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# A BILL FOR AN ACT

RELATING TO AN AIRPORTS CORPORATION.

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

1           SECTION 1. The legislature finds that the well-being of  
2 the State is substantially dependent on the efficient  
3 administration, development, management, and operation of its  
4 airports and air transportation infrastructure. The legislature  
5 further finds that responsibility for Hawaii's airport planning,  
6 management, marketing, and capital development functions is  
7 currently distributed among a number of agencies, including the  
8 department of transportation's airports division; Hawaii tourism  
9 authority; department of budget and finance; department of human  
10 resources development; board of land and natural resources;  
11 department of health, with respect to environmental concerns;  
12 and office of Hawaiian affairs, with respect to ceded land  
13 issues; among others. Distributed responsibility and  
14 involvement by multiple agencies, which sometimes have  
15 conflicting goals and priorities, results in inefficiency,  
16 delayed decision-making, and reduced effectiveness. The  
17 legislature believes that coordinated planning and development



1 of the State's air transportation system and infrastructure  
2 would be achieved more effectively by establishing and giving a  
3 separate state entity overall jurisdiction and responsibility  
4 for aeronautics and the State's airports.

5 The legislature further finds that the establishment of a  
6 separate airports corporation would assist in the achievement of  
7 the following important statewide objectives:

- 8 (1) Maximizing the contribution of the State's airports to  
9 Hawaii's economy;
- 10 (2) Ensuring dedicated expert airport leadership,  
11 management continuity, and year-round decision-making,  
12 consistent with industry best practices;
- 13 (3) Improving administrative efficiency by streamlining  
14 administrative processes;
- 15 (4) Accelerating the planning and implementation of the  
16 state airports' capital improvement programs;
- 17 (5) Increasing the financial flexibility and strength of  
18 the State's airports;
- 19 (6) Increasing economic opportunities for the State, in  
20 collaboration with the Hawaii tourism authority;



1 (7) Increasing responsiveness to consumer needs,  
2 commercial opportunities, and economic demands; and

3 (8) Maximizing job creation within the State.

4 In addition, the management and administration of scarce and  
5 increasingly valuable airport resources is most effectively  
6 served by a separate airports corporation.

7 The purpose of this Act is to establish the Hawaii airports  
8 corporation, which shall assume all of the authority, powers,  
9 functions, duties, and responsibilities of the department of  
10 transportation related to aeronautics and airports, including  
11 responsibility for the development, management, operation, and  
12 maintenance of the State's airports, on and after the transfer  
13 completion date announced by the Hawaii airports corporation  
14 pursuant to section 18(b) of this Act.

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

18 "CHAPTER

19 HAWAII AIRPORTS CORPORATION

20 PART I. GENERAL PROVISIONS

21 § -1 Definitions. As used in this chapter:



1 "Aircraft" shall have the same meaning as defined in  
2 section 261-1.

3 "Air navigation facility" shall have the same meaning as  
4 defined in section 261-1.

5 "Airport" shall have the same meaning as defined in section  
6 261-1.

7 "Airport revenue" means all moneys paid into the airport  
8 revenue fund pursuant to section 261-5(a).

9 "Airports corporation" or "corporation" means the Hawaii  
10 airports corporation established by this chapter.

11 "Chief executive officer" means the chief executive officer  
12 of the Hawaii airports corporation.

13 § -2 Airports corporation; establishment; board;  
14 members; chief executive officer. (a) There is established the  
15 Hawaii airports corporation to:

16 (1) Develop and implement management structures, policies,  
17 and procedures based on airport industry best  
18 practices;

19 (2) Efficiently develop, manage, operate, and maintain the  
20 State's airports and aeronautical facilities; and



1           (3) Administer the provisions of chapters 102, 261, 261D,  
2           and 262 that are applicable to airports and  
3           aeronautical facilities. The corporation shall be a  
4           body politic and corporate, and an instrumentality and  
5           agency of the State, placed within the department of  
6           transportation for administrative purposes only, and  
7           shall enjoy the same sovereign immunity available to  
8           the State. The corporation shall not be subject to  
9           supervision by the department of transportation or its  
10          director and shall be exempt from section 26-35(a)(1),  
11          (4), (5), and (6).

12          (b) The powers of the airports corporation shall be vested  
13          in and exercised by a board of directors that shall consist of  
14          nine voting members; provided that:

15           (1) The members shall be appointed by the governor as  
16           provided in section 26-34, except as provided by this  
17           section;

18           (2) The members shall include at least one resident each  
19           from the city and county of Honolulu and the counties  
20           of Hawaii, Kauai, and Maui;



1 (3) Two members shall be appointed by the governor from a  
2 list of names submitted for each appointment by the  
3 president of the senate, and two members shall be  
4 appointed by the governor from a list of names  
5 submitted for each appointment by the speaker of the  
6 house of representatives; provided that each list of  
7 names shall contain at least three names and shall  
8 include two names that qualify to fill any county-  
9 specific vacancy, as appropriate; and

10 (4) Notwithstanding the state residency provisions of  
11 section 78-1(b), there shall be no more than two  
12 members who are non-residents of the State on the  
13 board at any time.

14 Notwithstanding section 26-34, appointments to the board shall  
15 not be subject to the advice and consent of the senate.

16 (c) Members shall have relevant business and management  
17 experience, including experience in one or more of the following  
18 disciplines: financial planning, budgeting, hospitality,  
19 tourism, commercial development, construction, marketing, law,  
20 aviation, non-aviation airport business, or the cultural  
21 traditions and practices of native Hawaiians. It is the intent



1 of the legislature that there shall be, as far as practicable, a  
2 wide cross-section of these disciplines represented by the  
3 board.

4 (d) Members shall be appointed by the governor for terms  
5 of four years. Notwithstanding section 26-34(a) and (b), all  
6 members of the board shall continue in office until their  
7 respective successors have been appointed; provided that no  
8 member shall serve more than eight consecutive years.

9 (e) No board member appointed under this section shall be  
10 an officer or employee of the State or a county.

11 (f) Each board member shall serve without compensation,  
12 but shall be reimbursed for necessary expenses, including travel  
13 expenses, incurred in the performance of their duties.

14 (g) The board of directors of the airports corporation  
15 shall appoint a single executive to be known as the chief  
16 executive officer of the Hawaii airports corporation, who shall:

- 17 (1) Not be a member of the board;  
18 (2) Be exempt from chapters 76 and 89; and  
19 (3) Receive a salary fixed by the board.

20 (h) The chief executive officer:



- 1           (1) Shall be selected based on criteria approved by the  
2           board, including experience in airport management at  
3           an executive level at a large-hub or medium-hub  
4           airport within the United States, management of large-  
5           scale capital programs, and domestic and international  
6           air service development;
- 7           (2) Shall be appointed by an affirmative vote of not less  
8           than five members of the board;
- 9           (3) Shall be employed subject to a formal contract, the  
10          terms of which shall be approved by the board;  
11          provided that the terms shall include provisions for  
12          the removal of the chief executive officer whether  
13          with or without cause;
- 14          (4) May be removed from office only by a vote of not less  
15          than five members of the board; provided that the  
16          basis for removal is consistent with the terms of the  
17          chief executive officer's employment contract;
- 18          (5) Shall have the powers as described in this chapter and  
19          the provisions of chapters 102, 261, 261D, and 262  
20          that are applicable to airports and aeronautical  
21          facilities, as may be delegated by the board;





- 1           (6) Shall, except when excused by the board, attend all  
2           meetings of the board, keep a record of the  
3           proceedings, and maintain and be the custodian of the  
4           official seal of the corporation and all books,  
5           records, documents, and papers filed with the  
6           corporation;
- 7           (7) Shall direct and supervise the corporation's  
8           administrative and operational affairs in accordance  
9           with the directives of the board;
- 10          (8) Shall approve all accounts for salaries and allowable  
11          expenses of the corporation; and
- 12          (9) Shall do all things necessary, as directed by the  
13          board, to carry out the powers and duties conferred  
14          upon the corporation by this chapter and the  
15          provisions of chapters 102, 261, 261D, and 262 that  
16          are applicable to airports and aeronautical  
17          facilities.
- 18          (i) Upon the vacancy of the position of the chief  
19          executive officer, the board of directors shall designate a  
20          deputy executive officer or other employee of the corporation to  
21          serve as the chief executive officer of the corporation until



1 the vacancy is filled by the board. This interim chief  
2 executive officer shall have all of the powers and  
3 responsibilities, and receive the salary, of the chief executive  
4 officer.

