

COUNCIL OF THE COUNTY OF MAUI

**ECONOMIC DEVELOPMENT, AGRICULTURE,
AND RECREATION COMMITTEE**

August 23, 2011

**Committee
Report No.** _____

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Economic Development, Agriculture, and Recreation Committee, having met on August 4, 2011, makes reference to County Communication No. 11-184, from Mayor Alan M. Arakawa, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING TITLE 3, MAUI COUNTY CODE, PERTAINING TO THE ESTABLISHMENT OF AN ECONOMIC DEVELOPMENT SPECIAL REVOLVING FUND".

The purpose of the proposed bill is to establish an economic development special revolving fund to provide funds for economic development programs in the County.

In a written response to questions from the Chair of your Committee, the Department of the Corporation Counsel explained that the proposed bill does not require Council approval of specific expenditures. The Administration intends to structure the fund as a revolving fund, in which the fund's activities generate proceeds to finance its further spending, usually without requiring appropriations.

The Department of the Corporation Counsel submitted a revised proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING TITLE 3, MAUI COUNTY CODE, PERTAINING TO THE ESTABLISHMENT OF AN ECONOMIC DEVELOPMENT REVOLVING FUND", clarifying certain provisions within the proposed bill.

According to the Economic Development Coordinator, the County needs to consider ways in which to diversify its economy and attract new industries and events. She noted that the proposed fund would enable the County to deploy its resources as economic opportunities presented themselves. Other representatives of the Office of the Mayor described some possible uses for the fund, including energy projects and sporting events.

The Budget Director from the Office of the Mayor clarified that the fund would be capable of being applied toward County projects, as is your Committee's intent.

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**ECONOMIC DEVELOPMENT, AGRICULTURE,
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August 23, 2011
Page 2

Committee
Report No. _____

Your Committee recommended that the revised proposed bill be further revised to require that the Council approve any appropriations from the fund, thus ensuring Council oversight. Your Committee also recommended that the purpose of the fund be broadened to include promoting job creation, attracting new businesses and industries to the County, and improving the overall economic well-being of the County. Your Committee simplified certain provisions of the revised proposed bill. Finally, your Committee recommended that it be revised to include a requirement that, prior to the adoption of any administrative rules, the Council will have the opportunity for review and final approval.


Your Committee voted 6-0 to recommend passage of the revised proposed bill on first reading, incorporating your Committee's revisions, and filing of the communication. Committee Chair White, Vice-Chair Cochran, and members Baisa, Carroll, Couch, and Hokama voted "aye". Committee member Pontanilla was excused.

Your Committee is in receipt of an opinion, dated August 12, 2011, from the Department of the Corporation Counsel, advising your Committee that the Department is unable to approve as to form and legality a revised proposed bill incorporating, in its entirety, the sentence giving the Council the opportunity for review and final approval of administrative rules. The Department concluded that the proposed sentence conflicts with existing State law and usurps the power vested in the Administration.

Your Economic Development, Agriculture, and Recreation Committee RECOMMENDS the following:

1. That Bill No. _____ (2011), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING TITLE 3, MAUI COUNTY CODE, PERTAINING TO THE ESTABLISHMENT OF AN ECONOMIC DEVELOPMENT REVOLVING FUND", be PASSED ON FIRST READING and be ORDERED TO PRINT; and
2. That County Communication No. 11-184 be FILED.

This report is submitted in accordance with Rule 8 of the Rules of the Council.



MIKE WHITE, Chair

ORDINANCE NO. _____

BILL NO. _____ (2011)

A BILL FOR AN ORDINANCE AMENDING TITLE 3, MAUI COUNTY CODE,
PERTAINING TO THE ESTABLISHMENT OF AN
ECONOMIC DEVELOPMENT REVOLVING FUND

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Title 3, Maui County Code, is amended by adding a
new chapter to be appropriately designated and to read as follows:

"Chapter 3.81

ECONOMIC DEVELOPMENT REVOLVING FUND

Sections:

3.81.010 Fund establishment.
3.81.020 Purpose.
3.81.030 Administration.
3.81.040 Use of fund.

3.81.010 Fund establishment. There is established and created a fund known as the economic development revolving fund.

3.81.020 Purpose. The purpose of the economic development revolving fund shall be to provide funds for economic development and economic development programs in the County of Maui. The administration and council find that the creation of the fund is necessary to strengthen and diversify the County's economy; to support existing County businesses; to promote job creation; to attract new business, industry, construction, and events that will foster economic development in the County; and to improve the overall economic and social well-being of the County.

3.81.030 Administration. A. The director of finance shall establish a separate account to record all revenues and expenses as a result of the economic development programs established in the County.

B. There shall be deposited into the economic development revolving fund any council appropriations to the fund and all moneys donated to the County for economic development programs.

C. Any proposed appropriation shall be submitted to the Council for approval as a budget appropriation in either the annual budget or a proposed amendment to the budget ordinance. In adopting each fiscal year's budget and capital program, the council may make appropriations to the fund.

D. The director of finance with the coordinator for the office of economic development may adopt administrative rules necessary to carry out the purpose of this chapter. Prior to the adoption of any administrative rules, the Council shall have an opportunity for review and final approval.

3.81.040 Use of fund. Council appropriations from the economic development revolving fund shall be for the public purposes set forth in section 3.81.020. Such appropriations may include authorizing grants or loans to any nonprofit or for-profit organization; leveraging funds provided by federal, state, nonprofit, or for-profit organizations and other non-County entities to expand economic development program opportunities in the County; and other economic development initiatives."

SECTION 2. This ordinance shall take effect upon its approval.

APPROVED AS TO FORM
AND LEGALITY:

ADRIANNE N. HEELY
Deputy Corporation Counsel
County of Maui

edr:misc:016abill01 (rev. 08-15-11)