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# A BILL FOR AN ACT

RELATING TO PUBLIC FUNDS.

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

1 **PART I**

2 SECTION 1. The legislature finds that the State of Hawaii  
3 is still suffering from the global economic recession. While  
4 some Hawaii businesses are showing modest signs of recovery, the  
5 construction industry, including construction workers, support  
6 staff, and construction-support businesses, is still suffering.

7 The legislature further finds that Hawaii is experiencing  
8 the lowest interest rates on record and that there were  
9 significant savings from the State's most recent bond  
10 authorization and issuance. In completing the bond transaction,  
11 the State:

- 12 (1) Reduced debt service by saving \$59,000,000 on refunded  
13 outstanding debt;
- 14 (2) Kept debt service for fiscal 2012-2013 at  
15 legislatively appropriated levels;
- 16 (3) Restructured outstanding debt;
- 17 (4) Normalized the State's debt service profile;
- 18 (5) Built excess debt capacity from 2014 to 2019;



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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. Completion of those projects will  
18 ensure the existence of well-maintained state facilities and  
19 infrastructure, which are essential to maintaining a positive  
20 business climate and strong economic foundation. Funding would  
21 be provided statewide and include efforts to eliminate current  
22 repair and maintenance backlogs.



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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 system, University of Hawaii's athletic facilities, department  
5 of 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. This Act requires  
22 procurements for goods, services, or construction for the repair



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1 and maintenance or capital renewal and deferred maintenance  
2 projects authorized by this Act that are less than \$1,000,000 to  
3 be made pursuant to section 103D-305, Hawaii Revised Statutes.

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  
7 departments, the University of Hawaii system, the Hawaii health  
8 systems corporation, and the judiciary and to streamline the  
9 procurement process.

10 **PART II**

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

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



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1 for the planning, design, construction, and equipment necessary  
 2 for the department of education's capital improvement projects,  
 3 which include repair and maintenance projects and infrastructure  
 4 needs, such as science and technology, electricity, and other  
 5 utility infrastructure improvements, within the public school  
 6 systems; provided that the department of education may use up to  
 7 ten per cent of the sum appropriated for projects that affect  
 8 the health, safety, and welfare of the public.

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

11 **PART III**

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

18 SECTION 5. 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 planning, design, construction, and equipment necessary



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1 for the Hawaii state library system's repair and maintenance  
2 projects; provided that the department of education may use up  
3 to ten per cent of the sum appropriated for projects of the  
4 Hawaii state library system that affect the health, safety, and  
5 welfare of the public.

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

8 **PART IV**

9 SECTION 6. The purpose of this part is to appropriate  
10 \$ to reduce the backlog of capital renewal and  
11 deferred maintenance projects at the University of Hawaii at  
12 Manoa and the University of Hawaii at Hilo. In carrying out the  
13 purpose of this part, the University of Hawaii shall, when  
14 possible, use energy-efficient materials, and sustainable and  
15 renewable energy strategies to reduce energy consumption.

16 SECTION 7. The director of finance is authorized to issue  
17 general obligation bonds in the sum of \$ or so much  
18 thereof as may be necessary, and the same sum or so much thereof  
19 as may be necessary is appropriated for fiscal year 2011-2012  
20 for the planning, design, construction, and equipment necessary  
21 for the University of Hawaii's capital renewal and deferred  
22 maintenance projects at the University of Hawaii at Manoa and



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1 the University of Hawaii at Hilo; provided that the University  
2 of Hawaii may use up to ten per cent of the sum appropriated for  
3 projects at the University of Hawaii at Manoa and the University  
4 of Hawaii at Hilo that affect the health, safety, and welfare of  
5 the public.

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

8 **PART V**

9 SECTION 8. The purpose of this part is to appropriate  
10 \$ to reduce the backlog of capital renewal and  
11 deferred maintenance projects within the University of Hawaii  
12 community college system. In carrying out the purpose of this  
13 part, the University of Hawaii shall, when possible, use energy-  
14 efficient materials, and sustainable and renewable energy  
15 strategies to reduce energy consumption.