5 (j) The number of members of the board necessary to  
6 constitute a quorum to do business shall be five members, and  
7 unless specified elsewhere in this chapter, the concurrence of  
8 five members of the board shall be necessary to make any action  
9 of the board valid.

10 § -3 Powers; generally. (a) The Hawaii airports  
11 corporation, by and through its board of directors:

12 (1) Shall exercise power and control over all airports,  
13 air navigation facilities, buildings, and other  
14 facilities that the corporation is responsible for  
15 managing, operating, or controlling under this chapter  
16 and the provisions of chapters 102, 261, 261D, and 262  
17 that are applicable to airports and aeronautical  
18 facilities;

19 (2) Shall provide as appropriate for the landing, taking-  
20 off, and servicing of aircraft, and the loading and



- 1 unloading of passengers and cargo at all airports  
2 under the control of the corporation;
- 3 (3) Shall establish performance targets and performance  
4 standards for all state airports to achieve the  
5 highest levels of customer service;
- 6 (4) Shall ensure that appropriate mission statements,  
7 business plans, minimum development standards, and  
8 strategic goals are established and that progress  
9 towards their accomplishment is regularly assessed and  
10 reported;
- 11 (5) Shall develop an organization and management structure  
12 to best accomplish the goals of the Hawaii airport  
13 system and the corporation;
- 14 (6) Shall be exempt from the provisions of chapter 103D;  
15 provided that prior to the implementation of the  
16 exemption, the corporation shall adopt rules pursuant  
17 to chapter 91; provided further that the corporation  
18 shall consult with the state procurement office prior  
19 to adopting the rules. The rules shall provide, at a  
20 minimum, for the following:



- 1           (A) A chief procurement officer position shall be
- 2                   established to oversee a centralized set of
- 3                   procurement professionals to conduct procurement;
- 4           (B) The board of directors shall maintain internal
- 5                   policies and procedures for the timely and
- 6                   efficient procurement of goods and services,
- 7                   including planning, engineering, and construction
- 8                   services, to include post-award contract
- 9                   management and oversight procedures, that are
- 10                  consistent with the goals of public
- 11                  accountability and public procurement practices;
- 12           (C) Procurement policies shall be published and
- 13                  available to the public;
- 14           (D) The corporation shall implement and maintain an
- 15                  electronic procurement system to ensure
- 16                  electronic posting, to include requisition-to-
- 17                  check, contract management, and spend analysis
- 18                  modules. All solicitations, including any bid
- 19                  openings, and additional solicitation documents
- 20                  shall be publicly available online;



- 1 (E) The corporation shall develop key performance  
2 indicators covering the following four areas:
- 3 (i) Effective management and increased  
4 efficiency of the procurement process;
- 5 (ii) Contract management and supplier  
6 performance;
- 7 (iii) Transparency, openness, and accountability  
8 of procurement processes; and
- 9 (iv) Professionalism of the procurement  
10 workforce;
- 11 (F) The corporation shall develop a training and  
12 procurement delegation system;
- 13 (G) Professional services contracts for licensees  
14 under chapter 464 shall be procured in accordance  
15 with section 103D-304; whereas all other services  
16 may be procured using best value competitive  
17 proposals and using, insofar as practical,  
18 deliverables as a payment method and limiting use  
19 of time and materials contracts;
- 20 (H) Cost plus percentage of cost type contracts shall  
21 be disallowed;



- 1 (I) Insofar as practical, and based on specifications
- 2 developed, adequate and reasonable competition of
- 3 no fewer than three proposals shall be solicited
- 4 for each project;
- 5 (J) Factors, including quality, warranty, delivery,
- 6 and full lifecycle costs to include handover,
- 7 surge, and disaster preparedness factors, and a
- 8 best-value award, to include a past performance
- 9 evaluation factor, shall be considered in
- 10 determining the offeror with the most
- 11 advantageous proposal;
- 12 (K) The procurement requirements shall not be
- 13 artificially divided or parceled so as to avoid
- 14 competitive bidding or competitive proposals; and
- 15 (L) The corporation shall implement a dispute
- 16 resolution process for procurement award and
- 17 post-award contract actions;
- 18 (7) Shall have an official seal and may alter the official
- 19 seal at its pleasure;
- 20 (8) May make, execute, or assume contracts, leases, and
- 21 all other instruments necessary or convenient for the



1 exercise of its powers and functions under this  
2 chapter and the provisions of chapters 102, 261, 261D,  
3 and 262 that are applicable to airports and  
4 aeronautical facilities;

5 (9) Shall establish bylaws for its organization and  
6 internal management;

7 (10) Shall adopt rules pursuant to chapter 91 as necessary  
8 to implement this chapter and the provisions of  
9 chapters 102, 261, 261D, and 262 that are applicable  
10 to airports and aeronautical facilities;

11 (11) Shall prepare and adopt the corporation's operating  
12 and capital improvement budgets;

13 (12) May own, purchase, lease, exchange, or otherwise  
14 acquire property, whether real, personal, or mixed,  
15 tangible or intangible, and any interest therein, in  
16 the name of the corporation, and may assign, exchange,  
17 transfer, convey, lease, sublease, or encumber the  
18 same or any project, improvement, or facility related  
19 thereto; provided that the lands to which the  
20 corporation holds title shall not be subject to  
21 chapter 171; provided further that any sale, gift, or



1 exchange of real property shall be subject to the  
2 terms, conditions, and restrictions applicable to the  
3 sale, gift, or exchange of public lands in section  
4 171-50 and 171-64.7; provided further that any lease,  
5 sublease permit, or other encumbrance for any real  
6 property shall be issued in accordance with  
7 administrative rules adopted by the corporation  
8 pursuant to chapter 91;

9 (13) May procure insurance against any loss in connection  
10 with its property and other assets and operations, in  
11 amounts and from insurers as it deems desirable; or  
12 provide for self-insurance;

13 (14) May accept and receive gifts or grants in any form  
14 from any person, public entity, or source; provided  
15 that the grants and gifts shall be used for airports  
16 corporation purposes;

17 (15) Shall take all actions necessary under emergencies  
18 declared by the governor;

19 (16) Shall assume from the department of transportation:

20 (A) That:





- 1 (i) Certain Certificate of the Director of  
2 Transportation Providing for the Issuance of  
3 State of Hawaii Airports System Revenue  
4 Bonds dated as of May 1, 1969, relating to  
5 certain revenue bonds and other obligations;
- 6 (ii) Certain Indenture of Trust dated as of  
7 December 1, 2013, between the department of  
8 transportation and U.S. Bank National  
9 Association relating to certain certificates  
10 of participation; and
- 11 (iii) Certain Indenture of Trust dated as of  
12 August 1, 2014, between the department of  
13 transportation and MUFG Union Bank, N.A.,  
14 relating to certain customer facility charge  
15 revenue bonds, each as supplemented and  
16 amended to date; and
- 17 (B) The bonds, notes, and other obligations of the  
18 department of transportation outstanding under,  
19 as well as the covenants, restrictions, and other  
20 requirements set forth in, those documents;



- 1       (17) Shall adopt policies and procedures designed to ensure  
2            continuing compliance with the terms of the documents  
3            in paragraph (16) for so long as they are applicable;
- 4       (18) Shall fix, impose, prescribe, and collect rates,  
5            rentals, fees, or charges for the lease, use, and  
6            services of its airport facilities at least sufficient  
7            to pay the costs of operation, maintenance, and  
8            repair, if any, and the required payments of the  
9            principal of and interest on all bonds, notes, or  
10           other obligations issued or assumed by the airports  
11           corporation and reserves therefor; provided that the  
12           rates, rentals, fees, or charges are established at an  
13           open meeting subject to the requirements of chapter  
14           92;
- 15       (19) Subject to the provisions of the documents assumed by  
16           the corporation under paragraph (16) (A), may allot any  
17           and all airport revenue and issue revenue bonds,  
18           refunding revenue bonds, special facility revenue  
19           bonds, bond anticipation notes, and other lawfully  
20           authorized obligations of the State in its name and  
21           secured by the revenue, or user taxes, or any



- 1 combination of both, of an undertaking or loan program  
2 pursuant to chapter 39, but not in excess of the  
3 principal amounts as are necessary for its purposes;
- 4 (20) May invest and secure its moneys;
- 5 (21) May exercise the power of eminent domain pursuant to  
6 chapter 101 and in accordance with sections 261-31 to  
7 261-36, to acquire real property for the corporation  
8 with which to carry out this chapter and the  
9 provisions of chapters 102, 261, 261D, or 262 that are  
10 applicable to airports and aeronautical facilities;
- 11 (22) Shall establish and maintain an appropriate system of  
12 accounts for the corporation; and
- 13 (23) May do any and all things necessary to exercise the  
14 powers and perform the duties conferred upon the  
15 corporation by this chapter and the provisions of  
16 chapters 102, 261, 261D, and 262 that are applicable  
17 to airports and aeronautical facilities.
- 18 (b) The corporation shall not be subject to chapters 36,  
19 37, 37D, 38, and 40, except for section 36-28.5 and as otherwise  
20 provided in this chapter and chapter 261.



