

JAN 22 2016

---

# A BILL FOR AN ACT

RELATING TO DEFERRED MAINTENANCE.

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

1           SECTION 1. The purpose of this Act is to address the  
2 deferred maintenance of state buildings, facilities, and other  
3 improvements.

4           More specifically, this Act requires the governor to  
5 prepare a deferred maintenance plan to gradually eliminate the  
6 deferred maintenance backlog of state-owned buildings,  
7 facilities, and other improvements.

8           The extent of the deferred maintenance backlog is  
9 substantial. According to data in the supplemental budget for  
10 fiscal years 2015-2016 and 2016-2017, the total deferred  
11 maintenance costs of the departments that responded to a  
12 department of budget and finance survey is at least  
13 \$1,570,191,721. The total costs among all state departments,  
14 however, may be greater because some departments apparently did  
15 not respond to the survey, and the method of assessing deferred  
16 maintenance costs may not have been consistent across  
17 departments.



1 The legislature finds that this Act is necessary to:

2 (1) Preserve state-owned buildings, facilities, and other  
3 improvements for public use or benefit, now and into  
4 the future;

5 (2) Decrease future unfunded obligations of the State;

6 (3) Preserve public moneys by making near-term investments  
7 for maintenance instead of incurring much more  
8 expensive capital replacement or renewal costs in the  
9 future; and

10 (4) Promote transparency by publicly displaying  
11 information regarding the liabilities of the State.

12 The legislature intends that this Act shall apply to the  
13 judiciary by operation of section 601-2, Hawaii Revised  
14 Statutes.

15 SECTION 2. Chapter 37, Hawaii Revised Statutes, is amended  
16 by adding a new part to be appropriately designated and to read  
17 as follows:

18 "PART . DEFERRED MAINTENANCE PLAN

19 §37-A Definitions. For purposes of this part, the terms  
20 "deferred maintenance costs" and "state-owned building,



1 facility, or other improvement" shall have the same meaning as  
2 in section 37-68(5).

3       **§37-B Deferred maintenance plan; required content.** The  
4 governor shall prepare a plan to gradually eliminate all  
5 deferred maintenance costs for state-owned buildings,  
6 facilities, and other improvements.

7       The plan shall include at least the following:

- 8       (1) A target date, which shall serve as the goal by which  
9           state executive agencies shall endeavor to eliminate  
10          all deferred maintenance costs of state-owned  
11          buildings, facilities, and other improvements;
- 12       (2) Alternative dates to the target date based on  
13          different scenarios and contingencies;
- 14       (3) Standards and criteria for calculating the deferred  
15          maintenance costs of state-owned buildings,  
16          facilities, and other improvements. The standards and  
17          criteria may differ for different types of state-owned  
18          buildings, facilities, and other improvements;
- 19       (4) A designation of the state executive agency  
20          responsible for calculating the deferred maintenance  
21          costs of state-owned buildings, facilities, and other



1 improvements. The governor may designate one central  
2 state executive agency to make the calculations for  
3 all state-owned buildings, facilities, and other  
4 improvements, two or more state executive agencies  
5 with expertise in the matter, or each state executive  
6 agency that manages state-owned buildings, facilities,  
7 or other improvements;

8 (5) An estimate of the total amount of funds, by means of  
9 financing, necessary to eliminate the deferred  
10 maintenance costs of all state-owned buildings,  
11 facilities, and other improvements;

12 (6) A proposed schedule to serve as a guide for gradually  
13 eliminating all deferred maintenance costs by the  
14 target date under paragraph (1). The proposed  
15 schedule shall include proposed annual appropriations  
16 for deferred maintenance costs projects, by fiscal  
17 year and means of financing, until the target date;  
18 and

19 (7) Alternative schedules to the proposed schedule  
20 identified under paragraph (1). The alternative



1 schedules shall be based on the alternatives dates  
2 identified under paragraph (2).

3 **§37-C Annual updates.** (a) The governor shall update the  
4 plan annually.

5 (b) Each update also shall include a progress report on  
6 the elimination of the deferred maintenance costs.

