

A Bill for an Act Relating to Environmental Site Cleanup.

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

SECTION 1. The purpose of this Act is to establish a revolving fund to provide low interest loans for the cleanup of brownfields properties in Hawaii. The United States Environmental Protection Agency defines brownfields as “abandoned, idled, or underused industrial and commercial facilities where expansion or redevelopment is complicated by real or perceived environmental contamination.” The department of business, economic development, and tourism has applied for a grant from the United States Environmental Protection Agency’s Brownfields Cleanup Revolving Loan Fund Pilot Program for up to \$3,000,000 in seed money to capitalize the revolving loan fund.

Brownfields redevelopment serves several objectives. One is the economic revitalization of communities through the redevelopment and reuse of abandoned and underutilized sites. Another is the elimination or reduction of potential public and environmental health risks through the cleanup of contaminated sites. Brownfields redevelopment also promotes more efficient and effective use of the State’s existing urbanized areas, and assists in relieving development pressure on undeveloped open lands or agricultural lands.

The financial risks and potential liability associated with the reuse of brownfields sites is a barrier to brownfields redevelopment. The revolving loan fund would make available to brownfields project developers low cost loans to cleanup sites and reduce the perceived risk of brownfields projects to lenders and insurers. The revolving loan fund mechanism provides potential borrowers with flexibility to respond to market opportunities throughout the year. It also allows worthy projects that are not a priority to state agencies, but are of priority to a community, an avenue for potential cleanup financing. Thus, the legislature finds and declares that the use of moneys in the brownfields cleanup revolving loan fund for brownfields site cleanup is in the public interest and will promote the public health, safety, and general welfare of the people of this State.

SECTION 2. Chapter 201, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§201- Brownfields cleanup revolving loan fund. (a) There is established in the state treasury the brownfields cleanup revolving loan fund, into which shall be deposited:

- (1) Funds from federal or private funding sources;
- (2) Moneys received as repayment of loans and interest payments; and
- (3) Any fees collected by the department under this section.

(b) Moneys in the brownfields cleanup revolving loan fund shall be used to provide low interest loans or other authorized financial assistance to eligible public, private, and nonprofit borrowers for cleanup activities of contaminated sites, and site monitoring activities necessary to determine the effectiveness of a cleanup. All environmental response activities receiving funding shall be in accordance with the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, P.L. 96-510 (42 U.S.C. §§9601-9675), as amended, and shall be consistent with the

National Oil and Hazardous Substances Pollution Contingency Plan at 40 Code of Federal Regulations Part 300. Moneys from the fund may be used to cover administrative and legal costs of fund management and site management associated with individual loans, to include personnel, services, materials, equipment, and travel for the purposes of this section; provided that the moneys used for these purposes shall not exceed the amounts allowed by the United States Environmental Protection Agency's Brownfields Cleanup Revolving Loan Fund Pilot Program.

(c) The fund shall be administered by the department of business, economic development, and tourism. Appropriations or authorizations from the fund shall be expended by the department. The department may contract with other public or private entities for the provision of all or a portion of the services necessary for the administration and implementation of the loan fund program. The department may set fees or charges for fund management and technical site assistance provided under this section. The department may adopt rules pursuant to chapter 91 to carry out the purposes of this section.

(d) All interest earned on the deposit or investment of the moneys in the fund shall become a part of the fund.

(e) The department shall provide an annual report to the governor and the legislature describing all transactions and activities involved in the administration of the brownfields cleanup revolving loan fund.”

SECTION 3. There is appropriated out of the brownfields cleanup revolving loan fund the sum of \$1,000,000, or so much thereof as may be necessary, for fiscal year 2002-2003 to carry out the purposes of this Act. The sum appropriated shall be expended by the department of business, economic development, and tourism for the purposes of this Act.

SECTION 4. New statutory material is underscored.¹

SECTION 5. This Act shall take effect on July 1, 2002, and shall be repealed on June 30, 2007.

(Approved June 19, 2002.)

Note

1. Edited pursuant to HRS §23G-16.5.