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# 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,  
4 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 "[~~f~~]**\$37-43**[~~t~~] **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.

**Report Title:**

Capital Improvement Projects; Operational Costs

**Description:**

Requires B&F to report the operational costs of capital improvement projects to the governor. Requires all agencies submitting a capital improvement project proposal to furnish B&F with an estimate and documents that support the estimate of operational costs. (CD1)

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