entire Hamakua planning region as a community development district, thereby authorizing the replanning, renewal, and redevelopment of the region by the Hawaii community development authority;
- (3) Act 311, Session Laws of Hawaii 1993, also appropriated \$1,000,000 for fiscal year 1993-1994, to help establish this community development district; and
- (4) Act 241, Session Laws of Hawaii 1994, appropriated \$1,500,000 for fiscal year 1994-1995, and specified seven projects for which the funds

may be used, including resource/family youth centers, transitional support employment and training, and primary health care center subsidies.

(b) Mobilized into six task forces/work groups, the Hilo-Hamakua residents have made significant progress in rebuilding their community. The following summarizes some of the major accomplishments, to date:

- (1) Employment and training task force—two hundred seven former sugar employees have been placed in jobs and have started new careers. Six hundred fifty former sugar employees have enrolled in various training and other transitional programs.
- (2) Hamakua housing corporation—The major accomplishment was that none of the more than four hundred families living in Hamakua Sugar Company plantation camp housing units were made homeless. On October 1, 1994, the corporation assumed operational responsibility for the plantation camp housing units. The corporation executed a license agreement to allow it to manage the housing units until conveyance of fee simple title to the property is completed. The corporation also educated residents about an emergency grant loan provided by the legislature during the 1994 regular session. To date, seven of the twelve loan applications have been approved.
- (3) Diversified agriculture task force—The task force has assisted with the organization of the Hamakua North Hilo agricultural cooperative. It helped secure 1,412 acres of state agricultural lands for the cooperative to distribute to members to continue agricultural use of the lands. The task force also secured:
  - (A) \$2,200,000 for agricultural products with potential military use;
  - (B) \$850,000 for an agricultural park in Honokaa; and
  - (C) \$195,000 to inventory and study the lower Hamakua ditch to utilize agricultural water for farm activities.
- (4) High technology task force—The task force is assisting in the establishment of a teleservice center in Laupahoehoe in partnership with the high technology development corporation. Small business owners and farmers will be trained to utilize the center's equipment.
- (5) Family, health, and community support task force—The Hilo Coast resource center opened with a staff composed of former sugar workers or their family members and ILWU employees. Two other outreach offices also opened: the Hamakua support program office and the North Hilo satellite office. Over three hundred families converted from their sugar medical plan to the state health insurance program; eight hundred retirees converted from their company's supplemental health insurance coverage to the Hawaii Medical Services Association; and four hundred families enrolled in Health QUEST. Finally, the Hamakua health center remained open, providing health care to four thousand five hundred community residents.
- (6) Economic development task force—The hay project is proceeding under an \$80,000 grant. This demonstration project involves cattle feed production for export to Japan. Technical assistance is also being provided to assess the aquaculture needs and potential of the area for aquaculture entrepreneurs. The Honokaa Business Association is undertaking two special community events designed to increase the number of visitors to Honokaa. Over twenty-four displaced sugar workers are involved with a dracaena project that will utilize one hundred fifty acres of state land as well as additional acreage owned by Kamehameha Schools/Bishop Estate.

The legislature finds that the Hilo-Hamakua residents have made significant progress in rebuilding their community and that the State should continue to support their recovery efforts.

## PART II

SECTION 2. To enable residents to continue efforts to help themselves, it is imperative that the funds already committed to the restoration of the Hilo-Hamakua community continue to be available.

A similar funding situation occurred during the 1994 regular session. The legislature recognized that a portion of the \$1,000,000 appropriation would not be expended by the end of fiscal year 1993–1994. If nothing was done, the unexpended funds would have lapsed. For this reason, Act 241, Session Laws of Hawaii 1994, extended the authorization to expend these funds through fiscal year 1994–1995.

The purpose of this part is to extend to fiscal year 1995–1996, the authorization to expend the funds previously authorized in Act 311, Session Laws of Hawaii 1993; Act 228, Session Laws of Hawaii 1994; and Act 241, Session Laws of Hawaii 1994.

