

STAND. COM. REP. NO.

1394

Honolulu, Hawaii

APR 05 2013

RE: H.B. No. 115  
H.D. 3  
S.D. 2

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

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 115, H.D. 3, S.D. 1, 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 address long-standing repair and maintenance needs at University of Hawaii campuses statewide.

More specifically, this measure:

- (1) Establishes the Campus Planning Facility Board, major repairs and replacement special fund, and major repairs and replacement fee to address the University of Hawaii's repair and maintenance needs;
- (2) Authorizes the issuance of general obligation bonds for fiscal years 2013-2014 and 2014-2015; and
- (3) Requires the following to be deposited into the major repairs and replacement special fund:
  - (A) Proceeds of the major repairs and replacement fee, which is five per cent of all gross revenues received by the University of Hawaii;



- (B) Proceeds of the general obligation bonds issued for fiscal years 2013-2014 and 2014-2015;
  - (C) Ten per cent of the balances of all special funds of the University of Hawaii for fiscal years 2015-2016 and 2016-2017; and
  - (D) Appropriations, gifts, donations, and grants; and
- (4) Requires the University of Hawaii to:
- (A) Conduct a financial and statutory review of:
    - (i) The impact of the deduction of five per cent of all gross revenues received by the University of Hawaii for deposit into the major repairs and replacement special fund; and
    - (ii) All university special funds to:
      - (a) Identify special funds that have either state or federal prohibitions against the transfer of ten per cent from the special funds into the major repairs and replacement special fund;
      - (b) Identify those special funds from which repair and maintenance projects are already funded; and
      - (c) Examine whether the special funds will have sufficient revenues to carry out their statutory purposes after the transfer of ten per cent from the special funds into the major repairs and replacement special fund; and
  - (B) Report its findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2014.

Your Committee received written comments on this measure from the Department of Budget and Finance.



Your Committee finds that the University of Hawaii currently has a backlog of deferred repair and maintenance projects totaling over \$460,000,000. Your Committee also finds that 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 annual repair and maintenance costs necessary to maintain all of the university campuses. Your Committee further finds that, in order to provide and maintain a safe and proper learning environment for eighty-five thousand students and faculty of the University of Hawaii, a dedicated source of funding for necessary repair and maintenance projects must be established.

Your Committee has amended this measure by:

- (1) Changing the major repairs and replacement fee from five per cent of all gross revenues received by the University of Hawaii to an unspecified amount;
- (2) Changing the ten per cent amount required to be transferred in fiscal years 2015-2016 and 2016-2017 from the balances of each special fund of the University of Hawaii to the major repairs and replacement special fund to unspecified percentages; and
- (3) Providing that the major repairs and replacement fee shall be deducted from gross revenues and deposited into the major repairs and replacement special fund at the beginning of each fiscal quarter, rather than at the end of each fiscal year.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 115, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 115, H.D. 3, S.D. 2.



Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

*David Y. Ige*

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DAVID Y. IGE, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 115, HD3, SD1	HRE, WAM	4-3-13		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam			✓	
<b>TOTAL</b>	12	0	1	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
<b>Distribution:</b> Original             Yellow             Pink             Goldenrod File with Committee Report             Clerk's Office             Drafting Agency             Committee File Copy				

\*Only one measure per Record of Votes