

Honolulu, Hawaii

MAR 21 2013

RE: H.B. No. 115  
H.D. 3  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Madam:

Your Committee on Higher Education, to which was referred  
H.B. No. 115, H.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO HIGHER EDUCATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the campus planning facility board, major repairs and replacement special fund, and major repairs and replacement fee, which is five percent of all gross revenues received by the University of Hawaii, to address the University of Hawaii's repair and maintenance needs;
- (2) Require the following to be transferred into the major repairs and replacement special fund:
  - (A) Ten percent of the balances of all special funds of the University of Hawaii for fiscal year 2014-2015; and
  - (B) Ten percent of the balances of all special funds of the University of Hawaii for fiscal year 2015-2016;
- (3) Authorize the issuance of general obligation bonds for fiscal years 2013-2014 and 2014-2015, the revenues of



which shall be deposited into the major repairs and replacement special fund; and

- (4) Appropriate funds out of the major repairs and replacement special fund to the University of Hawaii to fund repair and maintenance projects on the University's backlog list that have been approved by the campus planning facility board, subject to certain requirements.

Your Committee received comments on this measure from the Department of Budget and Finance and University of Hawai'i System.

Your Committee finds that in response to Act 106, Session Laws of Hawaii 2012, the University of Hawaii undertook the University of Hawaii Facility Renewal Reinvestment Study. The Study determined that the University is facing a total of over \$460,000,000 in systemwide maintenance and repair backlog.

Your Committee 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. This measure will give the University of Hawaii options to deal with the repair and maintenance backlog.

As this measure moves forward, your Committee requests your Committee on Ways and Means to explore the possibility of providing the University of Hawaii with a recurring source of funding to address the University's repair and maintenance needs, which will help alleviate the current backlog.

Your Committee has amended this measure by:

- (1) Delaying the collection and transfer of the major repairs and replacement fee from July 1, 2017, to July 1, 2018;
- (2) Adding language to require the University of Hawaii to conduct a financial and statutory analysis of:
  - (A) The impact of the deduction of five percent of all gross revenues received by the University of Hawaii for deposit into the major repairs and replacement special fund; and



- (B) All university special funds to:
- (i) Identify special funds that have either state or federal prohibitions against the transfer of ten percent from the special funds into the major repairs and replacement special fund;
  - (ii) Identify those special funds from which repair and maintenance is already funded; and
  - (iii) Examine whether the special funds will have sufficient revenues to carry out their statutory purposes after the transfer of ten percent from the special funds into the major repairs and replacement special fund;
- (3) Adding language to require the University of Hawaii to report to the Legislature its findings and recommendations, including any proposed legislation, based on the analysis described in paragraph (2);
- (4) Delaying for one year the transfer of ten percent of all University of Hawaii special funds to the major repair and replacement special fund to the 2015-2016 and 2016-2017 fiscal years;
- (5) Deleting the appropriation from the major repair and replacement special fund;
- (6) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 115, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 115, H.D. 3, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committee on Higher Education,



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BRIAN T. TANIGUCHI, Chair