SECTION 3. Act 311, Session Laws of Hawaii 1993, as amended by Act 241, Session Laws of Hawaii 1994, is amended by amending section 6 to read as follows:

“SECTION 6. There is appropriated out of the general revenues of the State of Hawaii the sum of \$1,000,000, or so much thereof as may be necessary for fiscal years 1993–1994 and 1994–1995, to carry out the purposes of this Act. The appropriation made for the purposes authorized in this section shall not lapse at the end of the fiscal biennium for which the appropriation is made; provided that any appropriation that is unencumbered as of June 30, 1996, shall lapse as of that date. The sum appropriated shall be expended by the department of budget and finance for purposes of this Act. The sum of \$472,500 may be used for the following purposes:

- (1) Resource/Family/Youth centers with outreach (5.50 FTE) workers and counseling services[;], and development of a child care services system;
- (2) Newspaper and community bulletin board;
- (3) Agricultural infrastructure development;
- (4) Aquaculture and community-based agricultural programs;
- (5) Primary health care center subsidies;
- (6) Transitional support employment and training for dislocated workers; and
- (7) Hamakua community liaison position.”

SECTION 4. Act 228, Session Laws of Hawaii 1994, is amended by amending sections 2 and 3 to read as follows:

“SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$600,000, or so much thereof as may be necessary for fiscal year 1994–1995, to provide low-interest loans of up to \$10,000 each to employees and former employees of the Hilo Coast Processing Company and the Hamakua Sugar Company and former employees of Mauna Kea Agribusiness Company, sugar division to provide for the payment of their monthly mortgage loan payment, which may include but not be limited to, principal and interest payments, real property taxes, and insurance. The appropriation made for the purposes authorized in this section shall not lapse at the end of the fiscal year for which the appropriation is

made; provided that any appropriation that is unencumbered as of June 30, 1996, shall lapse as of that date. The loans shall be limited to one loan per household and the rate of interest on loans made pursuant to this Act shall not exceed three per cent per annum. Interest earnings on funds appropriated and loans made pursuant to this Act may be used for administrative and other expenses necessary for administering the loan program. Loans made pursuant to this Act may not require repayment to begin for a period of two years after the loan agreement is executed. Loan proceeds distributed may be made directly to the borrower's note and mortgage holder to ensure timely payment of the borrower's mortgage payment. Guidelines for administering this loan program shall be established by the housing finance and development corporation.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$600,000, or so much thereof as may be necessary for fiscal year 1994–1995, to enable the housing finance and development corporation to develop and implement a grant program to address administrative, maintenance, and critical infrastructure improvement costs to ensure the continued operation of Hamakua Sugar Plantation Camp Housing Units. The appropriation made for the purposes authorized in this section shall not lapse at the end of the fiscal year for which the appropriation is made; provided that any appropriation that is unencumbered as of June 30, 1996, shall lapse as of that date.

The housing finance and development corporation shall develop as part of this grant program a special rental subsidy program for employees, former employees who are in transition to other employment, and retirees of the Hamakua Sugar Company who are currently residing in the plantation camp areas.”

SECTION 5. Act 241, Session Laws of Hawaii 1994, is amended by amending section 3 to read as follows:

“SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$1,500,000, or so much thereof as may be necessary for fiscal year 1994–1995, to assist the Hilo-Hamakua community for the following purposes:

- (1) Resource/Family/Youth centers with outreach (5.50 FTE) workers and counseling services[;], and development of a child care services system;
- (2) Newspaper and community bulletin board;
- (3) Agricultural infrastructure development;
- (4) Aquaculture and community-based agricultural programs;
- (5) Primary health care center subsidies;
- (6) Transitional support employment and training for dislocated workers; and
- (7) Hamakua community liaison position.

Of the \$1,500,000 appropriation for fiscal year 1994–1995, \$560,000 shall be awarded to the Hamakua/North Hilo Agricultural Cooperative as a grant made pursuant to the provisions of chapter 42D, Hawaii Revised Statutes, for the purpose of assisting in the creation of a diversified agricultural economic base to assist workers and families along the Hilo-Hamakua Coast.

