
A BILL FOR AN ACT

RELATING TO CAPITAL IMPROVEMENTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. The purpose of this part is to appropriate
3 moneys to accelerate the commencement of capital improvements
4 construction. The legislature finds that this part is necessary
5 to promote economic recovery and job creation. The legislature
6 further finds that the appropriations made by this part are
7 reasonable for the short term and reflective of an immediate
8 high priority need of the State.

9 SECTION 2. The director of finance is authorized to issue
10 general obligation bonds in the sum of \$2,000,000 or so much
11 thereof as may be necessary and the same sum or so much thereof
12 as may be necessary is appropriated for fiscal year 2012-2013
13 for the planning and design of future construction projects and
14 to expedite the planning and implementation of construction
15 projects.

16 The appropriation made for the capital improvement projects
17 authorized by this section shall not lapse at the end of the
18 fiscal biennium for which the appropriation is made; provided



1 that all moneys from the appropriation unencumbered as of June
2 30, 2014, shall lapse as of that date.

3 The sum appropriated shall be expended by the department of
4 accounting and general services for the purposes of this part.

5 SECTION 3. The director of finance is authorized to issue
6 general obligation bonds in the sum of \$2,000,000 or so much
7 thereof as may be necessary and the same sum or so much thereof
8 as may be necessary is appropriated for fiscal year 2012-2013
9 for the planning and design of future construction projects and
10 to expedite the planning and implementation of construction
11 projects.

12 The appropriation made for the capital improvement projects
13 authorized by this section shall not lapse at the end of the
14 fiscal biennium for which the appropriation is made; provided
15 that all moneys from the appropriation unencumbered as of June
16 30, 2014, shall lapse as of that date.

17 The sum appropriated shall be expended by the department of
18 education for the purposes of this part.

19 SECTION 4. There is appropriated out of the special funds
20 of the University of Hawaii the sum of \$1,500,000 or so much
21 thereof as may be necessary for fiscal year 2012-2013 for the
22 planning and design of future construction projects and to



1 expedite the planning and implementation of construction
2 projects.

3 The sum appropriated shall be expended by the University of
4 Hawaii for the purposes of this part.

5 SECTION 5. There is appropriated out of the highway
6 special fund the sum of \$2,000,000 or so much thereof as may be
7 necessary for fiscal year 2012-2013 for the planning and design
8 of future construction projects and to expedite the planning and
9 implementation of construction projects.

10 The sum appropriated shall be expended by the highways
11 division of the department of transportation for the purposes of
12 this part.

13 SECTION 6. There is appropriated out of the airport
14 revenue fund the sum of \$2,000,000 or so much thereof as may be
15 necessary for fiscal year 2012-2013 for the planning and design
16 of future construction projects and to expedite the planning and
17 implementation of construction projects.

18 The sum appropriated shall be expended by the airports
19 division of the department of transportation for the purposes of
20 this part.

21 SECTION 7. There is appropriated out of the harbor special
22 fund the sum of \$2,000,000 or so much thereof as may be



1 necessary for fiscal year 2012-2013 for the planning and design
2 of future construction projects and to expedite the planning and
3 implementation of construction projects.

4 The sum appropriated shall be expended by the harbors
5 division of the department of transportation for the purposes of
6 this part.

7 SECTION 8. Each department to which an appropriation is
8 made pursuant to this part shall report to the legislature on
9 each project for which plans and designs were procured using the
10 appropriated moneys no later than sixty days following the
11 contract award for the project.

12 PART II

13 SECTION 9. The purpose of this part is to authorize the
14 use of capital improvement project appropriations, including
15 bond fund appropriations, for contracting activities for these
16 projects. The legislature finds that the provisions of this
17 part will stimulate the economy and create jobs by accelerating
18 the construction of capital improvement projects.

19 SECTION 10. Section 37-62, Hawaii Revised Statutes, is
20 amended as follows:

21 1. By adding a new definition of "contracting" to be
22 appropriately inserted and to read:



1 "Contracting" means the procurement, preparation,
2 negotiation, execution, amendment, or enforcement of contracts
3 for the commencement, implementation, construction, or
4 acquisition of a capital improvement project or any phase of a
5 capital improvement project."