1 (c) The airports corporation may sue and be sued in its  
2 corporate name. Notwithstanding any other law to the contrary,  
3 all claims arising out of the acts or omissions of the airports  
4 corporation or the members of its board, its officers, or its  
5 employees, including claims permitted against the State under  
6 chapter 661, part I, and claims for torts permitted against the  
7 State under chapter 662, may be brought only pursuant to this  
8 section and only against the airports corporation. However, the  
9 airports corporation shall be subject to suit only in the manner  
10 provided for suits against the State, including section 661-11.  
11 All defenses available to the State, as well as all limitations  
12 on actions against the State, shall be applicable to the  
13 airports corporation.

14 The board of directors, upon the advice of its attorney,  
15 may arbitrate, compromise, or settle any claim, action, or suit  
16 brought against the airports corporation pursuant to this  
17 section. Any claim compromised or settled under this subsection  
18 shall be payable solely from the moneys and property of the  
19 airports corporation and shall not constitute a general  
20 obligation of the State or be secured directly or indirectly by  
21 the full faith and credit of the State or the general credit of



1 the State or by any revenue or taxes of the State. Nothing in  
2 this subsection shall preclude the board of directors from  
3 requesting legislative appropriations to fund the settlement of  
4 any claim or judgment against the airports corporation or its  
5 officers, employees, or agents.

6 Rights and remedies conferred by this section shall not be  
7 construed to authorize any other claim, suit, or action against  
8 the State. In addition, a judgment, compromise, or settlement  
9 in an action brought against the airports corporation under this  
10 section shall constitute a complete bar to any action brought by  
11 the claimant, by reason of the same subject matter, against the  
12 State or an officer or employee of the airports corporation.

13 (d) The corporation shall be a "jurisdiction" and an  
14 "appointing authority" under chapter 76 and an "appointing  
15 authority" and an "appropriate authority" for those of its  
16 officers and employees who are excluded employees under chapter  
17 89C. In addition to its chief executive officer, the  
18 corporation may employ executive officers, including a chief  
19 procurement officer, appointed by the chief executive officer  
20 who are qualified to fill positions established in the bylaws of  
21 the corporation adopted by the board of directors, to perform



1 functions and exercise powers assigned by the bylaws or  
2 delegated by the board or the chief executive officer. The  
3 other executive officers of the corporation, and up to fifteen  
4 additional specially qualified employees appointed by the chief  
5 executive officer shall be exempt from chapters 76 and 89. All  
6 other persons employed by the corporation shall be subject to  
7 chapters 76 and 89, and rules adopted to implement those  
8 provisions, unless expressly exempted from the civil service  
9 under chapter 76 or excluded from collective bargaining under  
10 chapter 89. The officers and personnel of the corporation shall  
11 be included in all benefit programs applicable to officers and  
12 employees of the State.

13 (e) The corporation and its corporate existence shall  
14 continue until terminated by law; provided that no termination  
15 shall take effect as long as bonds or other obligations issued  
16 or assumed by the corporation are outstanding, unless adequate  
17 provision has been made for the payment or satisfaction thereof.  
18 Upon termination of the existence of the corporation, all of the  
19 rights and properties of the corporation then remaining shall  
20 pass to and vest in the State in the manner prescribed by law.



PART II. BUDGET AND FINANCE

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§ -11 Exemptions. The airport revenue fund, passenger facility charge special fund, and rental motor vehicle customer facility charge special fund shall be exempt from chapters 36, 37, 37D and 40.

§ -12 Fiscal provisions. (a) The corporation's board of directors shall establish guidelines for preparing the corporation's annual operating and capital improvement budget proposals that take into account anticipated receipts, surpluses, reserves, and funds from any other source, on deposit in or available for deposit into the airport revenue fund, the passenger facility charge special fund, the rental motor vehicle customer facility charge special fund, or any other special or revolving fund that the legislature may establish for the corporation.

(b) The corporation shall submit its biennium and supplemental operating and capital improvement budget proposals to the department of transportation, which shall transmit those budget proposals to the governor.

(c) Along with its budget proposals, the corporation shall provide an annual report of the income to and the expenditures



1 from the airport revenue fund, the passenger facility charge  
2 special fund, the rental motor vehicle customer facility charge  
3 special fund, and any other special or revolving fund  
4 administered by the corporation. The corporation shall provide  
5 a copy of its annual report to the legislature at least twenty  
6 days prior to the convening of each regular session.

7 (d) The supporting documents for each budget proposal  
8 shall include the annual report, but need not include any other  
9 information, except when state general funds are requested.

10 (e) Notwithstanding sections 37-71 and 37-72, the governor  
11 shall include in the executive budget one lump sum for each  
12 means or source of funds for the corporation's operating and  
13 capital budget proposals in the amounts specified in the budget  
14 proposals transmitted to the governor by the department of  
15 transportation pursuant to subsection (b).

16 (f) The legislature shall appropriate one lump sum for  
17 each means or source of funding for the corporation's operating  
18 budget and for the corporation's capital budget.

19 § -13 **Budget oversight.** The corporation's operating and  
20 capital improvement budgets shall not be subject to review or





1 approval by the governor or any agency of the executive branch,  
2 except where state general funds are requested.

3       §   **-14 Accounts; depositories.** (a) Appropriations for  
4 the corporation shall not be subject to any allotment system or  
5 requirements. The director of finance shall notify the  
6 corporation and comptroller that all of the appropriations for  
7 the corporation for the fiscal year have been allotted and are  
8 available for expenditure as soon as possible, and in no event  
9 more than three business days, after the general or supplemental  
10 appropriation act is effective.

11       (b) Moneys in the airport revenue fund, passenger facility  
12 charge special fund, and rental motor vehicle customer facility  
13 charge special fund may be deposited in depositories other than  
14 the state treasury; provided that the airports corporation  
15 consults with the director of finance before selecting such a  
16 depository for the corporation's funds, and submits copies of  
17 annual statements from each of the depositories in which the  
18 moneys from the funds are deposited.

19       §   **-15 Expenditures in excess of appropriations.** If in  
20 any fiscal year the amount of revenues deposited into the  
21 airport revenue fund exceeds the amount appropriated from that



1 fund for that year, the board of directors of the corporation  
2 may approve expenditures in excess of the amount appropriated,  
3 up to the amount by which revenues for that fund exceed the  
4 appropriations from that fund for a fiscal year.

5       §   **-16 Issuance of bonds.** On an annual basis, and upon  
6 request of the corporation, the legislature shall authorize one  
7 lump sum for each means or source of funds for each of the  
8 following types of bonds to be issued by the corporation:  
9 revenue bonds, refunding revenue bonds, and special facility  
10 revenue bonds.

11       §   **-17 Audits.** The state auditor shall conduct  
12 management and financial audits of the corporation for fiscal  
13 year 2023 and every second year thereafter."

14       SECTION 3. Section 26-19, Hawaii Revised Statutes, is  
15 amended to read as follows:

16       "§26-19 **Department of transportation.** The department of  
17 transportation shall be headed by a single executive to be known  
18 as the director of transportation. The department shall  
19 establish, maintain, and operate transportation facilities of  
20 the State, including highways, [~~airports,~~] harbors, and such



1 other transportation facilities and activities, other than  
2 airports and aeronautics, as may be authorized by law.

3 The department shall plan, develop, promote, and coordinate  
4 various transportation systems management programs that shall  
5 include, but not be limited to, alternate work and school hours  
6 programs, bicycling programs, and ridesharing programs.

7 The department shall develop and promote ridesharing  
8 programs which shall include but not be limited to, carpool and  
9 vanpool programs, and may assist organizations interested in  
10 promoting similar programs, arrange for contracts with private  
11 organizations to manage and operate these programs, and assist  
12 in the formulation of ridesharing arrangements. Ridesharing  
13 programs include informal arrangements in which two or more  
14 persons ride together in a motor vehicle.

