



EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

GOV. MSG. NO. 1238

June 24, 2014

The Honorable Donna Mercado Kim,
President
and Members of the Senate
Twenty-Seventh State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

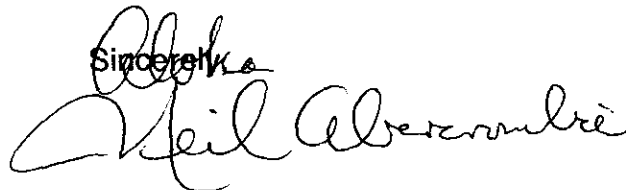
The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Seventh State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 24, 2014, the following bill was signed into law:

SB2410 SD1 HD1 CD1

RELATING TO CAPITAL IMPROVEMENT
PROJECTS
ACT 135 (14)

Sincerely,


NEIL ABERCROMBIE
Governor, State of Hawaii

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 capital improvement
2 projects cover a wide range of projects in the State, including
3 the construction of new facilities and improvements. Currently,
agencies that submit a proposal for a capital improvement
5 project are not required to include an estimate of operational
6 costs relating to the maintenance and continued operation of a
7 facility or project. However, operational costs are often
8 significant and can even be greater than the cost of development
9 and construction.

10 The legislature finds that if agencies submit an estimate
11 of operational costs for capital improvement projects, the
12 legislature, prior to approving projects, would have a clearer
13 view of the total cost of the project as opposed to the cost of
14 only planning and construction. This knowledge will permit the
15 State to make more fiscally sound decisions and better
16 prioritize spending on capital improvement projects.



1 The purpose of this Act is to require that agencies include
2 estimated operational costs in their capital improvement project
3 cost estimates.

4 SECTION 2. Section 37-43, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "~~§~~37-43~~§~~ Capital improvement project allotment
7 process. The department of budget and finance shall carry out
8 the capital improvement project allotment process, which shall
9 consist of reviewing, prioritizing, and evaluating capital
10 improvement project appropriation proposals submitted by state
11 and county agencies to ~~assure~~ ensure conformity with statewide
12 planning goals and objectives and executive priorities, and
13 report its findings and recommendations and an estimate of the
14 operational costs for each proposed capital improvement project
15 to the governor in order that ~~such~~ the proposals may be
16 considered for possible inclusion in the executive capital
17 improvement project budget that is to be presented to the
18 legislature. The department shall also review, analyze, and
19 report on state and county capital improvement project
20 appropriation proposals that extend over wide geographical areas
21 of the State and that have significant impacts upon economic



1 development, land use, environmental quality, construction
2 employment, and executive policy directions."

3 SECTION 3. Section 37-68, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§37-68 Responsibilities of agencies.** Under [~~such~~] rules
6 as may be prescribed by the director of finance with the
7 approval of the governor:

8 (1) [~~Every~~] Each agency assigned the task of developing
9 programs and preparing program and financial plans,
10 budgetary requests, and program performance reports
11 shall develop [~~such~~] the programs and prepare [~~such~~]
12 the plans, requests, and reports and submit the same
13 to the director of finance at [~~such~~] times, on [~~such~~]
14 forms, and in [~~such~~] a manner as the director may
15 prescribe. For informational purposes, the University
16 of Hawaii shall submit its program and financial
17 plans, budgetary requests, and program performance
18 reports to the legislature at the same time the
19 university submits them to the director of finance.
20 Where new programs are being proposed, [~~every~~] each
21 agency shall demonstrate that the program:



1 (A) Is an appropriate function of state government;
2 and, as applicable

3 (B) Can be implemented by the public sector as cost-
4 effectively as the private sector while meeting
5 the same plans, goals, objectives, standards,
6 measures of effectiveness, wage, salary,
7 conditions of employment, and employee benefit
8 programs of the State;

9 (2) [~~Every~~] Each agency administering state programs and
10 [~~every~~] each agency responsible for the formulation of
11 programs and the preparation of program and financial
12 plans, budgetary requests, and program performance
13 reports, shall furnish the department of budget and
14 finance all [~~such~~] documents and information as the
15 department may from time to time require. Each agency
16 shall make available all documents and information, as
17 may be requested, to the legislature and any member or
18 committee of either house of the legislature [~~, all~~
19 ~~documents and information as may be requested, and~~];

20 (3) The director of finance or any employee of the
21 department of budget and finance, when duly
22 authorized, for the purpose of securing information,



1 shall have access to and may examine any books,
 2 documents, papers, or records of any agency[-]; and
 3 (4) Each agency submitting a capital improvement project
 4 proposal shall furnish the department of budget and
 5 finance with an estimate of operational costs for the
 6 proposed capital improvement project and all documents
 7 that support the estimate of operational costs. Each
 8 agency shall make available all documents and related
 9 information, as may be requested, to the legislature
 10 and any member or committee of either house."

11 SECTION 4. Statutory material to be repealed is bracketed
 12 and stricken. New statutory material is underscored.

13 SECTION 5. This Act shall take effect upon its approval.

APPROVED this 24 day of JUN, 2014



GOVERNOR OF THE STATE OF HAWAII