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# A BILL FOR AN ACT

RELATING TO CAPITAL IMPROVEMENT PROJECTS.

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

1           SECTION 1. The legislature finds that an efficient and  
2 fiscally responsible process for the allotment of capital  
3 improvement project funds is even more critical during periods  
4 of economic instability, such as Hawaii is now experiencing.  
5 Capital improvement projects provide needed infrastructure,  
6 directly benefiting the residents of the state and contributing  
7 to an improved economy through jobs, purchases of goods and  
8 services, and other "trickle down" effects of the moneys  
9 expended.

10           The legislature further finds that the allotment process  
11 for state capital improvement projects is governed by part II of  
12 chapter 37, Hawaii Revised Statutes. Currently, the department  
13 of education and the department of budget and finance follow the  
14 allotment requirements through a memorandum of understanding to  
15 establish procedures to improve the flow of information and  
16 operations between the departments governing fiscal operations.  
17 Through the memorandum of understanding, both parties are



1 committed to improving transparency, understanding, and  
2 knowledge between the departments for fiscal operations.

3 The purpose of this Act is to direct the legislative  
4 reference bureau to review the memorandum of understanding  
5 between the department of education and the department of budget  
6 and finance for the allotment of capital improvement projects,  
7 with the goal of replicating the processes of the memorandum of  
8 understanding for use by other state agencies with many capital  
9 improvement projects that are predominantly funded by general  
10 obligation bonds.

11 SECTION 2. (a) The legislative reference bureau shall  
12 review the memorandum of understanding between the department of  
13 education and the department of budget and finance for the  
14 allotment of capital improvement projects, with the goal of  
15 replicating the processes of the memorandum of understanding for  
16 use by other state agencies with many capital improvement  
17 projects that are predominantly funded by general obligation  
18 bonds, including:

- 19 (1) Concerns or recommendations for changes that either  
20 the department of education or the department of  
21 budget and finance have regarding the terms of the  
22 current memorandum of understanding;



1           (2) Changes that would be required in adapting the  
2           memorandum of understanding procedures for use by  
3           other state agencies and the department of budget and  
4           finance, including statutory amendments; and

5           (3) Recommendations and a proposed timetable for adoption  
6           of the processes of the memorandum of understanding  
7           for use by other state agencies and the department of  
8           budget and finance.

9           (b) The review shall include an analysis of pertinent  
10          issues, including:

11          (1) The terms of understanding, in particular the:

12                (A) Capital improvement projects allotment process;

13                (B) Procedures for deposits of funds;

14                (C) Debt service calculations;

15                (D) Federal funds; and

16                (E) Other fiscal issues;

17          (2) The period of agreement and other terms; and

18          (3) Any other issues that may arise during the review.

19          (c) The legislative reference bureau shall consult with,  
20          at a minimum, the department of budget and finance, the  
21          department of education, and other government agencies as deemed  
22          appropriate by the legislative reference bureau and legislators.



1 (d) The legislative reference bureau shall submit a report  
2 of its findings, recommendations, and any proposed legislation  
3 to the legislature no later than twenty days prior to the  
4 convening of the regular session of 2010.

5 SECTION 3. This Act shall take effect on July 1, 2020.



**Report Title:**

Capital Improvement Projects; Allotment; Memorandum of Understanding

**Description:**

Requires the Legislative Reference Bureau to review the memorandum of understanding between the Department of Education and Department of Budget and Finance for the allotment of capital improvement projects, with the goal of replicating the processes of the MOU for use by other state agencies with many capital improvement projects that are predominantly funded by general obligation bonds. Effective 7/1/2020. (SB389 HD2)

