

JAN 25 2012

A BILL FOR AN ACT

RELATING TO PUBLIC FUNDS.

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

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PART I

2

SECTION 1. The legislature finds that the State of Hawaii

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is still suffering from the global economic recession. While

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some Hawaii businesses are showing modest signs of recovery, the

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construction industry, including construction workers, support

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staff, and construction-support businesses, is still suffering.

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The legislature further finds that Hawaii is experiencing

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the lowest interest rates on record and that there were

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significant savings from the State's most recent bond

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authorization and issuance. In completing the bond transaction,

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the State:

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(1) Reduced debt service by saving \$59,000,000 on refunded

13

outstanding debt;

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(2) Kept debt service for fiscal 2012-2013 at

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legislatively appropriated levels;

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(3) Restructured outstanding debt;

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(4) Normalized the State's debt service profile;

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(5) Built excess debt capacity from 2014 to 2019;



1 (6) Improved the State's financial position; and

2 (7) Garnered a positive credit rating.

3 The primary economic objective of the legislature this
4 session is to immediately stimulate direct and indirect job
5 creation to maintain and create local construction jobs for all
6 stages of construction, including employment for painters,
7 roofers, electricians, carpenters, architects, engineers, and
8 other consultants to generate more personal income growth. The
9 department of business, economic development, and tourism
10 estimates that the last advancement of \$1,800,000,000 in capital
11 improvement projects by the State resulted in the creation of
12 12.9 direct and indirect jobs created for every \$1,000,000
13 invested.

14 In contemplating capital improvement projects, the
15 legislature finds that a main focus should include repair and
16 maintenance projects as well as those projects that address
17 health and safety concerns. This will ensure the existence of
18 well-maintained state facilities and infrastructure, which are
19 essential to maintaining a positive business climate and strong
20 economic foundation. Funding would be provided statewide and
21 include efforts to eliminate current repairs and maintenance
22 backlogs.



1 The estimated backlog of repair and maintenance or capital
2 renewal and deferred maintenance projects for the department of
3 education, Hawaii state library system, University of Hawaii,
4 University of Hawaii's athletic facilities, department of
5 accounting and general services, department of agriculture,
6 department of defense, department of health, Hawaii health
7 systems corporation, department of human services, department of
8 land and natural resources, department of public safety, and
9 judiciary is well over \$1,000,000,000.

10 Another priority of the legislature is to develop
11 sustainable and renewable energy resources, such as photovoltaic
12 technology, as well as initiatives to improve upon efficient
13 energy consumption. Investing in energy and information
14 technology initiatives throughout schools, hospitals, and office
15 buildings, would have significant impact and ultimately lead to
16 cost savings, alleviating the drain on general funds, and a
17 reduction of the State's carbon footprint.

18 The legislature also realizes that the procurement process
19 is lengthy and complicated, which adds considerable time to
20 completing capital improvements and repairs and maintenance in
21 the State's facilities and infrastructure. In order to expedite
22 repair and maintenance projects, this Act provides a procurement



1 exemption for certain agencies for contracts that are less than
2 \$500,000, and makes permanent other procurement provisions that
3 are set to expire on July 1, 2012, and July 1, 2013.

4 The purpose of this Act is to issue \$500,000,000 in general
5 obligation bonds to fund the repair and maintenance or capital
6 renewal and deferred maintenance projects of various departments
7 the University of Hawaii, the Hawaii health systems corporation,
8 and the judiciary and to streamline the procurement process.

9 **PART II**

10 SECTION 2. The purpose of this part is to appropriate
11 \$ to reduce the backlog of repair and maintenance
12 projects and address infrastructure needs, such as science and
13 technology, electricity, and other utility infrastructure
14 improvements, within the public school systems. In carrying out
15 the purpose of this part, the department of education shall,
16 when possible, use energy-efficient materials, and sustainable
17 and renewable energy strategies to reduce energy consumption.

18 SECTION 3. The director of finance is authorized to issue
19 general obligation bonds in the sum of \$ or so much
20 thereof as may be necessary, and the same sum or so much thereof
21 as may be necessary is appropriated for fiscal year 2011-2012
22 for the department of education's repair and maintenance



1 projects and address infrastructure needs, such as science and
2 technology, electricity, and other utility infrastructure
3 improvements, within the public school systems.