The appropriation made for the purposes authorized in this section shall not lapse at the end of the fiscal year for which the appropriation is made; provided that any appropriation which is unencumbered as of June 30, 1996, shall lapse as of that date.”

PART III

SECTION 6. The legislature finds that:

- (1) The State may, under the bankruptcy settlement agreement, In re: Hamakua Sugar Company, Inc., U.S. Bankruptcy Court for the District of Hawaii, Case No. 92-00865 (approved on June 11, 1993) (Bankruptcy Settlement Agreement), maintain the lower Hamakua ditch for a three-year period as referenced in the Bankruptcy Settlement Agreement;
- (2) Maintenance on the lower Hamakua ditch has been neglected due to Hamakua Sugar Company's financial problems, which culminated in its bankruptcy. As a result, the lower Hamakua ditch has deteriorated significantly. Repairs are necessary to maintain the lower Hamakua ditch at a minimal operational level. If such repairs are not made, the condition of the lower Hamakua ditch will continue to decline to the point where it may cease to be usable for agricultural purposes unless significant capital expenditures are made;
- (3) The repair and maintenance of the lower Hamakua ditch will promote the economy of the State and the public interest, health, safety, and welfare of the people of the State; and
- (4) The repair and maintenance of the lower Hamakua ditch by the State, for the purpose of this Act, is for a public use and for the purpose of protecting the public health, safety, and welfare of all people in Hawaii.

It is therefore declared to be necessary, and it is the purpose of this part to alleviate the above-mentioned conditions by authorizing the repair and maintenance of the lower Hamakua ditch by the State pursuant to the terms of the Bankruptcy Settlement Agreement, and providing for the public financing of such action through the issuance of bonds and the expenditure of general funds.

SECTION 7. There is appropriated out of the general revenues of the State of Hawaii the sum of \$360,000, or so much thereof as may be necessary for fiscal year 1995-1996, for the continued operation of the lower Hamakua ditch to ensure a source of water for Hamakua farmers as set forth in the Bankruptcy Settlement Agreement.

The sum appropriated shall be expended by the department of agriculture.

SECTION 8. The director of finance is authorized to issue general obligation bonds in the sum of \$500,000, or so much thereof as may be necessary, and the same sum, or so much thereof as may be necessary, is appropriated for fiscal years 1995-1996 and 1996-1997, for the following projects:

- (1) Plans, design, and construction for major repair and maintenance to the lower Hamakua ditch.

Plans	\$ 1,000
Design	1,000
Construction	298,000
Total	300,000

- (2) Plans, design, and construction of a marshalling yard.

Plans	\$ 1,000
Design	1,000
Construction	198,000
Total	200,000

The appropriations made for capital improvement projects authorized in this section shall not lapse at the end of the fiscal biennium for which the appropriation is made; provided that all appropriations which are unencumbered as of June 30, 1998, shall lapse as of that date.

The sums appropriated shall be expended by the department of agriculture for the purposes of this Act.

#### PART IV

SECTION 9. The legislature finds that the Hilo-Hamakua residents are committed to rebuilding their community through their own direct actions. The legislature further finds that although the Hilo-Hamakua residents have made significant progress, much more needs to be done. The purpose of this part is to further support the recovery efforts by appropriating funds for this purpose.

SECTION 10. There is appropriated out of the general revenues of the State of Hawaii the sum of \$520,000, or so much thereof as may be necessary for fiscal year 1995-1996, for:

- (1) Various agricultural projects not funded by the United States Department of Defense and the agribusiness development corporation; and
- (2) The hiring of an agricultural specialist and an aquacultural specialist.

The sum appropriated shall be expended by the department of agriculture for the purposes of this Act.