15 ~~[The functions and authority heretofore exercised by the~~  
16 ~~department of public works with respect to highways are~~  
17 ~~transferred to the department of transportation established by~~  
18 ~~this chapter.~~

19 ~~On July 1, 1961, the Hawaii aeronautics commission, the~~  
20 ~~board of harbor commissioners and the highway commission shall~~



1 ~~be abolished and their remaining functions, duties, and powers~~  
2 ~~shall be transferred to the department of transportation.]"~~

3 SECTION 4. Section 28-8.3, Hawaii Revised Statutes, is  
4 amended as follows:

5 1. By amending subsection (a) to read:

6 "(a) No department of the State other than the attorney  
7 general may employ or retain any attorney, by contract or  
8 otherwise, for the purpose of representing the State or the  
9 department in any litigation, rendering legal counsel to the  
10 department, or drafting legal documents for the department;  
11 provided that the foregoing provision shall not apply to the  
12 employment or retention of attorneys:

13 (1) By the public utilities commission, the labor and  
14 industrial relations appeals board, and the Hawaii  
15 labor relations board;

16 (2) By any court or judicial or legislative office of the  
17 State; provided that if the attorney general is  
18 requested to provide representation to a court or  
19 judicial office by the chief justice or the chief  
20 justice's designee, or to a legislative office by the  
21 speaker of the house of representatives and the



- 1 president of the senate jointly, and the attorney  
2 general declines to provide such representation on the  
3 grounds of conflict of interest, the attorney general  
4 shall retain an attorney for the court, judicial, or  
5 legislative office, subject to approval by the court,  
6 judicial, or legislative office;
- 7 (3) By the legislative reference bureau;
- 8 (4) By any compilation commission that may be constituted  
9 from time to time;
- 10 (5) By the real estate commission for any action involving  
11 the real estate recovery fund;
- 12 (6) By the contractors license board for any action  
13 involving the contractors recovery fund;
- 14 (7) By the office of Hawaiian affairs;
- 15 (8) By the department of commerce and consumer affairs for  
16 the enforcement of violations of chapters 480 and  
17 485A;
- 18 (9) As grand jury counsel;
- 19 (10) By the Hawaii health systems corporation, or its  
20 regional system boards, or any of their facilities;
- 21 (11) By the auditor;



- 1 (12) By the office of ombudsman;
- 2 (13) By the insurance division;
- 3 (14) By the University of Hawaii;
- 4 (15) By the Kahoolawe island reserve commission;
- 5 (16) By the division of consumer advocacy;
- 6 (17) By the office of elections;
- 7 (18) By the campaign spending commission;
- 8 (19) By the Hawaii tourism authority, as provided in
- 9 section 201B-2.5;
- 10 (20) By the division of financial institutions;
- 11 (21) By the office of information practices; [~~or~~]
- 12 (22) By the Hawaii airports corporation; or
- 13 [~~(22)~~] (23) By a department, if the attorney general, for
- 14 reasons deemed by the attorney general to be good and
- 15 sufficient, declines to employ or retain an attorney
- 16 for a department; provided that the governor waives
- 17 the provision of this section."

18 2. By amending subsection (c) to read:

19 "(c) Every attorney employed by any department on a full-

20 time basis, except an attorney employed by the public utilities

21 commission, the labor and industrial relations appeals board,



1 the Hawaii labor relations board, the office of Hawaiian  
2 affairs, the Hawaii health systems corporation or its regional  
3 system boards, the department of commerce and consumer affairs  
4 in prosecution of consumer complaints, insurance division, the  
5 division of consumer advocacy, the University of Hawaii, the  
6 Hawaii tourism authority as provided in section 201B-2.5, the  
7 office of information practices, the Hawaii airports  
8 corporation, or as grand jury counsel, shall be a deputy  
9 attorney general."

10 SECTION 5. Section 36-27, Hawaii Revised Statutes, is  
11 amended by amending subsection (a) to read as follows:

12 "(a) Except as provided in this section, and  
13 notwithstanding any other law to the contrary, from time to  
14 time, the director of finance, for the purpose of defraying the  
15 prorated estimate of central service expenses of government in  
16 relation to all special funds, except the:

- 17 (1) Special out-of-school time instructional program fund  
18 under section 302A-1310;
- 19 (2) School cafeteria special funds of the department of  
20 education;
- 21 (3) Special funds of the University of Hawaii;



- 1 (4) State educational facilities improvement special fund;
- 2 (5) Convention center enterprise special fund under
- 3 section 201B-8;
- 4 (6) Special funds established by section 206E-6;
- 5 (7) Aloha Tower fund created by section 206J-17;
- 6 (8) Funds of the employees' retirement system created by
- 7 section 88-109;
- 8 (9) Hawaii hurricane relief fund established under chapter
- 9 431P;
- 10 (10) Hawaii health systems corporation special funds and
- 11 the subaccounts of its regional system boards;
- 12 (11) Tourism special fund established under section
- 13 201B-11;
- 14 (12) Universal service fund established under section
- 15 269-42;
- 16 (13) Emergency and budget reserve fund under section
- 17 328L-3;
- 18 (14) Public schools special fees and charges fund under
- 19 section 302A-1130;
- 20 (15) Sport fish special fund under section 187A-9.5;
- 21 [+](16)[+]Neurotrauma special fund under section 321H-4;





- 1   [+] (17) [+] Glass advance disposal fee established by section
- 2                   342G-82;
- 3   [+] (18) [+] Center for nursing special fund under section
- 4                   304A-2163;
- 5   [+] (19) [+] Passenger facility charge special fund established by
- 6                   section 261-5.5;
- 7   [+] (20) [+] Solicitation of funds for charitable purposes special
- 8                   fund established by section 467B-15;
- 9   [+] (21) [+] Land conservation fund established by section 173A-5;
- 10   [+] (22) [+] Court interpreting services revolving fund under
- 11                   section 607-1.5;
- 12   [+] (23) [+] Trauma system special fund under section 321-22.5;
- 13   [+] (24) [+] Hawaii cancer research special fund;
- 14   [+] (25) [+] Community health centers special fund;
- 15   [+] (26) [+] Emergency medical services special fund;
- 16   [+] (27) [+] Rental motor vehicle customer facility charge special
- 17                   fund established under section 261-5.6;
- 18   [+] (28) [+] Shared services technology special fund under section
- 19                   27-43;
- 20   [+] (29) [+] Automated victim information and notification system
- 21                   special fund established under section 353-136;



1   [+] (30) [+] Deposit beverage container deposit special fund under  
2                   section 342G-104;

3   [+] (31) [+] Hospital sustainability program special fund under  
4                   [+] section 346G-4[+];

5   [+] (32) [+] Nursing facility sustainability program special fund  
6                   under [+] section 346F-4[+];

7   [+] (33) [+] Hawaii 3R's school improvement fund under section  
8                   302A-1502.4;

9   [+] (34) [+] After-school plus program revolving fund under section  
10                  302A-1149.5; [~~and~~]

11   [+] (35) [+] Civil monetary penalty special fund under section  
12                  321-30.2[~~r~~]; and

13       (36) Airport revenue fund,

14 shall deduct five per cent of all receipts of all other special  
15 funds, which deduction shall be transferred to the general fund  
16 of the State and become general realizations of the State. All  
17 officers of the State and other persons having power to allocate  
18 or disburse any special funds shall cooperate with the director  
19 in effecting these transfers. To determine the proper revenue  
20 base upon which the central service assessment is to be  
21 calculated, the director shall adopt rules pursuant to chapter



1 91 for the purpose of suspending or limiting the application of  
2 the central service assessment of any fund. No later than  
3 twenty days prior to the convening of each regular session of  
4 the legislature, the director shall report all central service  
5 assessments made during the preceding fiscal year."

