



**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY  
OF  
DOUGLAS MURDOCK, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
SENATE COMMITTEE  
ON  
WAYS AND MEANS  
ON  
FEBRUARY 27, 2015

S.B. 165, S.D. 1

RELATING TO STATE FACILITIES

Chair Tokuda and members of the Committee, thank you for the opportunity to submit written testimony on S.B. 165, S.D. 1.

The Department of Accounting and General Services (DAGS) supports S.B. 165, S.D. 1 with the following comments.

We are concerned that the opening phrase “Notwithstanding any law to the contrary” in S.B 165 S.D. 1’s new paragraph (b)(7) on page 2 at line 5 could be read to disable the leasing authority of other departments or agencies, which could have unforeseen negative effects such as impacts to DLNR, DOE or federally-funded programs.

There is existing authority similar to the new paragraph 7 at HRS 171-30(b) which serves as an exception to the general authority of DLNR to acquire property for the state:

“Hawaii Revised Statutes 171-30 – Acquisition of real property; general

(b) Except as provided in subsection (c), the department of accounting and general services shall be responsible for the acquisition of any office space in a nonstate owned building for use by a state department or agency.

(c) A state department or agency may directly acquire such real property for its purposes whenever the acquisition by the department or agency is required to conform to mandatory requirements of the United States in the case where federal funds are furnished to the department or agency.”

Therefore, DAGS recommends that the committee delete the language “Notwithstanding any other law the to the contrary”. DAGS presently has the authority to assist any department or agency with leasing of office space under HRS Sections 26-6 and 171-30.

The bill also adds a new paragraph (d) to HRS 26-6 on page 3 at line 16. DAGs recommends the language of the first line be changed from “The department shall facilitate a facility management agreement...” to “The department shall establish, coordinate, and manage a program to facilitate facility agreements...”.

Thank you for the opportunity to submit written testimony on this matter.

DAVID Y. IGE  
GOVERNOR



FORD N. FUCHIGAMI  
DIRECTOR

Deputy Directors  
JADE T. BUTAY  
ROSS M. HIGASHI  
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**STATE OF HAWAII**  
**DEPARTMENT OF TRANSPORTATION**  
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HONOLULU, HAWAII 96813-5097

IN REPLY REFER TO:

February 27, 2015  
1:00 P.M.  
State Capitol, Room 211

**S.B. 165 SD1**  
**RELATING TO STATE FACILITIES**

Senate Committee on Ways and Means

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The Department of Transportation (DOT) **opposes** this bill, which proposes to establish Department of Accounting and General Services (DAGS) as the lead department for negotiating and processing real property leases for state departments.

This bill is particularly problematic for DOT's harbors and airports facilities to receive full, fair value for its lands, which would require knowledgeable staff with expertise and historical background in specific lands and tenant situations.

Specifically in the case of airports, there is a statutory requirement that the airports operate on a residual basis, which requires frequent adjustments to the rates paid by the signatory and non-signatory air carriers.

Furthermore, leases at the various facilities are executed with a fair amount of regularity. It would be very inefficient to assign DAGS this responsibility as DOT already has the staff, expertise and processes in place to negotiate and process the leases for DOT's facilities.

Thank you for the opportunity to provide testimony.

DAVID Y. IGE  
GOVERNOR OF HAWAII



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

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**Testimony of  
CARTY S. CHANG  
Interim Chairperson**

**Before the Senate Committee on  
WAYS AND MEANS**

**Friday, February 27, 2015  
1:00 P.M.  
State Capitol, Conference Room 211**

**In consideration of  
SENATE BILL 165, SENATE DRAFT 1  
RELATING TO STATE FACILITIES**

Senate Bill 165, Senate Draft 1, proposes to require the Department of Accounting and General Services to facilitate facility agreements with private investors for the sale of a state facility to the private investor provided that the private investor renovates, improves, or constructs a facility for the State and leases the facility back to the State pursuant to a building lease. The bill also proposes to give the State the option of purchasing the facility from the private investor for the remaining balance of the debt service costs incurred by the private investor at any time. **The Department of Land and Natural Resources strongly opposes the bill.**

This bill proposes to benefit private investors. The bill encourages the sale of state public facilities to private investors who will lease the facilities back to the State at a profit. The bill is silent as to whether legislative oversight for the sale of state lands provided in section 171-64.7, Hawaii Revised Statutes, would be applicable, and provides no requirements and limits that would ensure that there is a public benefit that is not undermined by financial costs that benefit the private investors.

**CARTY S. CHANG**  
INTERIM CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

**DANIEL S. QUINN**  
INTERIM FIRST DEPUTY

**W. ROY HARDY**  
ACTING DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Written Testimony  
Senate Committee on Ways and Means  
February 27, 2015 at 1:00 p.m.  
by  
Jan Gouveia  
Vice President for Administration  
University of Hawai'i

### SB 165 SD1 – RELATING TO STATE FACILITIES

Chair Tokuda, Vice Chair Kouchi, and Members of the Committee:

The University of Hawai'i (University) respectfully opposes SB 165, SD1 to the extent it transfers responsibility and authority to negotiate leases of private real property for University purposes from the University to the Department of Accounting and General Services.

Pursuant to Hawai'i Revised Statutes, § 304A-103, the University has the authority to negotiate and execute leases in accordance with statutory purposes (including negotiating for office space in buildings located on private lands). To the extent SB 165, SD1 may be in conflict with this authority, the University requests that your committee amend the bill so that subsection (7) at line 5, page 2 of the bill reads as follows:

(7) Except as otherwise provided by law, negotiate and process leases of private real property for departments and agencies of the State;

Thank you for the opportunity to provide testimony on this measure.