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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 that  
6 directly benefits the residents of the State and that  
7 contributes to an improved economy through jobs, purchases of  
8 goods and services, and other "trickle down" effects of the  
9 moneys 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 for the purpose of replicating the processes of the memorandum  
8 of understanding for use by other state agencies.

9 SECTION 2. (a) The legislative reference bureau shall  
10 review the memorandum of understanding between the department of  
11 education and the department of budget and finance for the  
12 allotment of capital improvement projects, for the purpose of  
13 replicating the processes of the memorandum of understanding for  
14 use by other state agencies, including:

15 (1) Concerns or recommendations for changes that either  
16 the department of education or the department of  
17 budget and finance have regarding the terms of the  
18 current memorandum of understanding;

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

1 (3) Recommendations and a proposed timetable for adoption  
2 of the processes of the memorandum of understanding  
3 for use by other state agencies and the department of  
4 budget and finance.

5 (b) The review shall include an analysis of pertinent  
6 issues, including:

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

8 (A) Capital improvement projects allotment process;

9 (B) Procedures for deposits of funds;

10 (C) Debt service calculations;

11 (D) Federal funds; and

12 (E) Other fiscal issues;

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

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

15 (c) The legislative reference bureau shall consult with,  
16 at minimum, the department of budget and finance, the department  
17 of education, other government agencies as deemed appropriate by  
18 the legislative reference bureau and legislators.

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

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

**Report Title:**

Capital Improvement Projects; Allotment; Memorandum of Understanding

**Description:**

Directs the legislative reference bureau to review the memorandum of understanding between the department of education and the department of budget and finance for the allotment of capital improvement projects, to replicate the processes of the memorandum of understanding for use by other state agencies.  
(SD1)