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# A BILL FOR AN ACT

RELATING TO STATE FACILITIES.

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

1           SECTION 1. The legislature finds that Hawaii's economy is  
2 still recovering from the recession that struck the United  
3 States in the latter half of 2008. A weak economy severely  
4 reduced all forms of revenue collected by the State. Because of  
5 its revenue shortfall, the State has found it difficult to  
6 construct new infrastructure, including buildings and other  
7 facilities. In light of these circumstances, public-private  
8 partnerships have emerged as a promising, viable alternative  
9 model and are predicted to gain even greater prominence and  
10 popularity in the future.

11           Public-private partnerships offer a way to address the  
12 State's significant backlog of deferred facility maintenance and  
13 provide another tool for the department of accounting and  
14 general services to undertake sorely needed repair-and-  
15 maintenance work as well as new construction projects.



1 SECTION 2. The Hawaii Revised Statutes is amended by  
2 adding a new chapter to be appropriately designated and to read  
3 as follows:

4 "CHAPTER

5 STATE FACILITY RENOVATION PARTNERSHIP PROGRAM

6 § -1 Definitions. As used in this chapter:

7 "Building lease" means a contract between the department  
8 and private investor in which the private investor conveys an  
9 improved facility to the department for a specified period of  
10 time.

11 "Department" means the department of accounting and general  
12 services.

13 "Development agreement" means an agreement between the  
14 State and a private investor which, at a minimum, includes:

- 15 (1) A description of the work to be done;
- 16 (2) The sale price for the facility;
- 17 (3) The duration of the agreement;
- 18 (4) The roles and responsibilities of the department and  
19 the private investor; and
- 20 (5) The terms and conditions for the ground lease and  
21 building lease.



1 "Facility" means property under the management and control  
2 of the department that may contain land, buildings, or both.

3 "Ground lease" means a lease of land executed between the  
4 State and private investor pursuant to which the private  
5 investor will renovate the existing facility, provide  
6 improvements, or construct a new building or buildings on a  
7 specified property.

8 "Private investor" means a non-governmental entity.

9 **§ -2 State facility renovation partnership program;**  
10 **established.** (a) There is established the state facility  
11 renovation partnership program to be administered by the  
12 department. The program shall include all transactions,  
13 including land, improvements, or both.

14 (b) The department shall conduct a comprehensive review of  
15 all state office facilities and shall compile a list of priority  
16 facilities situated on state-owned land that it deems best  
17 suited for the state facility renovation partnership program.

18 (c) The department may enter into a development agreement  
19 with any private investor for the sale of a priority facility  
20 identified in subsection (b) to the private investor; provided



1 that the development agreement contains the following  
2 requirements:

3 (1) The State shall sell the facility to the private  
4 investor, who shall:

5 (A) Renovate, improve, or construct for the State a  
6 facility, pursuant to a ground lease, and may  
7 maintain the facility; and

8 (B) Lease the facility to the State, pursuant to a  
9 building lease;

10 (2) The land upon which the facility rests shall not be  
11 sold to the private investor; provided that the land  
12 may be leased at a nominal rate to the private  
13 investor for a term that would, at a minimum, allow  
14 the private investor to recover the capital investment  
15 that has been made to the facility, including  
16 depreciation; and

17 (3) The State shall have the option of purchasing the  
18 facility from the private investor for the remaining  
19 balance of the debt service costs incurred by the  
20 private investor at any time; provided that the ground  
21 lease shall terminate concurrently.



1 (d) There is established the state facility renovation  
2 partnership special fund in the state treasury to be  
3 administered by the department and into which all funds derived  
4 from the state facility renovation partnership program shall be  
5 deposited. Funds in the special fund shall be used solely for  
6 the purposes of the state facility renovation partnership  
7 program.

8 (e) The department shall establish rules pursuant to  
9 chapter 91 to implement the purposes of this chapter.

10 (f) In the event of any conflicts between the provisions  
11 of this chapter and chapter 171, this chapter shall control;  
12 otherwise, the provisions of chapter 171 shall apply."

13 SECTION 3. This Act shall take effect on July 1, 2011.



**Report Title:**

State Facilities; Public-private Partnership

**Description:**

Establishes the state facility renovation partnership program.  
Effective July 1, 2011. (HB1505 CD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

