

**ACT 139**

S.B. NO. 287

A Bill for an Act Relating to Irrigation Water Development.

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

SECTION 1. Chapter 167, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**“§167- Irrigation water development special fund.** (a) There is established in the state treasury the irrigation water development special fund, into which shall be deposited:

- (1) Appropriations by the legislature to the irrigation water development special fund;
- (2) All receipts and revenues derived from irrigation projects financed through the issuance of revenue bonds;
- (3) All or any portion of the receipts and revenues collected under this chapter, as determined by the board, whether or not receipts or revenues are derived from irrigation projects financed through the issuance of revenue bonds; and
- (4) Interest earned or accrued on moneys in the irrigation water development special fund.

(b) Moneys in the irrigation water development special fund shall be used by the board for the following purposes:

- (1) Planning, design, improvement, construction, land acquisition, and equipment necessary for the development, operation, or maintenance of an irrigation project;
- (2) Payment of debt service on revenue bonds issued by the department for irrigation project purposes, and the establishment of debt service and other revenues deemed necessary by the board;
- (3) Reimbursement of the general fund for debt service on general obligation bonds issued to finance irrigation projects where the bonds are designated to be reimbursable out of the irrigation water development special fund; and
- (4) Any other purpose deemed necessary by the board for the purpose of planning, designing, improving, constructing, developing, operating, and maintaining irrigation projects.”

SECTION 2. Section 167-7, Hawaii Revised Statutes, is amended to read as follows:

**“[[§167-7]] Issuance of revenue bonds.** (a) The board of agriculture shall have the power to issue revenue bonds[, as provided by] in the name of the department in amounts as may be authorized by the legislature. All revenue bonds shall be issued pursuant to part III of chapter 39, except as provided in this chapter, to finance in whole or in part, the cost of construction, acquisition, or maintenance of any water facility or irrigation project hereunder, and, in connection therewith, to pledge or assign for the punctual payment of the revenue bonds, and interest thereon, any and all revenues derived from [the] any project or projects [for the construction, acquisition, or maintenance of which the bonds were issued, and the revenue of other or all projects,] undertaken by the board, in an amount sufficient to pay the principal and interest of the revenue bonds as they become due, and to create and maintain reasonable reserves or sinking funds therefor. Funds of the board, not otherwise required, may be advanced to pay necessary expenses incurred in making preparation for the [initial] issuance of revenue bonds under this chapter, and to take any other action necessary or proper in connection therewith. [Any project authorized by this chapter shall be designated an “undertaking” within the meaning of part III of chapter 39 and shall be the public undertaking, the revenues of which are hereby charged with the payment of the principal and interest of the bonds.]

(b) All revenue bonds issued pursuant to this chapter shall be issued in the name of the department and not in the name of the State.

(c) The board, with the approval of the governor, may designate by resolution all or any portion of an irrigation project or projects undertaken pursuant to this

chapter; provided that for the purposes of this section, “undertaking” shall have the same meaning as used in part III of chapter 39.”

SECTION 3. Section 167-11, Hawaii Revised Statutes, is amended to read as follows:

**“[[§167-11]] Rate policy; sale of excess water.** The board of agriculture shall have the power to fix and adjust rates and charges for the furnishing of irrigation or domestic water and for water service so that the revenues derived therefrom [may] shall be sufficient to cover the cost of operation, maintenance, [and] replacement, and debt service on revenue bonds in compliance with part III of chapter 39, and may make [such] charges as may be necessary to cover the capital cost of the system or other costs incurred in connection with [such] the system.

Nothing in this chapter shall be construed to prevent the board from selling water to persons other than land occupiers and other consumers within a water project in the event and to the extent that water in excess of the needs of the land occupiers and other consumers may from time to time be available.”

SECTION 4. Section 167-19, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

“(c) [Acreage assessments shall be deemed revenues within the meaning of part III of chapter 39 and shall be used for the payment of the principal and interest of any revenue bonds issued hereunder.] All or any portion of the acreage assessments collected under this chapter, as determined by the board, exclusive of acreage assessments imposed on lands within an irrigation project financed through the issuance of revenue bonds, shall be deposited into the irrigation system revolving fund. Acreage assessments imposed on lands within an irrigation project financed through the issuance of revenue bonds shall be deposited into the irrigation water development special fund.”

SECTION 5. Section 167-22, Hawaii Revised Statutes, is amended to read as follows:

**“[[§167-22]] Irrigation system revolving fund.** (a) There [shall be a special fund to be known as] is established the [“irrigation system revolving fund”.] irrigation system revolving fund, into which shall be deposited:

- (1) All legislative appropriations to the irrigation system revolving fund;  
and
- (2) All or any portion of the receipts and revenues collected under this chapter, as determined by the board of agriculture, exclusive of the receipts and revenues deposited into the irrigation water development special fund.

(b) The irrigation system revolving fund shall be administered by the department of agriculture. Moneys in the revolving fund shall be expended for [administrative]:

- (1) Administrative costs, engineering surveys, economic studies, plans, and maps[.]; and [for other]
- (2) Other water projects or purposes of the board of agriculture.

In the event any moneys are expended [therefrom] from the revolving fund for engineering surveys, economic studies, plans, and other expenses directly attributable to any water project, or for the establishment of any water project, the amount of the expenditures shall be reimbursed to the revolving fund from any funds received by the board for and on account of the project.”

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SECTION 6. Statutory material to be repealed is bracketed. New statutory material is underscored.<sup>1</sup>

SECTION 7. This Act shall take effect upon its approval.

(Approved June 9, 1995.)

### **Note**

1. Edited pursuant to HRS §23G-16.5.