7 **§37-D Submittal of initial plan and annual updates.** The  
8 governor shall submit to the legislature:

9 (1) The initial plan with the executive budget for the  
10 fiscal biennium that ends on June 30, 2021; and

11 (2) The annual updates with each subsequent supplemental  
12 or executive budget, as applicable."

13 SECTION 3. Chapter 37, Hawaii Revised Statutes, is amended  
14 by adding a new section to part IV to be appropriately  
15 designated and to read as follows:

16 "§37-E Extended lapse date for appropriation for deferred  
17 maintenance costs. An executive budget act or supplemental  
18 budget act may provide that the unexpended or unencumbered  
19 balance of an appropriation for a deferred maintenance cost  
20 project for a fiscal year shall not lapse at the end of that



1 fiscal year, but shall lapse on a subsequent date that does not  
2 violate article VII, section 11, of the state constitution."

3 SECTION 4. Section 37-41, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "§37-41 **Appropriations to revert to state treasury;**  
6 **exceptions.** Unless otherwise provided by section 37-41.5,  
7 section 37-E, or any other law, every appropriation or part  
8 thereof of any kind made subject to sections 37-31 to 37-40,  
9 remaining unexpended and unencumbered at the close of any fiscal  
10 year shall lapse and be returned to the general fund or other  
11 fund from which the appropriation was made in the manner  
12 prescribed in section 40-66."

13 SECTION 5. Section 37-68, Hawaii Revised Statutes, is  
14 amended to read as follows:

15 "§37-68 **Responsibilities of agencies.** Under rules as may  
16 be prescribed by the director of finance with the approval of  
17 the governor:

18 (1) Each agency assigned the task of developing programs  
19 and preparing program and financial plans, budgetary  
20 requests, and program performance reports shall  
21 develop the programs and prepare the plans, requests,



1 and reports and submit the same to the director of  
2 finance at times, on forms, and in a manner as the  
3 director may prescribe. For informational purposes,  
4 the University of Hawaii shall submit its program and  
5 financial plans, budgetary requests, and program  
6 performance reports to the legislature at the same  
7 time the university submits them to the director of  
8 finance. Where new programs are being proposed, each  
9 agency shall demonstrate that the program:

10 (A) Is an appropriate function of state government;  
11 and, as applicable

12 (B) Can be implemented by the public sector as cost-  
13 effectively as the private sector while meeting  
14 the same plans, goals, objectives, standards,  
15 measures of effectiveness, wage, salary,  
16 conditions of employment, and employee benefit  
17 programs of the State;

18 (2) Each agency administering state programs and each  
19 agency responsible for the formulation of programs and  
20 the preparation of program and financial plans,  
21 budgetary requests, and program performance reports,



1 shall furnish the department of budget and finance all  
2 documents and information as the department may from  
3 time to time require. Each agency shall make  
4 available all documents and information, as may be  
5 requested, to the legislature and any member or  
6 committee of either house of the legislature;

7 (3) The director of finance or any employee of the  
8 department of budget and finance, when duly  
9 authorized, for the purpose of securing information,  
10 shall have access to and may examine any books,  
11 documents, papers, or records of any agency;

12 (4) Each agency submitting a capital improvement project  
13 proposal shall furnish the department of budget and  
14 finance with an estimate of operational costs for the  
15 proposed capital improvement project and all documents  
16 that support the estimate of operational costs. Each  
17 agency shall make available all documents and related  
18 information, as may be requested, to the legislature  
19 and any member or committee of either house.

20 The director of finance shall provide a summary  
21 of this information in the multi-year program and





1 financial plan and budget submitted to the legislature  
2 before the regular session of each odd-numbered year  
3 and the supplemental budget submitted to the  
4 legislature before the regular session of each even-  
5 numbered year; and

- 6 (5) Each agency responsible for operating or maintaining a  
7 state-owned building, facility, or other improvement  
8 shall furnish the department of budget and finance  
9 with an estimate of the deferred maintenance costs for  
10 the building, facility, or other improvement.