16 SECTION 9. The director of finance is authorized to issue  
17 general obligation bonds in the sum of \$ or so much  
18 thereof as may be necessary, and the same sum or so much thereof  
19 as may be necessary is appropriated for fiscal year 2011-2012  
20 for the planning, design, construction, and equipment necessary  
21 for the University of Hawaii's capital renewal and deferred  
22 maintenance projects within the University of Hawaii community



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1 college system; provided that the University of Hawaii may use  
2 up to ten per cent of the sum appropriated for projects within  
3 the University of Hawaii community college system that affect  
4 the health, safety, and welfare of the public.

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

7 **PART VI**

8 SECTION 10. The purpose of this part is to appropriate  
9 \$ to reduce the backlog of repair and maintenance  
10 projects within the University of Hawaii system's athletic  
11 facilities. In carrying out the purpose of this part, the  
12 University of Hawaii shall, when possible, use energy-efficient  
13 materials, and sustainable and renewable energy strategies to  
14 reduce energy consumption.

15 SECTION 11. The director of finance is authorized to issue  
16 general obligation bonds in the sum of \$ or so much  
17 thereof as may be necessary, and the same sum or so much thereof  
18 as may be necessary is appropriated for fiscal year 2011-2012  
19 for the planning, design, construction, and equipment necessary  
20 for the University of Hawaii's repair and maintenance projects  
21 for its athletic facilities; provided that the University of  
22 Hawaii may use up to ten per cent of the sum appropriated for





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1 projects at its athletic facilities that affect the health,  
2 safety, and welfare of the public.

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

5 **PART VII**

6 SECTION 12. The purpose of this part is to appropriate  
7 \$ to reduce the backlog of repair and maintenance  
8 projects of the department of accounting and general services.

9 In carrying out the purpose of this part, the department of  
10 accounting and general services shall, when possible, use  
11 energy-efficient materials, and sustainable and renewable energy  
12 strategies to reduce energy consumption.

13 SECTION 13. 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 the planning, design, construction, and equipment necessary  
18 for the department of accounting and general services' repair  
19 and maintenance projects; provided that the department of  
20 accounting and general services may use up to ten per cent of  
21 the sum appropriated for projects that affect the health,  
22 safety, and welfare of the public.







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

3 SECTION 19. 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 planning, design, construction, and equipment necessary  
8 for the department of health's repair and maintenance projects;  
9 provided that the department of health may use up to ten per  
10 cent of the sum appropriated for projects that affect the  
11 health, safety, and welfare of the public.

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

14 **PART XI**

15 SECTION 20. The purpose of this part is to appropriate  
16 \$ to reduce the backlog of repair and maintenance  
17 projects of the Hawaii health systems corporation. In carrying  
18 out the purpose of this part, the Hawaii health systems  
19 corporation shall, when possible, use energy-efficient  
20 materials, and sustainable and renewable energy strategies to  
21 reduce energy consumption.





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1 thereof as may be necessary, and the same sum or so much thereof  
2 as may be necessary is appropriated for fiscal year 2011-2012  
3 for the planning, design, construction, and equipment necessary  
4 for the department of human services' repair and maintenance  
5 projects; provided that the department of human services may use  
6 up to ten per cent of the sum appropriated for projects that  
7 affect the health, safety, and welfare of the public.

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

10 **PART XIII**

11 SECTION 24. The purpose of this part is to appropriate  
12 \$ to reduce the backlog of repair and maintenance  
13 projects of the department of land and natural resources. In  
14 carrying out the purpose of this part, the department of land  
15 and natural resources shall, when possible, use energy-efficient  
16 materials, and sustainable and renewable energy strategies to  
17 reduce energy consumption.

18 SECTION 25. 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 planning, design, construction, and equipment necessary



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1 for the department of land and natural resources' repair and  
2 maintenance projects; provided that the department of land and  
3 natural resources may use up to ten per cent of the sum  
4 appropriated for projects that affect the health, safety, and  
5 welfare of the public.

6 The sum appropriated shall be expended by the department of  
7 land and natural resources for the purposes of this part.

