



GOV. MSG. NO. 694

EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE
GOVERNOR

July 7, 2010

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fifth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

Re: Senate Bill No. 2386 HD1 CD1

On July 6, 2010, Senate Bill No. 2386, entitled "A Bill for an Act Relating to the University of Hawaii Capital Improvements Program Project Assessment Special Fund" became law without my signature, pursuant to Section 16 of Article III of the State Constitution.

The purpose of this bill is to create a University of Hawaii Capital Improvements Program Project Assessment Special Fund to cover certain administrative costs, including staff salaries, involved in carrying out capital improvements program projects managed by the University. The special fund is to be funded by assessments made on capital improvement projects that are managed by the University.

My Administration remains concerned with the practice of using borrowed funds to pay short-term costs, such as salaries and administrative expenses. Such a practice increases the debt burden of a jurisdiction, is misleading regarding the current and future costs of government operations, and results in considerably higher operating costs when both principal and interest are calculated as part of the carrying costs for these personnel.

I am also concerned that the special fund does not meet the requirements of Sections 37-52.3 and 37-53.4, Hawaii Revised Statutes, including: 1) reflecting a clear nexus between the benefits sought and the charges made; 2) providing an appropriate means of financing for the program or activity; and 3) demonstrating the capacity to be financially self-sustaining.

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For the foregoing reasons, I allowed Senate Bill No. 2386 to become law as Act 202, effective July 6, 2010, without my signature.

Sincerely,



LINDA LINGIE

A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII CAPITAL IMPROVEMENTS
PROGRAM PROJECT ASSESSMENT SPECIAL FUND.

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

- 1 SECTION 1. Chapter 304A, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:
- 4 "§304A- University of Hawaii capital improvements
5 program project assessment special fund. (a) There shall be
6 established in the university a special fund to be known as the
7 University of Hawaii capital improvements program project
8 assessment special fund for the purpose of defraying the costs
9 involved in:
- 10 (1) Carrying out capital improvements program projects
11 managed by the university;
- 12 (2) Equitably assessing, collecting, and distributing
13 moneys for current and other expenses associated with
14 capital improvements program projects, repair and
15 maintenance projects, and major renovation projects;
- 16 (3) Managing the payment of expenses assessable against
17 capital improvements program projects managed by or



1 through the university, such as printing, employee
2 transportation requirements, project-related travel
3 costs, travel per diem, and car mileage
4 reimbursements, in accordance with applicable laws and
5 collective bargaining agreements; and

6 (4) Managing funds representing accumulated vacation and
7 sick leave credits and retirement benefits for non-
8 general funded employees under the capital
9 improvements program projects managed by the
10 university.

11 (b) The president or the president's designee shall make
12 reasonable assessments on capital improvements program projects,
13 repair and maintenance projects, and major renovation projects
14 managed by the university to carry out the program of
15 centralized management, oversight, and administration of the
16 projects. The assessments shall be based on the evaluation by
17 the president or the president's designee of the reasonable
18 historic and projected costs of providing such services. All
19 assessments collected shall be deposited into the University of
20 Hawaii capital improvements program project assessment special
21 fund.



1 (c) The University of Hawaii capital improvements program
2 project assessment special fund shall be administered by the
3 office of capital improvements of the university.

4 (d) All expenditures from the University of Hawaii capital
5 improvements program project assessment special fund shall be
6 made by the president or the president's designee in accordance
7 with applicable laws and rules."

8 SECTION 2. New statutory material is underscored.

9 SECTION 3. This Act shall take effect on July 1, 2010.

10

APPROVED this day of , 2010

GOVERNOR OF THE STATE OF HAWAII