11 The director of finance shall provide a summary  
12 of this information in the multi-year program and  
13 financial plan and budget submitted to the legislature  
14 before the regular session of each odd-numbered year  
15 and the supplemental budget submitted to the  
16 legislature before the regular session of each even-  
17 numbered year.

18 For the purposes of this paragraph [~~7~~ "~~deferred~~]:

19 "Deferred maintenance costs" means the costs  
20 to catch up on the repair and maintenance of the  
21 state-owned building, facility, or other



1 improvement that has been delayed past the  
2 ordinarily scheduled repair and maintenance  
3 cycle. The [~~department of budget and finance~~]  
4 governor or a state executive agency designated  
5 by the governor may further refine this  
6 definition in [~~its~~] instructions to the agencies  
7 furnishing the information[-]; and

8 "State-owned building, facility, or other  
9 improvement" means a building, facility, or other  
10 improvement owned by a state executive agency;  
11 provided that a building, facility, or other  
12 improvement shall not be deemed "owned" by a  
13 state executive agency if leased by the agency to  
14 a person."

15 SECTION 6. Section 601-2, Hawaii Revised Statutes, is  
16 amended by amending subsection (a) to read as follows:

17 "(a) The chief justice shall be the administrative head of  
18 the judiciary. The chief justice shall make a report to the  
19 legislature, at each regular session thereof, of the business of  
20 the judiciary and of the administration of justice throughout  
21 the State. The chief justice shall present to the legislature a



1 unified budget, six- year program and financial plan, and  
2 variance report for all of the programs of the judiciary. The  
3 chief justice also shall submit to the legislature a deferred  
4 maintenance plan for judiciary-owned buildings, facilities, and  
5 other improvements and annual updates that substantially comply  
6 with chapter 37, part ; provided that, with regard to the  
7 judiciary's deferred maintenance plan, the chief justice shall  
8 perform the duties otherwise delegated to the governor under  
9 chapter 37, part . The chief justice shall direct the  
10 administration of the judiciary, with responsibility for the  
11 efficient operation of all of the courts and for the expeditious  
12 dispatch of all judicial business."

13 SECTION 7. There is appropriated out of the general  
14 revenues of the State of Hawaii the sum of \$100,000 or so much  
15 thereof as may be necessary for fiscal year 2016-2017 for the  
16 preparation of the deferred maintenance plan required under  
17 section 2 of this Act.

18 The sum appropriated shall be expended by the office of the  
19 governor for the purposes of this Act.

20 SECTION 8. There is appropriated out of the general  
21 revenues of the State of Hawaii the sum of \$50,000 or so much



# S.B. NO. 2537

1 thereof as may be necessary for fiscal year 2016-2017 for the  
 2 preparation of the deferred maintenance plan required under  
 3 section 601-2(a), Hawaii Revised Statutes.

4 The sum appropriated shall be expended by the judiciary for  
 5 the purposes of this Act.

6 SECTION 9. In codifying the new sections added by sections  
 7 2 and 3 of this Act, the revisor of statutes shall substitute  
 8 appropriate section numbers for the letters used in designating  
 9 the new sections in this Act.

10 SECTION 10. Statutory material to be repealed is bracketed  
 11 and stricken. New statutory material is underscored.

12 SECTION 11. This Act shall take effect on July 1, 2016.

13

INTRODUCED BY:

*Jim*  
~~*Maiese A. Inouye*~~  
~~*Rosslyn H. Baker*~~  
*Nicki Hubbell*  
*Dana...*



# S.B. NO. 2537

**Report Title:**

Deferred Maintenance Plan

**Description:**

Requires the governor to prepare a deferred maintenance plan to gradually eliminate the deferred maintenance costs of all state-owned buildings, facilities, and other improvements. Requires the initial plan to be submitted to the legislature with the executive budget for the fiscal biennium 2019-2021. Requires the governor to prepare annual updates. Imposes the same requirements on the chief justice for judiciary-owned buildings, facilities, and other improvements. Appropriates \$100,000 to the office of the governor. Appropriates \$50,000 to the judiciary.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