8 **PART XIV**

9 SECTION 26. The purpose of this part is to appropriate  
10 \$ to reduce the backlog of repair and maintenance  
11 projects of the department of public safety. In carrying out  
12 the purpose of this part, the department of public safety shall,  
13 when possible, use energy-efficient materials, and sustainable  
14 and renewable energy strategies to reduce energy consumption.

15 SECTION 27. The director of finance is authorized to issue  
16 general obligation bonds in the sum of \$ or so much  
17 thereof as may be necessary, and the same sum or so much thereof  
18 as may be necessary is appropriated for fiscal year 2011-2012  
19 for the planning, design, construction, and equipment necessary  
20 for the purpose of funding the department of public safety's  
21 repair and maintenance projects; provided that the department of  
22 public safety may use up to ten per cent of the sum appropriated



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1 for projects that affect the health, safety, and welfare of the  
2 public.

3 The sum appropriated shall be expended by the department of  
4 public safety for the purposes of this part.

5 **PART XV**

6 SECTION 28. The purpose of this part is to appropriate  
7 \$ to reduce the backlog of repair and maintenance  
8 projects of the judiciary. In carrying out the purpose of this  
9 part, the judiciary shall, when possible, use energy-efficient  
10 materials, and sustainable and renewable energy strategies to  
11 reduce energy consumption.

12 SECTION 29. The director of finance is authorized to issue  
13 general obligation bonds in the sum of \$ or so much  
14 thereof as may be necessary, and the same sum or so much thereof  
15 as may be necessary is appropriated for fiscal year 2011-2012  
16 for the planning, design, construction, and equipment necessary  
17 for the judiciary's repair and maintenance projects; provided  
18 that the judiciary may use up to ten per cent of the sum  
19 appropriated for projects that affect the health, safety, and  
20 welfare of the public.

21 The sum appropriated shall be expended by the judiciary for  
22 the purposes of this part.





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1 **PART XVI**

2 SECTION 30. The legislature finds that the approval  
3 process for procurement can take longer than anticipated. A  
4 streamlined procurement approval process would assist in getting  
5 projects implemented to help stimulate growth of the workforce  
6 and the State's economy. The purpose of this part is to provide  
7 a temporary expedited process for the capital improvement  
8 projects authorized under this Act, for contracts for goods,  
9 services, or construction that are less than \$1,000,000.

10 SECTION 31. Notwithstanding sections 103D-305 and  
11 103D-701, Hawaii Revised Statutes, to the contrary, procurements  
12 for construction, goods, or services for the capital improvement  
13 projects authorized by this Act shall be made pursuant to  
14 section 103D-305, Hawaii Revised Statutes, including the  
15 performance and payment bond requirements thereunder; provided  
16 that:

- 17 (1) Each procurement for construction shall be less than
- 18 \$1,000,000;
- 19 (2) Each procurement for goods or services shall be less
- 20 than \$1,000,000;
- 21 (3) Procurements of less than \$1,000,000 shall be
- 22 conducted through an electronic system; and



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1 (4) Section 103D-701, Hawaii Revised Statutes, shall not  
2 apply to procurements of less than \$1,000,000.

3 SECTION 32. Capital improvement projects authorized  
4 pursuant to this Act that are less than \$1,000,000 shall be  
5 exempt from all county permit, license, and certificate  
6 requirements; provided that the capital improvement projects  
7 shall meet all federal, state, and other applicable county code  
8 requirements.

9 **PART XVII**

10 SECTION 33. The appropriation made for the capital  
11 improvement projects authorized by this Act shall not lapse at  
12 the end of the fiscal biennium for which the appropriation is  
13 made; provided that all moneys from the appropriation  
14 unencumbered as of June 30, 2014, shall lapse as of that date.

15 SECTION 34. This Act shall take effect upon its approval.



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**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. Requires that capital improvement projects authorized pursuant to this Act for goods, services, or construction less than \$1,000,000 to use section 103D-305, HRS, as the method for procurement. Requires procurements of less than \$1,000,000 to be conducted through an electronic system. Specifies that section 103D-701, HRS, shall not apply to capital improvement projects that are less than \$1,000,000. Provides for certain exemptions from county permitting, licensing, and certification requirements.  
(Proposed SD1)

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

