

JAN 20 2017

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# 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 executive budget for  
10 fiscal years 2017-2018 and 2018-2019. The data have been  
11 gathered by the department of budget and finance pursuant to Act  
12 150, Session Laws of Hawaii 2015.

13           The legislature finds that this Act is necessary to:

- 14           (1) Preserve state-owned buildings, facilities, and other  
15 improvements for public use or benefit, now and into  
16 the future;
- 17           (2) Decrease future unfunded obligations of the State;



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

5           (4) Promote transparency by publicly displaying  
6           information regarding the liabilities of the State.

7           The legislature intends that this Act shall apply to the  
8           judiciary by operation of section 601-2, Hawaii Revised  
9           Statutes.

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

13                           **"PART . DEFERRED MAINTENANCE PLAN**

14           **§37-A Definitions.** For purposes of this part, the terms  
15           "deferred maintenance costs" and "state-owned building,  
16           facility, or other improvement" shall have the same meaning as  
17           in section 37-68(5).

18           **§37-B Deferred maintenance plan; required content.** The  
19           governor shall prepare a plan to gradually eliminate all  
20           deferred maintenance costs for state-owned buildings,  
21           facilities, and other improvements.



1 The plan shall include at least the following:

2 (1) A target date, which shall serve as the goal by which  
3 state executive agencies shall endeavor to eliminate  
4 all deferred maintenance costs of state-owned  
5 buildings, facilities, and other improvements;

6 (2) Alternative dates to the target date based on  
7 different scenarios and contingencies;

8 (3) Standards and criteria for calculating the deferred  
9 maintenance costs of state-owned buildings,  
10 facilities, and other improvements. The standards and  
11 criteria may differ for different types of state-owned  
12 buildings, facilities, and other improvements;

13 (4) A designation of the state executive agency  
14 responsible for calculating the deferred maintenance  
15 costs of state-owned buildings, facilities, and other  
16 improvements. The governor may designate one central  
17 state executive agency to make the calculations for  
18 all state-owned buildings, facilities, and other  
19 improvements, two or more state executive agencies  
20 with expertise in the matter, or each state executive



1 agency that manages state-owned buildings, facilities,  
2 or other improvements;

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

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

14 (7) Alternative schedules to the proposed schedule  
15 identified under paragraph (6). The alternative  
16 schedules shall be based on the alternative dates  
17 identified under paragraph (2).

18 **§37-C Annual updates.** (a) The governor shall update the  
19 plan annually.

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



1           §37-D Submittal of initial plan and annual updates. The  
2 governor shall submit to the legislature:

- 3           (1) The initial plan with the executive budget for the  
4                 fiscal biennium that ends on June 30, 2021; and  
5           (2) The annual updates with each subsequent supplemental  
6                 or executive budget, as applicable."

7           SECTION 3. Section 37-68, Hawaii Revised Statutes, is  
8 amended to read as follows:

9           "§37-68 Responsibilities of agencies. Under rules as may  
10 be prescribed by the director of finance with the approval of  
11 the governor:

- 12           (1) Each agency assigned the task of developing programs  
13                 and preparing program and financial plans, budgetary  
14                 requests, and program performance reports shall  
15                 develop the programs and prepare the plans, requests,  
16                 and reports and submit the same to the director of  
17                 finance at times, on forms, and in a manner as the  
18                 director may prescribe. For informational purposes,  
19                 the University of Hawaii shall submit its program and  
20                 financial plans, budgetary requests, and program  
21                 performance reports to the legislature at the same



1 time the university submits them to the director of  
2 finance. Where new programs are being proposed, each  
3 agency shall demonstrate that the program:

4 (A) Is an appropriate function of state government;  
5 and, as applicable

6 (B) Can be implemented by the public sector as cost-  
7 effectively as the private sector while meeting  
8 the same plans, goals, objectives, standards,  
9 measures of effectiveness, wage, salary,  
10 conditions of employment, and employee benefit  
11 programs of the State;