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

6 **PART III**

7 SECTION 4. The purpose of this part is to appropriate
8 \$ to reduce the backlog of repair and maintenance
9 projects in the Hawaii state library system. In carrying out
10 the purpose of this part, the Hawaii state library system shall,
11 when possible, use energy-efficient materials, and sustainable
12 and renewable energy strategies to reduce energy consumption.

13 SECTION 5. The director of finance is authorized to issue
14 general obligation bonds in the sum of \$ or so much
15 thereof as may be necessary, and the same sum or so much thereof
16 as may be necessary is appropriated for fiscal year 2011-2012
17 for Hawaii state library system repair and maintenance projects.

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

20 **PART IV**

21 SECTION 6. The purpose of this part is to appropriate
22 \$ to reduce the backlog of capital renewal and



1 deferred maintenance projects within the University of Hawaii
2 system. In carrying out the purpose of this part, the
3 University of Hawaii shall, when possible, use energy-efficient
4 materials, and sustainable and renewable energy strategies to
5 reduce energy consumption.

6 SECTION 7. The director of finance is authorized to issue
7 general obligation bonds in the sum of \$ or so much
8 thereof as may be necessary, and the same sum or so much thereof
9 as may be necessary is appropriated for fiscal year 2011-2012
10 for the University of Hawaii's backlog of capital renewal and
11 deferred maintenance projects.

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

14 **PART V**

15 SECTION 8. The purpose of this part is to appropriate
16 \$ to reduce the backlog of repair and maintenance
17 projects within the University of Hawaii system's athletic
18 facilities. In carrying out the purpose of this part, the
19 University of Hawaii shall, when possible, use energy-efficient
20 materials, and sustainable and renewable energy strategies to
21 reduce energy consumption.



1 SECTION 9. The director of finance is authorized to issue
2 general obligation bonds in the sum of \$ or so much
3 thereof as may be necessary, and the same sum or so much thereof
4 as may be necessary is appropriated for fiscal year 2011-2012
5 for the University of Hawaii's repair and maintenance projects
6 for its athletic facilities.

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

9 **PART VI**

10 SECTION 10. The purpose of this part is to appropriate
11 \$ to reduce the backlog of repair and maintenance
12 projects of the department of accounting and general services.
13 In carrying out the purpose of this part, the department of
14 accounting and general services shall, when possible, use
15 energy-efficient materials, and sustainable and renewable energy
16 strategies to reduce energy consumption.

17 SECTION 11. The director of finance is authorized to issue
18 general obligation bonds in the sum of \$ or so much
19 thereof as may be necessary, and the same sum or so much thereof
20 as may be necessary is appropriated for fiscal year 2011-2012
21 for the department of accounting and general services' repair
22 and maintenance projects.



1 possible, use energy-efficient materials, and sustainable and
2 renewable energy strategies to reduce energy consumption.

3 SECTION 15. The director of finance is authorized to issue
4 general obligation bonds in the sum of \$ or so much
5 thereof as may be necessary, and the same sum or so much thereof
6 as may be necessary is appropriated for fiscal year 2011-2012
7 for the department of defense's repair and maintenance projects.

8 The sum appropriated shall be expended by the department of
9 defense for the purposes of this part.

10 **PART IX**

11 SECTION 16. The purpose of this part is to appropriate
12 \$ to reduce the backlog of repair and maintenance
13 projects of the department of health. In carrying out the
14 purpose of this part, the department of health shall, when
15 possible, use energy-efficient materials, and sustainable and
16 renewable energy strategies to reduce energy consumption.

17 SECTION 17. The director of finance is authorized to issue
18 general obligation bonds in the sum of \$ or so much
19 thereof as may be necessary, and the same sum or so much thereof
20 as may be necessary is appropriated for fiscal year 2011-2012
21 for the department of health's repair and maintenance projects.



1 The sum appropriated shall be expended by the department of
2 health for the purposes of this part.

3 **PART X**

4 SECTION 18. The purpose of this part is to appropriate
5 \$ to reduce the backlog of repair and maintenance
6 projects of the Hawaii health systems corporation. In carrying
7 out the purpose of this part, the Hawaii health systems
8 corporation shall, when possible, use energy-efficient
9 materials, and sustainable and renewable energy strategies to
10 reduce energy consumption.