6 SECTION 6. Section 36-30, Hawaii Revised Statutes, is  
7 amended by amending subsection (a) to read as follows:

8 "(a) Each special fund, except the:

- 9 (1) Special out-of-school time instructional program fund  
10 under section 302A-1310;
- 11 (2) School cafeteria special funds of the department of  
12 education;
- 13 (3) Special funds of the University of Hawaii;
- 14 (4) State educational facilities improvement special fund;
- 15 (5) Special funds established by section 206E-6;
- 16 (6) Aloha Tower fund created by section 206J-17;
- 17 (7) Funds of the employees' retirement system created by  
18 section 88-109;
- 19 (8) Hawaii hurricane relief fund established under chapter  
20 431P;



- 1 (9) Convention center enterprise special fund established  
2 under section 201B-8;
- 3 (10) Hawaii health systems corporation special funds and  
4 the subaccounts of its regional system boards;
- 5 (11) Tourism special fund established under section  
6 201B-11;
- 7 (12) Universal service fund established under section  
8 269-42;
- 9 (13) Emergency and budget reserve fund under section  
10 328L-3;
- 11 (14) Public schools special fees and charges fund under  
12 section 302A-1130;
- 13 (15) Sport fish special fund under section 187A-9.5;
- 14 [+](16)[+]Neurotrauma special fund under section 321H-4;
- 15 [+](17)[+]Center for nursing special fund under section  
16 304A-2163;
- 17 [+](18)[+]Passenger facility charge special fund established by  
18 section 261-5.5;
- 19 [+](19)[+]Court interpreting services revolving fund under  
20 section 607-1.5;
- 21 [+](20)[+]Trauma system special fund under section 321-22.5;



1 [+] (21) [+] Hawaii cancer research special fund;

2 [+] (22) [+] Community health centers special fund;

3 [+] (23) [+] Emergency medical services special fund;

4 [+] (24) [+] Rental motor vehicle customer facility charge special  
5 fund established under section 261-5.6;

6 [+] (25) [+] Shared services technology special fund under section  
7 27-43;

8 [+] (26) [+] Nursing facility sustainability program special fund  
9 established pursuant to [+] section 346F-4[+];

10 [+] (27) [+] Automated victim information and notification system  
11 special fund established under section 353-136;

12 [+] (28) [+] Hospital sustainability program special fund under  
13 [+] section 346G-4[+]; ~~and~~

14 [+] (29) [+] Civil monetary penalty special fund under section  
15 321-30.2[~~7~~]; and

16 (30) Airport revenue fund,  
17 shall be responsible for its pro rata share of the  
18 administrative expenses incurred by the department responsible  
19 for the operations supported by the special fund concerned."

20 SECTION 7. Section 41D-2, Hawaii Revised Statutes, is  
21 amended by amending subsection (b) to read as follows:



1           "(b) Any provision in this section to the contrary  
2 notwithstanding, the Hawaii airports corporation, the University  
3 of Hawaii (as to casualty insurance risks only), the Research  
4 Corporation of the University of Hawaii (as to casualty  
5 insurance risks only), the public health facilities of the  
6 department of health (with respect to medical malpractice risks  
7 only), and the Hawaii health systems corporation and its  
8 regional system boards shall be exempt from the requirements of  
9 this chapter."

10           SECTION 8. Section 76-11, Hawaii Revised Statutes, is  
11 amended by amending the definition of "jurisdiction" to read as  
12 follows:

13           ""Jurisdiction" means the State, the city and county of  
14 Honolulu, the county of Hawaii, the county of Maui, the county  
15 of Kauai, the judiciary, the department of education, the  
16 University of Hawaii, the Hawaii airports corporation, and the  
17 Hawaii health systems corporation."

18           SECTION 9. Section 76-16, Hawaii Revised Statutes, is  
19 amended by amending subsection (b) to read as follows:

20           "(b) The civil service to which this chapter applies shall  
21 comprise all positions in the State now existing or hereafter



1 established and embrace all personal services performed for the  
2 State, except the following:

3 (1) Commissioned and enlisted personnel of the Hawaii  
4 National Guard as such, and positions in the Hawaii  
5 National Guard that are required by state or federal  
6 laws or regulations or orders of the National Guard to  
7 be filled from those commissioned or enlisted  
8 personnel;

9 (2) Positions filled by persons employed by contract where  
10 the director of human resources development has  
11 certified that the service is special or unique or is  
12 essential to the public interest and that, because of  
13 circumstances surrounding its fulfillment, personnel  
14 to perform the service cannot be obtained through  
15 normal civil service recruitment procedures. Any such  
16 contract may be for any period not exceeding one year;

17 (3) Positions that must be filled without delay to comply  
18 with a court order or decree if the director  
19 determines that recruitment through normal recruitment  
20 civil service procedures would result in delay or



- 1 noncompliance, such as the Felix-Cayetano consent  
2 decree;
- 3 (4) Positions filled by the legislature or by either house  
4 or any committee thereof;
- 5 (5) Employees in the office of the governor and office of  
6 the lieutenant governor, and household employees at  
7 Washington Place;
- 8 (6) Positions filled by popular vote;
- 9 (7) Department heads, officers, and members of any board,  
10 commission, or other state agency whose appointments  
11 are made by the governor or are required by law to be  
12 confirmed by the senate;
- 13 (8) Judges, referees, receivers, masters, jurors, notaries  
14 public, land court examiners, court commissioners, and  
15 attorneys appointed by a state court for a special  
16 temporary service;
- 17 (9) One bailiff for the chief justice of the supreme court  
18 who shall have the powers and duties of a court  
19 officer and bailiff under section 606-14; one  
20 secretary or clerk for each justice of the supreme  
21 court, each judge of the intermediate appellate court,





1 and each judge of the circuit court; one secretary for  
2 the judicial council; one deputy administrative  
3 director of the courts; three law clerks for the chief  
4 justice of the supreme court, two law clerks for each  
5 associate justice of the supreme court and each judge  
6 of the intermediate appellate court, one law clerk for  
7 each judge of the circuit court, two additional law  
8 clerks for the civil administrative judge of the  
9 circuit court of the first circuit, two additional law  
10 clerks for the criminal administrative judge of the  
11 circuit court of the first circuit, one additional law  
12 clerk for the senior judge of the family court of the  
13 first circuit, two additional law clerks for the civil  
14 motions judge of the circuit court of the first  
15 circuit, two additional law clerks for the criminal  
16 motions judge of the circuit court of the first  
17 circuit, and two law clerks for the administrative  
18 judge of the district court of the first circuit; and  
19 one private secretary for the administrative director  
20 of the courts, the deputy administrative director of  
21 the courts, each department head, each deputy or first



1 assistant, and each additional deputy, or assistant  
2 deputy, or assistant defined in paragraph (16);

3 (10) First deputy and deputy attorneys general, the  
4 administrative services manager of the department of  
5 the attorney general, one secretary for the  
6 administrative services manager, an administrator and  
7 any support staff for the criminal and juvenile  
8 justice resources coordination functions, and law  
9 clerks;

10 (11) (A) Teachers, principals, vice-principals, complex  
11 area superintendents, deputy and assistant  
12 superintendents, other certificated personnel,  
13 not more than twenty noncertificated

14 administrative, professional, and technical  
15 personnel not engaged in instructional work;

16 (B) Effective July 1, 2003, teaching assistants,  
17 educational assistants, bilingual/bicultural  
18 school-home assistants, school psychologists,  
19 psychological examiners, speech pathologists,  
20 athletic health care trainers, alternative school  
21 work study assistants, alternative school



1 educational/supportive services specialists,  
2 alternative school project coordinators, and  
3 communications aides in the department of  
4 education;

5 (C) The special assistant to the state librarian and  
6 one secretary for the special assistant to the  
7 state librarian; and

8 (D) Members of the faculty of the University of  
9 Hawaii, including research workers, extension  
10 agents, personnel engaged in instructional work,  
11 and administrative, professional, and technical  
12 personnel of the university;

13 (12) Employees engaged in special, research, or  
14 demonstration projects approved by the governor;

15 (13) (A) Positions filled by inmates, patients of state  
16 institutions, persons with severe physical or  
17 mental disabilities participating in the work  
18 experience training programs;

19 (B) Positions filled with students in accordance with  
20 guidelines for established state employment  
21 programs; and



- 1 (C) Positions that provide work experience training  
2 or temporary public service employment that are  
3 filled by persons entering the workforce or  
4 persons transitioning into other careers under  
5 programs such as the federal Workforce Investment  
6 Act of 1998, as amended, or the Senior Community  
7 Service Employment Program of the Employment and  
8 Training Administration of the United States  
9 Department of Labor, or under other similar state  
10 programs;
- 11 (14) A custodian or guide at Iolani Palace, the Royal  
12 Mausoleum, and Hulihee Palace;
- 13 (15) Positions filled by persons employed on a fee,  
14 contract, or piecework basis, who may lawfully perform  
15 their duties concurrently with their private business  
16 or profession or other private employment and whose  
17 duties require only a portion of their time, if it is  
18 impracticable to ascertain or anticipate the portion  
19 of time to be devoted to the service of the State;
- 20 (16) Positions of first deputies or first assistants of  
21 each department head appointed under or in the manner



