

## ACT 107

H.B. NO. 753

A Bill for an Act Relating to the Establishment of Special Improvement Districts.

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

SECTION 1. Chapter 46, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**“§46- Special improvement district.** (a) In addition and supplemental to the authority vested in the counties by sections 46-80 and 46-80.1, any county having a charter may enact an ordinance, and may amend the same from time to time, authorizing the creation of special improvement districts for the purpose of providing and financing supplemental maintenance and security services and such other improvements, services, and facilities within the special improvement district as the council of the county determines will restore or promote business activity in the special improvement district and making and financing improvements therein. Each separate special improvement district shall be established by a separate ordinance enacted as provided in the ordinance authorizing the creation of special improvement districts. The ordinance authorizing the creation of special improvement districts may permit the county to provide for a board or association, established pursuant to chapter 415B, to provide management of the special improvement district, and to carry out activities as may be prescribed by the ordinance authorizing the creation of special improvement districts and the ordinance establishing the special improvement district as permitted thereby.

(b) The county may levy and assess a special assessment on property located within the special improvement district to finance the maintenance and operation of the special improvement district and to pay the debt service on any bonds issued to finance improvements within the special improvement district. Notwithstanding any law to the contrary, in assessing property for a special assessment, the county may implement a methodology as the council of the county deems appropriate. The special assessment may be fixed in an amount or appropriated on a basis as the council of the county deems appropriate, and it shall not be essential that the property subject to the special assessment be improved or benefitted by the operation and maintenance of the special improvement district or any activity or improvement undertaken for, and financed by, the special improvement district.

(c) The county may issue and sell bonds to finance improvements within the special improvement district and the ordinance authorizing the creation of special improvement districts may provide the method, procedure, and type or types of security for those bonds. Each issue or series of bonds shall be authorized by ordinance separate from the ordinance establishing the special improvement district. The bonds shall be in amounts, in denomination or denominations, in form or forms, executed in a manner, payable in place or places and at time or times, bear interest at rate or rates (either fixed or variable), mature on date or dates and provide terms and conditions of redemption, provide security (including the pledge of proceeds of the bonds, special assessments, and the lien therefor), provide for credit enhancement, if any, administration, terms of investment of proceeds of the bonds and special assessment receipts, provide terms of default and remedy, and other terms and conditions, as the council of the county deems necessary or proper. The bonds may be sold in a manner and at price or prices as the council of the county shall determine. Bonds issued pursuant to this section and the interest thereon and other income therefrom shall be exempt from any and all taxation by the State or any county or other political subdivision, except inheritance, transfer, and estate taxes.

(d) Notwithstanding any other law to the contrary, no action or proceeding to object to or question the validity of or enjoining any ordinance, action, or proceeding permitted by this section (including the liability for or the determination of the amount of any special assessment levied or the imposition thereof), or any bonds issued or to be issued pursuant to an ordinance enacted as permitted by this section, shall be maintained unless begun within thirty days of the enactment of the ordinance, determination, or other act, as the case may be and, in the case of the assessment, whether the determination or levy, within thirty days after adoption of the ordinance authorizing or amending the assessment formula and, in the case of bonds, within thirty days after enactment of the ordinance authorizing the issuance of the bonds.

(e) Exemptions.

- (1) Property owned by the state or county governments or entities, may be exempt from the assessment except as provided in paragraph (3);
- (2) Property owned by the federal government or entities, shall be exempt from the assessment except as provided in paragraph (3);
- (3) If a public body owning property, including property held in trust for any beneficiary, which is exempt from an assessment pursuant to paragraphs (1) and (2), grants a leasehold or other possessory interest in the property to a nonexempt person or entity, the assessment, notwithstanding paragraphs (1) and (2), shall be levied on the leasehold or possessory interest and shall be payable by the lessee; and
- (4) No other properties or owners shall be exempt from the assessment unless the properties or owners are expressly exempted in the ordinance establishing a district adopted pursuant to this section or amending the rate or method of assessment of an existing district.

(f) The assessments levied pursuant to the ordinance authorizing the creation of special improvement districts, the ordinance establishing a district, and this section shall be a lien upon the property assessed. The lien shall have priority over all other liens except the lien of general real property taxes and shall be on a parity with the lien of assessments levied under sections 46-80 and 46-80.1.

(g) Any board or association established for the purposes of carrying out the activities described in this section shall not be deemed a governmental body. The board and association shall neither be deemed to be a government department, agency, or a county nor to be performing services on behalf of a government department, agency, or county."

SECTION 2. New statutory material is underscored.<sup>1</sup>

SECTION 3. This Act shall take effect on July 1, 1999.

(Approved June 25, 1999.)

**Note**

1. Edited pursuant to HRS §23G-16.5.