6 2. By amending the definition of "capital investment
7 costs" to read:

8 "Capital investment costs" means costs, beyond the
9 research and development phase, associated with capital
10 improvements, including the acquisition and development of land,
11 the design and construction of new facilities, [~~and~~] the making
12 of renovations or additions to existing facilities~~[-]~~, and
13 contracting. Capital investment costs for a program are the sum
14 of the program's capital improvement project costs."

15 3. By amending the definition of "cost elements" to read:

16 "Cost elements" means the major subdivisions of a cost
17 category. The category "capital investment" includes plan, land
18 acquisition, design, contracting, construction, and equipment
19 and furnishing. The categories "research and development" and
20 "operating" include personal services, current lease payments,
21 other current expenses, equipment, and motor vehicles."



1 4. By amending the definition of "phases of capital
2 improvement project" to read:

3 ""Phases of capital improvement project" means land
4 acquisition, design, contracting, construction, and occupancy."

5 SECTION 11. Section 39-53, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "**§39-53 Additional powers of departments.** In addition to
8 the powers which departments may otherwise have, any department
9 shall have the power pursuant to this part:

10 (1) To construct, acquire by gift, purchase, or the
11 exercise of the right of eminent domain, reconstruct,
12 improve, better, or extend any undertaking within its
13 jurisdiction, and to acquire by gift, purchase, or the
14 exercise of the right of eminent domain, lands or
15 rights in land or water in connection therewith within
16 its jurisdiction or to undertake the establishment and
17 administration of a loan program as authorized by law
18 within its jurisdiction;

19 (2) To operate and maintain any undertaking or administer,
20 operate, and maintain a loan program as authorized by
21 law within its jurisdiction and furnish the services,



- 1 facilities, and commodities thereof for its own use
2 and for the use of public and private consumers;
- 3 (3) To issue revenue bonds of the State in the amounts
4 authorized by specific act or acts of the legislature
5 to finance in whole or in part the cost of the
6 acquisition, purchase, construction, reconstruction,
7 improvement, betterment, or extension of any
8 undertaking or the establishment and administration of
9 any loan program as authorized by law;
- 10 (4) Subject to the provisions of section 39-61, to impose,
11 prescribe, and collect rates, rentals, fees, and
12 charges for the use and services of, and the
13 facilities and commodities furnished by, the
14 undertaking or for the use and services of the loan
15 program as authorized by law; and
- 16 (5) To pledge to the punctual payment of the revenue bonds
17 and interest thereon, or to covenant to pay into any
18 special funds from which any of the revenue bonds may
19 be payable, all or any portion of the revenue of the
20 undertaking or loan program or of any part thereof, or
21 the user taxes derived therefrom, or any combination
22 of both (including improvements, betterments, or



1 extensions thereto thereafter constructed or acquired)
2 sufficient, among other things, to pay the revenue
3 bonds and interest as they shall become due and to
4 create and maintain reasonable reserves to pay the
5 principal and interest; provided that no user taxes
6 shall be pledged to the payment unless the legislature
7 in the specific act or acts authorizing the issuance
8 of the revenue bonds shall have provided that the
9 revenue bonds may be payable from and secured by user
10 taxes.

11 The department, in determining the cost, may include all
12 costs and estimated costs of the issuance of the revenue bonds,
13 all architectural, engineering, contracting, inspection,
14 financial and legal expenses, all costs of establishing or
15 administering a loan program authorized by law, the cost of
16 causing the payment of the principal or interest or both of the
17 revenue bonds to be insured or guaranteed, the initial cost of
18 any support facility obtained as permitted by section 39-59, and
19 interest which it is estimated will accrue during the
20 construction period and for six months thereafter on money
21 borrowed or which it is estimated will be borrowed pursuant to



1 this part. For the purposes of this section, "contracting" has
2 the same meaning as defined in section 37-62."

3 PART III

4 SECTION 12. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 13. This Act shall take effect on July 1, 2012.



Report Title:

Capital Improvements; Appropriations; Contracting Costs

Description:

Makes appropriations from general obligation bonds and certain special funds for the planning and design of future construction projects. Expressly authorizes the use of capital improvement project appropriations and revenue bond proceeds for contracting costs. Effective 07/01/2012. (PROPOSED HD1)

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