1 provided in section 6, article V, of the Hawaii State  
2 Constitution; [~~three~~] two additional deputies or  
3 assistants either in charge of the highways[~~7~~] and  
4 harbors[~~7~~ ~~and airports~~] divisions or other functions  
5 within the department of transportation as may be  
6 assigned by the director of transportation, with the  
7 approval of the governor; four additional deputies in  
8 the department of health, each in charge of one of the  
9 following: behavioral health, environmental health,  
10 hospitals, and health resources administration,  
11 including other functions within the department as may  
12 be assigned by the director of health, with the  
13 approval of the governor; an administrative assistant  
14 to the state librarian; and an administrative  
15 assistant to the superintendent of education;

16 (17) Positions specifically exempted from this part by any  
17 other law; provided that:

18 (A) Any exemption created after July 1, 2014, shall  
19 expire three years after its enactment unless  
20 affirmatively extended by an act of the  
21 legislature; and



- 1 (B) All of the positions defined by paragraph (9)  
2 shall be included in the position classification  
3 plan;
- 4 (18) Positions in the state foster grandparent program and  
5 positions for temporary employment of senior citizens  
6 in occupations in which there is a severe personnel  
7 shortage or in special projects;
- 8 (19) Household employees at the official residence of the  
9 president of the University of Hawaii;
- 10 (20) Employees in the department of education engaged in  
11 the supervision of students during meal periods in the  
12 distribution, collection, and counting of meal  
13 tickets, and in the cleaning of classrooms after  
14 school hours on a less than half-time basis;
- 15 (21) Employees hired under the tenant hire program of the  
16 Hawaii public housing authority; provided that not  
17 more than twenty-six per cent of the authority's  
18 workforce in any housing project maintained or  
19 operated by the authority shall be hired under the  
20 tenant hire program;



- 1       (22) Positions of the federally funded expanded food and  
2            nutrition program of the University of Hawaii that  
3            require the hiring of nutrition program assistants who  
4            live in the areas they serve;
- 5       (23) Positions filled by persons with severe disabilities  
6            who are certified by the state vocational  
7            rehabilitation office that they are able to perform  
8            safely the duties of the positions;
- 9       (24) The sheriff;
- 10      (25) A gender and other fairness coordinator hired by the  
11            judiciary;
- 12      (26) Positions in the Hawaii National Guard youth and adult  
13            education programs;
- 14      (27) In the state energy office in the department of  
15            business, economic development, and tourism, all  
16            energy program managers, energy program specialists,  
17            energy program assistants, and energy analysts; ~~and~~
- 18      (28) Administrative appeals hearing officers in the  
19            department of human services~~[-]~~; and
- 20      (29) The chief executive officer of the Hawaii airports  
21            corporation, all other executive officers the chief



1 executive officer may appoint pursuant to section  
2 -3(d), and fifteen positions that the chief  
3 executive officer is authorized to fill by appointing  
4 specially qualified personnel pursuant to section  
5 -3(d).

6 The director shall determine the applicability of this  
7 section to specific positions.

8 Nothing in this section shall be deemed to affect the civil  
9 service status of any incumbent as it existed on July 1, 1955."

10 SECTION 10. Section 89C-1.5, Hawaii Revised Statutes, is  
11 amended by amending the definition of "appropriate authority" to  
12 read as follows:

13 ""Appropriate authority" means the governor, the respective  
14 mayors, the chief justice of the supreme court, the board of  
15 education, the board of regents, the state public charter school  
16 commission, the Hawaii health systems corporation board, the  
17 auditor, the ombudsman, the board of directors of the Hawaii  
18 airports corporation, and the director of the legislative  
19 reference bureau. These individuals or boards may make  
20 adjustments for their respective excluded employees."





1 SECTION 11. Section 103D-102, Hawaii Revised Statutes, is  
2 amended by amending subsection (c) to read as follows:

3 "(c) Notwithstanding subsection (a), this chapter shall  
4 not apply to contracts made by:

5 (1) Any regional system board of the Hawaii health systems  
6 corporation; ~~[or]~~

7 (2) The Kaho'olawe island reserve commission, except as  
8 provided by section 6K-4.5~~[-]~~; or

9 (3) The Hawaii airports corporation; provided that the  
10 airports corporation adopts rules that meet the  
11 requirements of section -3."

12 SECTION 12. Section 171-2, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 "**§171-2 Definition of public lands.** "Public lands" means  
15 all lands or interest therein in the State classed as government  
16 or crown lands previous to August 15, 1895, or acquired or  
17 reserved by the government upon or subsequent to that date by  
18 purchase, exchange, escheat, or the exercise of the right of  
19 eminent domain, or in any other manner; including lands accreted  
20 after May 20, 2003, and not otherwise awarded, submerged lands,  
21 and lands beneath tidal waters that are suitable for



1 reclamation, together with reclaimed lands that have been given  
2 the status of public lands under this chapter, except:

- 3 (1) Lands designated in section 203 of the Hawaiian Homes  
4 Commission Act, 1920, as amended;
- 5 (2) Lands set aside pursuant to law for the use of the  
6 United States;
- 7 (3) Lands being used for roads and streets;
- 8 (4) Lands to which the United States relinquished the  
9 absolute fee and ownership under section 91 of the  
10 Hawaiian Organic Act prior to the admission of Hawaii  
11 as a state of the United States unless subsequently  
12 placed under the control of the board of land and  
13 natural resources and given the status of public lands  
14 in accordance with the state constitution, the  
15 Hawaiian Homes Commission Act, 1920, as amended, or  
16 other laws;
- 17 (5) Lands to which the University of Hawaii holds title;
- 18 (6) Lands to which the Hawaii housing finance and  
19 development corporation in its corporate capacity  
20 holds title;



- 1       (7) Lands to which the Hawaii community development  
2             authority in its corporate capacity holds title;
- 3       (8) Lands to which the department of agriculture holds  
4             title by way of foreclosure, voluntary surrender, or  
5             otherwise, to recover moneys loaned or to recover  
6             debts otherwise owed the department under chapter 167;
- 7       (9) Lands that are set aside by the governor to the Aloha  
8             Tower development corporation; lands leased to the  
9             Aloha Tower development corporation by any department  
10            or agency of the State; or lands to which the Aloha  
11            Tower development corporation holds title in its  
12            corporate capacity;
- 13      (10) Lands that are set aside by the governor to the  
14            agribusiness development corporation; lands leased to  
15            the agribusiness development corporation by any  
16            department or agency of the State; or lands to which  
17            the agribusiness development corporation in its  
18            corporate capacity holds title;
- 19      (11) Lands to which the Hawaii technology development  
20            corporation in its corporate capacity holds title;
- 21            [and]



1 (12) Lands to which the department of education holds  
2 title; and

3 (13) Lands to which the Hawaii airports corporation holds  
4 title;

5 provided that, except as otherwise limited under federal law and  
6 except for state land used as an airport as defined in section  
7 262-1, public lands shall include the air rights over any  
8 portion of state land upon which a county mass transit project  
9 is developed after July 11, 2005[-]; provided further that lands  
10 to which the Hawaii airports corporation holds title shall be  
11 considered "public lands" for the purpose of accounting of all  
12 receipts from lands that are described in section 5(f) of the  
13 Admission Act, Public Law 86-3, for the prior fiscal year,  
14 pursuant to section 5 of Act 178, Session Laws of Hawaii 2006."

15 SECTION 13. Section 261-1, Hawaii Revised Statutes, is  
16 amended by adding two new definitions to be appropriately  
17 inserted and to read as follows:

18 "Chief executive officer" means the chief executive  
19 officer of the Hawaii airports corporation.

20 "Corporation" means the Hawaii airports corporation."