11 SECTION 19. The director of finance is authorized to issue
12 general obligation bonds in the sum of \$ or so much
13 thereof as may be necessary, and the same sum or so much thereof
14 as may be necessary is appropriated for fiscal year 2011-2012
15 for the Hawaii health systems corporation's repair and
16 maintenance projects.

17 The sum appropriated shall be expended by the Hawaii health
18 systems corporation for the purposes of this part.

19 **PART XI**

20 SECTION 20. The purpose of this part is to appropriate
21 \$ to reduce the backlog of repair and maintenance
22 projects of the department of human services. In carrying out



1 the purpose of this part, the department of human services
2 shall, when possible, use energy-efficient materials, and
3 sustainable and renewable energy strategies to reduce energy
4 consumption.

5 SECTION 21. The director of finance is authorized to issue
6 general obligation bonds in the sum of \$ 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 2011-2012
9 for the department of human services' repair and maintenance
10 projects.

11 The sum appropriated shall be expended by the department of
12 human services for the purposes of this part.

13 **PART XII**

14 SECTION 22. The purpose of this part is to appropriate
15 \$ to reduce the backlog of repair and maintenance
16 projects of the department of land and natural resources. In
17 carrying out the purpose of this part, the department of land
18 and natural resources shall, when possible, use energy-efficient
19 materials, and sustainable and renewable energy strategies to
20 reduce energy consumption.

21 SECTION 23. The director of finance is authorized to issue
22 general obligation bonds in the sum of \$ or so much



1 SECTION 26. The purpose of this part is to appropriate
2 \$ to reduce the backlog of repair and maintenance
3 projects of the judiciary. In carrying out the purpose of this
4 part, the judiciary shall, when possible, use energy-efficient
5 materials, and sustainable and renewable energy strategies to
6 reduce energy consumption.

7 SECTION 27. The director of finance is authorized to issue
8 general obligation bonds in the sum of \$ or so much
9 thereof as may be necessary, and the same sum or so much thereof
10 as may be necessary is appropriated for fiscal year 2011-2012
11 for the judiciary's repair and maintenance projects.

12 The sum appropriated shall be expended by the judiciary for
13 the purposes of this part.

PART XV

14
15 SECTION 28. The legislature finds that the approval
16 process for procurements can take longer than anticipated. A
17 streamlined procurement approval process for certain projects
18 would assist in getting projects implemented to help stimulate
19 growth of the workforce and the State's economy. The purpose of
20 this part is to provide an expedited process for the capital
21 improvement projects authorized under this Act, provide a
22 procurement exemption for certain agencies for contracts that



1 are less than \$250,000, and make permanent certain procurement
2 provisions that are set to expire.

3 SECTION 29. Section 103D-102, Hawaii Revised Statutes, is
4 amended by amending subsection (c) to read as follows:

5 "(c) Notwithstanding subsection (a), this chapter shall
6 not apply to contracts made by:

7 (1) Any regional system board of the Hawaii health systems
8 corporation;

9 (2) The Kaho'olawe island reserve commission, except as
10 provided by section 6K-4.5; [ø#]

11 (3) The department of education, University of Hawaii,
12 department of accounting and general services,
13 department of agriculture, department of defense,
14 department of health, Hawaii health systems
15 corporation as a body corporate and politic,
16 department of human services, department of land and
17 natural resources, department of public safety, and
18 judiciary, for contracts that are less than \$500,000;
19 and

20 [~~+(3)+~~] (4) Except with respect to sections 103D-110,
21 103D-304 with respect to design professional services
22 furnished by licensees under chapter 464, 103D-324,



1 103D-707, and 103D-1002, the university or the board
2 of regents of the university."

