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# A BILL FOR AN ACT

RELATING TO HIGHER EDUCATION.

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

**PART I**

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SECTION 1. The legislature finds that the University of Hawaii currently has a backlog of deferred repair and maintenance projects totaling over \$460,000,000. Simply complying with building code and health and safety requirements across all campuses of the University of Hawaii will cost over \$38,000,000 in fiscal year 2013-2014 and an additional \$38,000,000 in fiscal year 2014-2015. These costs do not include the additional \$50,000,000 to \$60,000,000 in repair and maintenance costs necessary to maintain all of the university campuses yearly.

The legislature further finds that eighty-five thousand students use facilities at university campuses systemwide. It is essential to the future of the University of Hawaii and its students and faculty that a safe and proper learning environment be provided and maintained.

The legislature declares that the backlog of deferred repair and maintenance projects of the University of Hawaii



1 system is a matter of statewide concern and therefore subject to  
2 the purview of the legislature pursuant to article X, section 6,  
3 of the Hawaii state constitution. Accordingly, the purpose of  
4 this Act is to establish a means to fund necessary repair and  
5 maintenance projects at University of Hawaii campuses statewide.

6 **PART II**

7 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is  
8 amended as follows:

9 1. By adding a new subpart to part VI, to be appropriately  
10 designated and to read:

11 " . Campus Planning Facility Board

12 **§304A-A Campus planning facility board; established.** (a)

13 There is established within the University of Hawaii a campus  
14 planning facility board that shall consist of the chancellors  
15 from each campus of the university or the chancellor's designee.

16 (b) The campus planning facility board shall evaluate,  
17 identify, prioritize, and allocate moneys from the major repairs  
18 and replacement special fund established under section 304A-B to  
19 fund repair and maintenance projects of the university.

20 (c) The campus planning facility board shall submit to the  
21 legislature no later than twenty days prior to the convening of  
22 each regular legislative session a report that includes:



1 (1) A schedule showing all sources of funds of the major  
2 repairs and replacement special fund established under  
3 section 304A-B, all amounts deposited into the special  
4 fund, and the dates such amounts were deposited;

5 (2) A schedule showing all repair and maintenance project  
6 expenses by project, including all work in progress,  
7 as applicable;

8 (3) A schedule showing all projects completed in the  
9 previous year, including the final cost for each  
10 completed project; and

11 (4) An updated list detailing all remaining repair and  
12 maintenance projects on all university campuses  
13 statewide.

14 (d) The campus planning facility board shall adopt rules  
15 without regard to chapter 91 to effectuate this section and to  
16 administer the major repairs and replacement special fund."

17 2. By adding a new section to part V, subpart C, to be  
18 appropriately designated and to read:

19 "§304A-B Major repairs and replacement special fund; major  
20 repairs and replacement fee; established. (a) There is  
21 established the major repairs and replacement special fund, into  
22 which shall be deposited:

1       (1) Beginning July 1, 2018, moneys collected from the  
2       major repairs and replacement fee, which shall consist  
3       of five per cent of all gross revenues received by the  
4       University of Hawaii, except as provided by law;  
5       provided that for the purposes of the major repairs  
6       and replacement fee, revenues shall be considered  
7       received immediately upon receipt, whether  
8       constructive or actual, of such revenues by the  
9       university; provided further that no amounts from  
10       special funds from which repair and maintenance costs  
11       are already funded shall be included in the total  
12       gross revenue amount;

13       (2) Appropriations by the legislature to the special fund;  
14       and

15       (3) Gifts, donations, and grants from public agencies and  
16       private persons.

17       (b) The major repairs and replacement fee shall be  
18       deducted from gross revenues and deposited into the major  
19       repairs and replacement special fund on June 30 of each year.

20       (c) The major repairs and replacement special fund shall  
21       be used solely to fund repair and maintenance projects on the  
22       university's backlog list that have been approved for funding by



1 the campus planning facility board and that have an estimated  
2 useful life of no less than two years.

3 (d) The major repairs and replacement special fund shall  
4 be administered by the campus planning facility board  
5 established pursuant to section 304A-A."

6 **PART III**

7 SECTION 3. (a) The University of Hawaii shall conduct a  
8 financial and statutory review of:

9 (1) The impact of the deduction of five per cent of all  
10 gross revenues received by the University of Hawaii  
11 for deposit into the major repairs and replacement  
12 special fund as provided in section 304A-B, Hawaii  
13 Revised Statutes; and

14 (2) All university special funds to:

15 (A) Identify special funds that have either state or  
16 federal prohibitions against the transfers  
17 required by section 4 of this Act;

18 (B) Identify those special funds from which repair  
19 and maintenance is already funded; and

20 (C) Examine whether the university's special funds  
21 will have sufficient revenues to carry out their



1 statutory purposes after the transfers required  
2 by section 4 of this Act.

3 (b) The University of Hawaii shall report its findings and  
4 recommendations, including any proposed legislation, to the  
5 legislature no later than twenty days prior to the convening of  
6 the regular session of 2014.

7 **PART IV**

8 SECTION 4. Notwithstanding any law to the contrary, the  
9 director of finance shall deduct the following amounts from all  
10 special funds of the University of Hawaii:

11 (1) Ten per cent of the balances of all special funds for  
12 fiscal year 2015-2016; and

13 (2) Ten per cent of the balances of all special funds for  
14 fiscal year 2016-2017,

15 which deductions shall be transferred and deposited into the  
16 major repairs and replacement special fund established under  
17 section 304A-B, Hawaii Revised Statutes; provided that no funds  
18 shall be deducted from special funds from which repair and  
19 maintenance costs are already funded; provided further that this  
20 transfer of funds shall not apply to any trust, special, or  
21 revolving fund of the University of Hawaii for which federal or  
22 state law prohibits such a transfer. All officers of the State



1 and other persons having power to allocate or disburse any  
2 special funds shall cooperate with the director of finance in  
3 effectuating these transfers.

4 **PART V**

5 SECTION 5. 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 2013-2014,  
9 the revenues of which shall be deposited into the major repairs  
10 and replacement special fund established under section 304A-B,  
11 Hawaii Revised Statutes; provided that proceeds from the  
12 issuance of such bonds shall be expended only upon projects that  
13 serve a public purpose.

14 SECTION 6. The director of finance is authorized to issue  
15 general obligation bonds in the sum of \$ or so much  
16 thereof as may be necessary and the same sum or so much thereof  
17 as may be necessary is appropriated for fiscal year 2014-2015,  
18 the revenues of which shall be deposited into the major repairs  
19 and replacement special fund established under section 304A-B,  
20 Hawaii Revised Statutes; provided that proceeds from the  
21 issuance of such bonds shall be expended only upon projects that  
22 serve a public purpose.



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**PART VI**

2           SECTION 7. In codifying the new sections added by section  
3 2 of this Act, the revisor of statutes shall substitute  
4 appropriate section numbers for the letters used in designating  
5 the new sections in this Act.

6           SECTION 8. New statutory material is underscored.

7           SECTION 9. This Act shall take effect on July 1, 2050.





**Report Title:**

University of Hawaii; Repair and Maintenance; Bonds

**Description:**

Establishes the campus planning facility board, major repairs and replacement special fund, and major repairs and replacement fee to address University repairs and maintenance. Transfers special fund moneys to the new special fund beginning in 2015-2016. Authorizes the issuance of general obligation bonds. Effective 7/1/2050. (SD1)

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