1 SECTION 14. Section 261-7, Hawaii Revised Statutes, is  
2 amended by amending subsection (e) to read as follows:

3 " (e) [~~The department may fix and regulate, from time to~~  
4 ~~time, reasonable landing fees for aircraft, including the~~  
5 ~~imposition of landing surcharges or differential landing fees,~~  
6 ~~and other reasonable charges for the use and enjoyment of the~~  
7 ~~airports and the services and facilities furnished by the~~  
8 ~~department in connection therewith, including the establishment~~  
9 ~~of a statewide system of airports landing fees, a statewide~~  
10 ~~system of airports support charges, and joint use charges for~~  
11 ~~the use of space shared by users, which fees and charges may~~  
12 ~~vary among different classes of users such as foreign carriers,~~  
13 ~~domestic carriers, inter-island carriers, air taxi operators,~~  
14 ~~helicopters, and such other classes as may be determined by the~~  
15 ~~director, for the purpose of meeting the expenditures of the~~  
16 ~~statewide system of airports set forth in section 261-5(a),~~  
17 ~~which includes expenditures for capital improvement projects~~  
18 ~~approved by the legislature.] The corporation shall fix, impose,  
19 prescribe, and collect rates, rentals, fees, or charges for the  
20 lease, use, and services of its airport facilities in amounts  
21 sufficient to pay the costs of the operation, maintenance, and~~



1 repair, if any, and the required payments of the principal of,  
2 and interest on, all bonds issued or assumed by the corporation  
3 and reserves therefor.

4 In setting airports rates and charges, including landing  
5 fees, the [~~director~~] chief executive officer may enter into  
6 contracts, leases, licenses, and other agreements with  
7 aeronautical users of the statewide system of airports  
8 containing such terms, conditions, and provisions as the  
9 [~~director~~] chief executive officer deems advisable.

10 If the [~~director~~] chief executive officer has not entered  
11 into contracts, leases, licenses, and other agreements with any  
12 or fewer than all of the aeronautical users of the statewide  
13 system of airports prior to the expiration of an existing  
14 contract, lease, license, or agreement, the [~~director~~] chief  
15 executive officer shall set and impose rates, rentals, fees, and  
16 charges pursuant to this subsection without regard to the  
17 requirements of chapter 91; provided that a public informational  
18 hearing shall be held on the rates, rentals, fees, and charges.

19 The [~~director~~] chief executive officer shall develop rates,  
20 rentals, fees, and charges in accordance with a residual  
21 methodology so that the statewide system of airports shall be,



1 and always remain, self-sustaining. The rates, rentals, fees,  
2 and charges shall be set at [~~such~~] levels as to produce revenues  
3 [~~which,~~] that, together with aviation fuel taxes, shall be at  
4 least sufficient to meet the expenditures of the statewide  
5 system of airports set forth in section 261-5(a), including  
6 expenditures for capital improvement projects approved by the  
7 legislature, and to comply with covenants and agreements with  
8 holders of airport revenue bonds.

9 The [~~director~~] chief executive officer may develop and  
10 formulate methodology in setting the various rates, rentals,  
11 fees, and charges imposed and may determine usage of space,  
12 estimate landed weights, and apply [~~such~~] the portion of  
13 nonaeronautical revenue deemed appropriate in determining the  
14 rates, rentals, fees, and charges applicable to aeronautical  
15 users of the statewide system of airports.

16 The rates, rentals, fees, and charges determined by the  
17 [~~director~~] chief executive officer in the manner set forth in  
18 this subsection shall be those charges payable by the  
19 aeronautical users for the periods immediately following the  
20 date of expiration of the existing contract, lease, license, or  
21 agreement. If fees are established pursuant to this section,



1 the [~~department~~] corporation shall prepare a detailed report on  
2 the circumstances and rates and charges that have been  
3 established, and shall submit the report to the legislature no  
4 later than twenty days prior to the convening of the next  
5 regular session.

6 If a schedule of rates, rentals, fees, and charges  
7 developed by the [~~director~~] chief executive officer in  
8 accordance with this section is projected by the [~~department~~]  
9 corporation to produce revenues [~~which,~~] that, together with  
10 aviation fuel taxes, will be in excess of the amount required to  
11 meet the expenditures of the statewide system of airports set  
12 forth in section 261-5(a), including expenditures for capital  
13 improvement projects approved by the legislature, and to comply  
14 with covenants and agreements with holders of airport revenue  
15 bonds, the [~~department~~] corporation shall submit the schedule of  
16 rates, rentals, fees, and charges to the legislature prior to  
17 the convening of the next regular session of the legislature.  
18 Within forty-five days after the convening of the regular  
19 session, the legislature may disapprove any schedule of rates,  
20 rentals, fees, and charges required to be submitted to it by  
21 this section by concurrent resolution. If no action is taken by





1 the legislature within the forty-five-day period the schedule of  
2 rates, rentals, fees, and charges shall be deemed approved. If  
3 the legislature disapproves the schedule within the forty-five-  
4 day period, the [~~director~~] chief executive officer shall develop  
5 a new schedule of rates, rentals, fees, and charges in  
6 accordance with this section within seventy-five days of the  
7 disapproval. Pending the development of a new schedule of  
8 rates, rentals, fees, and charges, the schedule submitted to the  
9 legislature shall remain in force and effect.

10 Notwithstanding any other provision of law to the contrary,  
11 the [~~department~~] corporation may waive landing fees and other  
12 aircraft charges established under this section at any airport  
13 owned or controlled by the State whenever:

- 14 (1) The governor declares a state of emergency; and  
15 (2) The [~~department~~] corporation determines that the  
16 waiver of landing fees and other charges for the  
17 aircraft is consistent with assisting in the delivery  
18 of humanitarian relief to disaster-stricken areas of  
19 the State."



1 SECTION 15. Section 262-1, Hawaii Revised Statutes, is  
2 amended by adding two new definitions to be appropriately  
3 inserted and to read as follows:

4 "Chief executive officer" means the chief executive  
5 officer of the Hawaii airports corporation.

6 "Corporation" means the Hawaii airports corporation."

7 SECTION 16. On and after the transfer completion date  
8 established by the Hawaii airports corporation in section 18(b)  
9 of this Act, and until the revisor of statutes makes the  
10 amendments to applicable provisions in chapters 102, 261, 261D,  
11 and 262, Hawaii Revised Statutes, described in this section,  
12 every reference to the department of transportation or  
13 "department" or its role in awarding concessions in chapters  
14 102, 261, 261D, and 262, Hawaii Revised Statutes, shall be a  
15 reference to the Hawaii airports corporation, and every  
16 reference to the director of transportation or "director" or the  
17 director's role in awarding concessions in chapters 102, 261,  
18 261D, and 262, Hawaii Revised Statutes, shall be a reference to  
19 the chief executive officer of the Hawaii airports corporation.  
20 After the transfer completion date but no later than when the  
21 subsequent supplements to the Hawaii Revised Statutes are



1 prepared, the revisor of statutes shall make appropriate  
2 changes, including, without limitation:

- 3 (1) Substituting the phrase "chief executive officer" for  
4 the terms "director" or "director of transportation",  
5 the term "Hawaii airports corporation" for the term  
6 "department of transportation", and the term  
7 "corporation" for the term "department";  
8 (2) Deleting the definition of "director", in chapters 261  
9 and 262, Hawaii Revised Statutes; and  
10 (3) Deleting the definition of "department" in sections  
11 261-1 and 262-1, Hawaii Revised Statutes.

12 SECTION 17. The Hawaii airports corporation shall succeed  
13 to the jurisdiction, powers, and responsibilities of the  
14 department of transportation over aeronautics and airports,  
15 including all of the functions relating to airports and  
16 aeronautics performed by the department and its airports  
17 division, on the transfer completion date published by the  
18 Hawaii airports corporation pursuant to section 18(b) of this  
19 Act, which date shall be no later than December 31, 2022.

20 On the transfer completion date, the airports corporation  
21 shall assume from the department of transportation:



- 1           (1) That:
- 2           (A) Certain Certificate of the Director of
- 3           Transportation Providing for the Issuance of
- 4           State of Hawaii Airports System Revenue Bonds
- 5           dated as of May 1, 1969, relating to certain
- 6           revenue bonds and other obligations;
- 7           (B) Certain Indenture of Trust dated as of
- 8           December 1, 2013, between the department of
- 9           transportation and U.S. Bank National Association
- 10          relating to certain certificates of
- 11          participation; and
- 12          (C) Certain Indenture of Trust dated as of August 1,
- 13          2014, between the department of transportation
- 14          and MUFG Union Bank, N.A., relating to certain
- 15          customer facility charge revenue bonds, each as
- 16          supplemented and amended to date; and
- 17          (2) The bonds, notes, and other obligations of the
- 18          department of transportation outstanding under, as
- 19          well as the covenants, restrictions, and other
- 20          requirements set forth in, those documents.