SECTION 11. There is appropriated out of the general revenues of the State of Hawaii the sum of \$550,000, or so much thereof as may be necessary for fiscal year 1995-1996, to create sustainable and expandable systems for community-based economic development in the following manner:

- (1) Facilitate the rebuilding of a healthy Hilo-Hamakua economy through continued operation of the Hilo-Hamakua community liaison office;
- (2) Support the Hilo-Hamakua community development corporation in its efforts to establish a funding mechanism for the long-term needs of the community that is eventually self-generating and self-sufficient;
- (3) Begin new, viable small businesses by providing seed and start-up capital to individuals who cannot qualify for traditional loans from conventional lending institutions through an economic development micro-enterprise loan and grant program;
- (4) Decrease the formidable physical dimensions of the fifty-mile Hilo-Hamakua community through an electronic project management and communications system;
- (5) Preserve the cultural heritage of the region and develop viable enterprises and job opportunities related to cultural heritage by implementing the cultural heritage corridor concept in four communities;
- (6) Support the needs of area residents as well as support the development of small businesses through various services provided by the community communications and work center located at Kalaniana'ole school; and
- (7) Award microloans.

The sum appropriated shall be expended by the department of business, economic development, and tourism for the purposes of this Act.

SECTION 12. There is appropriated out of the general revenues of the State of Hawaii the sum of \$86,000, or so much thereof as may be necessary for fiscal year

1995–1996, to provide wage-subsidized training opportunities for displaced sugar workers in skilled occupational areas.

The sum appropriated shall be expended by the department of labor and industrial relations for the purposes of this Act.

SECTION 13. There is appropriated out of the general revenues of the State of Hawaii the sum of \$49,000, or so much thereof as may be necessary for fiscal year 1995–1996, for the Hamakua-Hilo Coast teleservice/telework center to continue the promotion of electronic communications applications, including e-mail and teleconferencing, and to develop new computer-related work skills and training for the local work force.

The sum appropriated shall be expended by the high technology development corporation for the purposes of this Act.

SECTION 14. The director of finance is authorized to issue general obligation bonds in the sum of \$800,000, or so much thereof as may be necessary, and the same sum, or so much thereof as may be necessary, is appropriated for fiscal years 1995–1996 and 1996–1997, for the following project:

Plans, design, construction, and equipment for the installation of septic tanks with small diameter effluent sewer lines and leach fields to enable four-hundred former sugar plantation dwelling units to comply with department of health sewage disposal requirements.

Plans	\$ 1,000
Design	1,000
Construction	797,000
Equipment	1,000
Total	800,000

The appropriations made for capital improvement projects authorized in this section shall not lapse at the end of the fiscal biennium for which the appropriation is made; provided that all appropriations which are unencumbered as of June 30, 1998, shall lapse as of that date.

The sums appropriated shall be expended by the housing finance and development corporation for the purposes of this Act.

SECTION 15. There is appropriated out of the general revenues of the State of Hawaii the sum of \$455,000, or so much thereof as may be necessary for fiscal year 1995–1996, for the continuation of the Hilo-Hamakua support program to provide a variety of services, including:

- (1) Outreach and information and referral to families and other persons impacted by the closure of the two sugar companies;
- (2) The assistance provided by the Hamakua and Hilo Coast resource centers and satellites in north Hilo and Paauilo;
- (3) Programs and support for children and youth;
- (4) Assistance to groups and communities to participate in community planning regarding economic development, diversified agriculture, housing, and employment and training;
- (5) The promotion of collaborative efforts with other service providers;
- (6) Transportation services; and
- (7) The dissemination of information through various means, including a community newspaper.

The sum appropriated shall be expended by the department of labor and industrial relations, office of community services for the purposes of this Act.

SECTION 16. There is appropriated out of the general revenues of the State of Hawaii the sum of \$40,000, or so much thereof as may be necessary for fiscal year 1995–1996, for the provision of the following services for rural South Hilo: health assessments, information/referral assistance, short-term interventions, health education/monitoring, and activity coordination.

The sum appropriated shall be expended by the department of health for the purposes of this Act.

## **PART V**

SECTION 17. If any provision of this Act, or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 18. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 19. This Act shall take effect upon its approval, except that sections 3 through 5 shall take effect on June 30, 1995 and sections 7, 8, and 10 through 16 shall take effect on July 1, 1995.

(Approved June 29, 1995.)