12 (2) Each agency administering state programs and each  
13 agency responsible for the formulation of programs and  
14 the preparation of program and financial plans,  
15 budgetary requests, and program performance reports,  
16 shall furnish the department of budget and finance all  
17 documents and information as the department may from  
18 time to time require. Each agency shall make  
19 available all documents and information, as may be  
20 requested, to the legislature and any member or  
21 committee of either house of the legislature;



1           (3) The director of finance or any employee of the  
2           department of budget and finance, when duly  
3           authorized, for the purpose of securing information,  
4           shall have access to and may examine any books,  
5           documents, papers, or records of any agency;

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

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

1 (5) Each agency responsible for operating or maintaining a  
2 state-owned building, facility, or other improvement  
3 shall furnish the department of budget and finance  
4 with an estimate of the deferred maintenance costs for  
5 the building, facility, or other improvement.

6 The director of finance shall provide a summary  
7 of this information in the multi-year program and  
8 financial plan and budget submitted to the legislature  
9 before the regular session of each odd-numbered year  
10 and the supplemental budget submitted to the  
11 legislature before the regular session of each even-  
12 numbered year.

13 For the purposes of this paragraph [~~,"deferred"]:~~

14 "Deferred maintenance costs" means the costs  
15 to catch up on the repair and maintenance of the  
16 state-owned building, facility, or other  
17 improvement that has been delayed past the  
18 ordinarily scheduled repair and maintenance  
19 cycle. The [~~department of budget and finance~~]  
20 governor or a state executive agency designated  
21 by the governor may further refine this





1 definition in [~~its~~] instructions to the agencies  
2 furnishing the information[~~-~~]; and

3 "State-owned building, facility, or other  
4 improvement" means a building, facility, or other  
5 improvement owned by a state executive agency;  
6 provided that a building, facility, or other  
7 improvement shall not be deemed "owned" by a  
8 state executive agency if leased by the agency to  
9 a person."

10 SECTION 4. Section 601-2, Hawaii Revised Statutes, is  
11 amended by amending subsection (a) to read as follows:

12 "(a) The chief justice shall be the administrative head of  
13 the judiciary. The chief justice shall make a report to the  
14 legislature, at each regular session thereof, of the business of  
15 the judiciary and of the administration of justice throughout  
16 the State. The chief justice shall present to the legislature a  
17 unified budget, six-year program and financial plan, and  
18 variance report for all of the programs of the judiciary.

19 The chief justice shall also submit to the legislature  
20 [~~annual~~]:



- 1        (1) Annual routine repair and maintenance reports for  
2                judiciary-owned buildings, facilities, and other  
3                improvements that substantially comply with chapter  
4                37, part VII[-]; and
- 5        (2) A deferred maintenance plan for judiciary-owned  
6                buildings, facilities, and other improvements and  
7                annual updates that substantially comply with chapter  
8                37, part        ; provided that, with regard to the  
9                judiciary's deferred maintenance plan, the chief  
10                justice shall perform the duties otherwise delegated  
11                to the governor under chapter 37, part        .

12                The chief justice shall direct the administration of the  
13 judiciary, with responsibility for the efficient operation of  
14 all of the courts and for the expeditious dispatch of all  
15 judicial business."

16                SECTION 5. There is appropriated out of the general  
17 revenues of the State of Hawaii the sum of \$100,000 or so much  
18 thereof as may be necessary for fiscal year 2017-2018 for the  
19 preparation of the deferred maintenance plan required under  
20 section 2 of this Act.



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

3 SECTION 6. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$50,000 or so much  
5 thereof as may be necessary for fiscal year 2017-2018 for the  
6 preparation of the deferred maintenance plan required under  
7 section 601-2(a), Hawaii Revised Statutes, as amended by this  
8 Act.

9 The sum appropriated shall be expended by the judiciary for  
10 the purposes of this Act.

11 SECTION 7. In codifying the new sections added by section  
12 2 of this Act, the revisor of statutes shall substitute  
13 appropriate section numbers for the letters used in designating  
14 the new sections in this Act.

15 SECTION 8. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17 SECTION 9. This Act shall take effect on July 1, 2017.  
18

INTRODUCED BY: Jim

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# S.B. NO. 719

**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.*