3 SECTION 30. Section 103D-305, Hawaii Revised Statutes, is
4 amended by amending subsection (c) to read as follows:

5 "(c) Procurements of \$25,000 to less than [~~\$100,000~~
6 \$250,000 shall be made in accordance with small purchase
7 procedures[~~; provided that small purchase procurements through~~
8 ~~an electronic system shall be required after the policy board~~
9 ~~has adopted rules for electronic procurement and provided~~
10 ~~training to the affected agency)]."~~

11 SECTION 31. Act 82, Session Laws of Hawaii 2010, is
12 amended by amending section 8 to read as follows:

13 "SECTION 8. This Act shall take effect on July 1, 2010;
14 provided that on July 1, 2012, sections 1 and 4 of this Act
15 shall be repealed [~~and sections 103D-102(c) and 304A-105(b),~~
16 ~~Hawaii Revised Statutes, shall be reenacted in the form in which~~
17 ~~they read on the day prior to the effective date of this Act)]."~~

18 SECTION 32. Act 159, Session Laws of Hawaii 2010, is
19 amended by amending section 4 to read as follows:

20 "SECTION 4. This Act shall take effect on July 1, 2010[~~+~~
21 ~~provided that the amendment made to section 103D-102(c), Hawaii~~
22 ~~Revised Statutes, by this Act shall not be repealed when section~~



S.B. NO. 2012

1 ~~103D-102, Hawaii Revised Statutes, is reenacted on July 1, 2012,~~
 2 ~~by section 14 of Act 175, Session Laws of Hawaii 2009; provided~~
 3 ~~further that this Act shall be repealed on July 1, 2013; and~~
 4 ~~provided further that, on July 1, 2013, section 103D-102, Hawaii~~
 5 ~~Revised Statutes, shall be reenacted in the form in which it~~
 6 ~~read on the day before the effective date of Act 175, Session~~
 7 ~~Laws of Hawaii 2009]."~~

8 SECTION 33. Act 175, Session Laws of Hawaii 2009, as
 9 amended by Act 107, Session Laws of Hawaii 2010, is amended by
 10 amending section 14 to read as follows:

11 "SECTION 14. This Act shall take effect on July 1, 2009;
 12 provided that[+

13 ~~(1) Part I shall be repealed on July 1, 2012, and sections~~
 14 ~~103D-102 and 103D-305, Hawaii Revised Statutes, shall~~
 15 ~~be reenacted in the form in which they read on the day~~
 16 ~~before the effective date of this Act; and~~

17 ~~(2) Sections] sections~~ 7, 9, and 10 of this Act shall be
 18 repealed on July 1, 2011, and sections 103D-709,
 19 103D-710(c), and 103D-710(e), Hawaii Revised Statutes,
 20 shall be reenacted in the form in which they read on
 21 the day before the effective date of this Act."



1 SECTION 34. (a) The procurement policy board shall
2 establish an accelerated procurement process to be used for the
3 expenditure of funds appropriated pursuant to this Act.

4 (b) The procurement policy board shall establish specific
5 provisions relating to the protest of solicitations and awards
6 made pursuant to this Act. Provisions shall include strict
7 requirements for when a protest is permissible, a requirement
8 that the party protesting an award or solicitation post a bond,
9 and an expedited process for resolving protests.

10 (c) The procurement policy board shall be exempt from the
11 requirements of chapter 91, Hawaii Revised Statutes, in meeting
12 the requirements of this section.

13 SECTION 35. Capital improvement projects authorized
14 pursuant to this Act shall be exempt from all county permit,
15 license, and certificate requirements; provided that the capital
16 improvement projects shall meet all other applicable county code
17 requirements.

18 **PART XVI**

19 SECTION 36. The appropriation made for the capital
20 improvement projects authorized by this Act shall not lapse at
21 the end of the fiscal biennium for which the appropriation is



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

3 SECTION 37. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 38. This Act shall take effect upon its approval;
6 provided that sections 31 and 33 shall take effect on June 30,
7 2012.

8 INTRODUCED BY:

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S.B. NO. 2012

Report Title:

Capital Improvement Projects; General Obligations Bonds;
Appropriation; Procurement

Description:

Issues general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, the University of Hawaii, Hawaii health systems corporation, and the judiciary. Exempts contracts of less than \$500,000 entered into by the department of education, University of Hawaii, department of accounting and general services, department of agriculture, department of defense, department of health, Hawaii health systems corporation as a body corporate and politic, department of human services, department of land and natural resources, department of public safety, and judiciary from the procurement code. Provides for exemptions from county permitting, licensing, and certification requirements. Makes certain procurement provisions permanent. Requires the procurement policy board to create an expedited procurement process for contracts resulting from appropriations made pursuant to this Act.

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

