

SUMMARY OF PROPOSED FLOOR DRAFT:

**Bill 40 (2023), CD1
RELATING TO THE TRANSIT CONSTRUCTION MITIGATION FUND.**

The **PROPOSED FD1** makes the following changes to the proposed CD1:

- A. In SECTION 3 of the bill, amends ROH § 6-55.4 ("Expenditures"):
 - 1. To add that expenditures from the fund may be used to provide outreach to businesses under § 6-55.7;
 - 2. To add two qualifiers for fund expenditures, as follows:
 - "(3) Not more than 5 percent of the moneys deposited into the transit construction mitigation fund may be used to administer this article by the director of budget and fiscal services under § 6-55.6 [moved from proposed ROH § 6-55.6 in the CD1]; and
 - (4) Not more than 5 percent of the moneys deposited into the transit construction mitigation fund may be used to conduct outreach activities by the agency designated by the mayor under § 6-55.7."
- B. In SECTION 5 of the bill, revises proposed new § 6-55.5(a)(4) to read as follows:

"(4) Have opened for business prior to January 1, 2022."
- C. In SECTION 6 of the bill, deletes proposed new ROH § 6-55.6(d) ("Administration—Rules") because the provision is moved to proposed ROH § 6-55.4 ("Expenditures") above.
- D. Makes miscellaneous technical and nonsubstantive amendments.



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RELATING TO THE TRANSIT CONSTRUCTION MITIGATION FUND.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. The purpose of this ordinance is to establish additional requirements for the Transit Construction Mitigation Fund.

SECTION 2. Section 6-55.2, Revised Ordinances of Honolulu 2021, is amended to read as follows:

"§ 6-55.2 Purpose[.]—Definitions.

- (a) The purpose of the transit construction mitigation fund is to receive and expend moneys to mitigate negative economic impacts from the construction of the [~~Honolulu High Capacity Transit project.~~] Rail Project.
- (b) For the purposes of this article, the following definitions apply unless the context clearly indicates or requires a different meaning:

Business. Any sole proprietorship, partnership, joint venture, business trust, limited liability company, corporation, or other business entity.

City Block. The smallest area designated on an official map of the city that is bounded on all sides by intersecting public streets.

Rail Project. The Honolulu High-Capacity Transit Corridor Project."

SECTION 3. Section 6-55.4, Revised Ordinances of Honolulu 2021, is amended to read as follows:

"§ 6-55.4 Expenditures.

Expenditures from the transit construction mitigation fund [~~shall~~] may only be used to mitigate negative economic impacts on businesses from the [~~construction of the Honolulu High Capacity Transit project and such expenditures may include but not be limited to:~~

- (1) ~~Reestablishment payments (grants): Available to businesses that were forced to physically relocate due to rail construction;~~



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- ~~(2) Business interruption payments (grants): To compensate businesses located along the corridor for loss of business income due to construction impacts; and~~
- ~~(3) Working capital advances (loans): For covering legitimate business operating expenses required to continue operation during the construction phase.] Rail Project and to provide outreach to businesses under § 6-55.7, provided that:~~
 - (1) Expenditures may not be used to mitigate beyond impacts from construction of the Rail Project;
 - (2) Expenditures per eligible business may not exceed \$10,000 per fiscal year;
 - (3) Not more than 5 percent of the moneys deposited into the transit construction mitigation fund may be used to administer this article by the director of budget and fiscal services under § 6-55.6; and
 - (4) Not more than 5 percent of the moneys deposited into the transit construction mitigation fund may be used to conduct outreach activities by the agency designated by the mayor under § 6-55.7."

SECTION 4. Section 6-55.5, Revised Ordinances of Honolulu 2021, is repealed.

~~["§ 6-55.5 Administration.~~

~~The director of budget and fiscal services shall administer the transit construction mitigation fund."]~~

SECTION 5. Chapter 6, Article 55, Revised Ordinances of Honolulu 2021 ("Transit Construction Mitigation Fund"), is amended by adding a new Section 6-55.5 to read as follows:

"§ 6-55.5 Criteria.

- (a) To qualify for an expenditure under § 6-55.4, an applicant must, at a minimum:
 - (1) Be a business that is majority-owned by city residents and that does business with customers primarily at a physical location located within a



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city block in which there is active construction on the Rail Project at the time of application;

- (2) Generate not more than \$750,000 in annual revenue;
 - (3) Have 15 or fewer employees; and
 - (4) Have opened for business prior to January 1, 2022.
- (b) The director of budget and fiscal services may establish additional selection criteria for applicants under this section, including determinations on applicant viability."

SECTION 6. Chapter 6, Article 55, Revised Ordinances of Honolulu 2021 ("Transit Construction Mitigation Fund"), is amended by adding a new Section 6-55.6 to read as follows:

"§ 6-55.6 Administration—Rules.

- (a) The director of budget and fiscal services shall administer the transit construction mitigation fund.
- (b) The director of budget and fiscal services shall adopt rules pursuant to HRS Chapter 91 to implement, enforce, and administer this article, including rules regarding:
 - (1) Application procedures;
 - (2) Deadlines;
 - (3) Expenditure amounts; and
 - (4) Additional selection criteria

for grants and loans funded with transit construction mitigation fund moneys.



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- (c) Expenditures from the transit construction mitigation fund must be in accordance with prescribed laws and procedures applicable to the expenditure of city revenues."

SECTION 7. Chapter 6, Article 55, Revised Ordinances of Honolulu 2021 ("Transit Construction Mitigation Fund"), is amended by adding a new Section 6-55.7 to read as follows:

"§ 6-55.7 Outreach.

The mayor shall designate an agency to conduct outreach activities with businesses that may be eligible to receive grants or loans under this article. The outreach activities may include:

- (1) Providing public notice in a daily newspaper or an electronic medium, such as the internet, or both;
- (2) Directly contacting potentially eligible applicants, including by canvassing;
and
- (3) Providing assistance to eligible applicants throughout the application process."

SECTION 8. Ordinance material to be repealed is bracketed and stricken. New material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the Revisor of Ordinances need not include the brackets, the material that has been bracketed and stricken, or the underscoring.



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SECTION 9. This ordinance takes effect upon its approval.

INTRODUCED BY:

Tyler Dos Santos-Tam

Radiant Cordero

DATE OF INTRODUCTION:

June 30, 2023
Honolulu, Hawai'i

_____ Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20 _____.

RICK BLANGIARDI, Mayor
City and County of Honolulu