

ACT 95

S.B. NO. 225

A Bill for an Act Relating to Infrastructure Improvement Districts.

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

SECTION 1. Section 201H-191.5, Hawaii Revised Statutes, is amended to read as follows:

“~~[[~~§201H-191.5~~]]~~ Regional state infrastructure subaccounts. (a) The corporation, upon request by a county, may establish and operate a regional state infrastructure subaccount within the dwelling unit revolving fund established pursuant to section 201H-191 for the benefit of the housing and mixed-use transit-oriented development projects within the county.

(b) Each regional state infrastructure subaccount shall consist of the following sources of revenue:

- (1) Moneys received by the corporation from counties for the repayment of the loan principal and the payment of simple interest from various assessments or fees from special improvement districts, improvement districts, tax increment financing districts, community facilities districts, and other areas where property value increases are captured over periods of time for the purposes of infrastructure financing;
- (2) Appropriations from the legislature;
- (3) Federal grants and subsidies to the State or counties;
- (4) Private investments; and
- (5) Voluntary contributions.

(c) The corporation shall expend revenues in the subaccounts to make grants and loans to state agencies, and loans to counties or private developers, for the costs, in whole or in part, of infrastructure improvements that would increase the capacity of the infrastructure facilities, including regional sewer systems, water systems, drainage systems, roads, and telecommunications and broadband.

(d) Whenever the corporation undertakes, or causes to be undertaken, a regional infrastructure improvement project, the cost of providing regional infrastructure improvements may be assessed against transit-oriented development projects specially benefiting from the improvements, and the corporation shall take into consideration previous contributions by project owners to infrastructure improvements; provided that:

- (1) The corporation may fix the assessments against real property specially benefited. All assessments made pursuant to this subsection shall be a statutory lien against each lot or parcel of land assessed from the date of the notice declaring the assessment until paid and the lien shall have priority over all other liens except the lien of property taxes. As between liens of assessments, the earlier lien shall be superior to the later lien;
- (2) Notwithstanding any other law to the contrary, in assessing real property specially benefiting from improvements, the corporation may utilize various methods including but not limited to:
 - (A) Assessment on a frontage basis;

- (B) According to the area of real property for transit-oriented development projects;
- (C) According to the area of real property within an assessment area;
- (D) Any other assessment method that assesses the real property according to the special benefit conferred; or
- (E) Any combination thereof;
- (3) The assessments made under this subsection shall not apply to projects within the stadium development district as established pursuant to section 206E-223;
- (4) The corporation shall adopt rules pursuant to chapter 91, providing for the method of assessment of real properties specially benefited; and
- (5) All sums collected under this subsection shall be deposited in the dwelling unit revolving fund established pursuant to section 201H-191.

(e) Grants and loans shall be made only for capital improvement projects approved by the respective county council and mayor, or state agency, as applicable, with a view towards planned growth rather than upkeep and maintenance. The Hawaii interagency council for transit-oriented development shall review and make recommendations on applications for subaccount funds for infrastructure projects related to transit-oriented development.

~~[(d)]~~ (f) Eligible costs shall include those for planning, design, feasibility studies, construction, and materials. No grant or loan shall be made:

- (1) For maintenance or repair costs unless the construction would simultaneously increase the carrying capacity of the infrastructure facility; or
- (2) Solely for mass transit or electrical utilities.

(g) The corporation may also expend revenues in the subaccounts to repay private investors for their investment plus any interest accrued on their investments made into the subaccounts to finance, in whole or in part, infrastructure improvements that would increase the capacity of the infrastructure facilities, including regional sewer systems, water systems, drainage systems, roads, and telecommunications and broadband.

~~[(e)]~~ (h) The corporation may accept improved land from the counties or private developers in repayment of their loans.

~~[(f)]~~ (i) The corporation shall adopt rules in accordance with chapter 91 for the purposes of this section.”

SECTION 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

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

(Approved June 25, 2021.)