1           Thereafter, to the extent that the Hawaii airports  
2 corporation is authorized under this Act to exercise powers and  
3 duties that are also granted to other departments, offices, or  
4 boards of the State, with respect to airports and aeronautical  
5 facilities, the Hawaii airports corporation shall exclusively  
6 exercise those powers and perform those duties.

7           SECTION 18. (a) Within ninety days of the effective date  
8 of this Act, the governor shall designate a representative who  
9 shall facilitate the corporation's orderly succession to the  
10 jurisdiction, powers, functions, rights, benefits, obligations,  
11 assets, liabilities, funds, accounts, contracts, and all other  
12 things currently held, used, incurred, or performed by the  
13 department of transportation, its director and staff, and its  
14 airports division, in administering and exercising the authority  
15 and fulfilling the responsibilities authorized or conferred upon  
16 the department of transportation and the director of  
17 transportation, by chapters 102, 261, 261D, and 262, Hawaii  
18 Revised Statutes.

19           Within one hundred eighty days of the effective date of  
20 this Act, the governor shall appoint the members of the board of  
21 directors of the Hawaii airports corporation.



1 To facilitate the corporation's timely assumption of the  
2 department of transportation's authority and responsibilities,  
3 including all of the department's associated bonds, notes, and  
4 obligations as described in paragraph (7) below, the department  
5 of transportation, the department of accounting and general  
6 services, the department of human resources development, the  
7 state procurement office, and any other state department or  
8 agency shall, if requested by the corporation, enter into a  
9 memorandum of understanding with the corporation to:

- 10 (1) Provide administrative support services for the  
11 corporation pending the transfer of employees from the  
12 department of transportation to the Hawaii airports  
13 corporation pursuant to section 22 of this Act;
- 14 (2) Develop a policy and set of robust procurement  
15 procedures that foster accountability, transparency  
16 and oversight of contracts, to include compliance with  
17 federal procurement requirements;
- 18 (3) Assist the corporation with the organization of its  
19 human resources development functions, including  
20 establishing:
- 21 (A) A human resources office;



- 1 (B) The corporation's civil service and civil service  
2 positions, and the classification system, merit  
3 appeals board, recruitment system, performance  
4 appraisal system, and the administrative rules,  
5 policies, standards, and procedures, including  
6 internal complaint procedures, adopted to support  
7 its civil service; and
- 8 (C) The corporation's exempt and excluded positions,  
9 and guidelines, procedures, and policies for  
10 filling them, and compensating the officers and  
11 employees who fill them;
- 12 (4) Assist the corporation in establishing its accounting,  
13 budgeting, fund management, and communication and  
14 electronic information systems, and creating  
15 appropriate interfaces between the corporation's  
16 accounting, budgeting, fund management, communication  
17 and electronic information systems, and those of the  
18 department of transportation, and other state  
19 agencies;
- 20 (5) Assist the corporation in identifying the plans and  
21 reports that departments and agencies administratively



1 attached to a department are required to prepare for  
2 the governor, the legislature, or another state  
3 department or agency with respect to aeronautics or  
4 the State's airport system; determining whether those  
5 plans and reports have been prepared and will be  
6 transferred to the corporation on the transfer  
7 completion date; and preparing the same for the  
8 corporation, if they do not exist;

- 9 (6) Expeditiously transfer or otherwise facilitate the  
10 corporation's acquisition or assumption of all of the  
11 powers, functions, rights, benefits, obligations,  
12 assets, funds, accounts, contracts, and all other  
13 things held, used, incurred, or performed by the  
14 department of transportation, its director and staff,  
15 and its airports division, in exercising the authority  
16 and fulfilling and administering the responsibilities  
17 conferred upon the department of transportation and  
18 the director of transportation by chapters 102, 261,  
19 261D, and 262, Hawaii Revised Statutes;

- 20 (7) Assign and transfer:





- 1 (A) That certain Certificate of the Director of  
2 Transportation Providing for the Issuance of  
3 State of Hawaii Airports System Revenue Bonds  
4 dated as of May 1, 1969, relating to certain  
5 revenue bonds and other obligations;
- 6 (B) That certain Indenture of Trust dated as of  
7 December 1, 2013, between the department of  
8 transportation and U.S. Bank National Association  
9 relating to certain certificates of  
10 participation; and
- 11 (C) That certain Indenture of Trust dated as of  
12 August 1, 2014, between the department of  
13 transportation and MUFG Union Bank, N.A.,  
14 relating to certain customer facility charge  
15 revenue bonds, each as supplemented and amended  
16 to date; the assumption of all indebtedness of  
17 the department of transportation heretofore  
18 issued and outstanding thereunder; and the  
19 adoption of policies and procedures designed to  
20 ensure continuing compliance with the terms  
21 thereof for so long as they are applicable; and



1 (8) Reimburse each cooperating department or agency for  
2 the cost of services provided under the memorandum of  
3 understanding.

4 (b) As soon as feasible, the Hawaii airports corporation,  
5 with the concurrence of the director of transportation and the  
6 governor, shall establish the transfer completion date, which  
7 shall be no later than December 31, 2022, and publish notice of  
8 the transfer completion date by:

9 (1) Publishing the notice in a daily publication of  
10 statewide circulation pursuant to section 1-28.5,  
11 Hawaii Revised Statutes;

12 (2) Posting a copy of the notice on an electronic calendar  
13 on a website maintained by the State;

14 (3) Providing a copy of the notice to the department of  
15 transportation, the Secretaries of the United States  
16 Department of Transportation and Department of  
17 Defense, the head of the Federal Aviation  
18 Administration, and the head of every other state  
19 department; and

20 (4) Posting the notice prominently at every airport and  
21 air navigation facility in the State.



1 All notices shall be published, distributed, or posted at least  
2 ninety days before the transfer completion date.

3 SECTION 19. It is the intent of this Act not to jeopardize  
4 the receipt of any federal aid nor to impair any existing  
5 federal income tax exemption to, security interest of, or  
6 obligation of the State or any agency thereof to the holders of  
7 any bonds or other obligations issued by the State or by any  
8 department or agency of the State, and to the extent, and only  
9 to the extent necessary to effectuate this intent, the governor  
10 may modify the strict provisions of this Act, but shall promptly  
11 report any modification with reasons therefor to the legislature  
12 at its next session thereafter for review by the legislature.

13 SECTION 20. This Act does not affect rights and duties  
14 that matured, penalties that were incurred, and proceedings that  
15 were begun before its effective date.

16 The department of transportation shall be responsible for  
17 any and all obligations incurred by the department or its  
18 airports division in connection with the department's exercise  
19 of the authority and performance of the duties and  
20 responsibilities conferred upon it and its director by chapters  
21 102, 261, 261D, and 262, Hawaii Revised Statutes, until the time



1 that the obligations, including any accounts payable, accrued  
2 paid time off, debt, capital leases, and other obligations  
3 incurred before the transfer completion date, have been assumed  
4 by the Hawaii airports corporation, which shall not occur prior  
5 to the transfer completion date. All collective bargaining  
6 disputes or claims against the department of transportation  
7 grounded in an act or omission, or an event that occurred prior  
8 to the transfer completion date shall remain the responsibility  
9 of the department of transportation. All liabilities arising  
10 out of the Hawaii airports corporation's exercise of the  
11 authority and performance of the duties and responsibilities  
12 conferred upon it and its chief executive officer by chapters  
13 102, 261, 261D, and 262, Hawaii Revised Statutes, after the  
14 transfer completion date shall be the responsibility of the  
15 Hawaii airports corporation. The assumption by the Hawaii  
16 airports corporation of the bonds, notes, or other obligations  
17 of the department of transportation relating to the State's  
18 airports system shall be subject to the terms and provisions of  
19 any certificate, indenture, or resolution securing those bonds,  
20 notes, or other obligations. On the transfer completion date,  
21 the Hawaii airports corporation shall assume responsibility for



1 all rights, duties, penalties, and proceedings of the department  
2 of transportation related to the State's airports system.

3 SECTION 21. The State of Hawaii pledges to and agrees with  
4 the holders of the bonds, notes, or other obligations of the  
5 department of transportation being assumed by the Hawaii  
6 airports corporation on the transfer completion date and the  
7 holders of the bonds, notes, or other obligations of the  
8 airports corporation issued pursuant to chapters 37D or 39,  
9 Hawaii Revised Statutes, that the State shall not limit or alter  
10 the rights and powers vested in the Hawaii airports corporation  
11 so as to impair the terms of any contract made or assumed by the  
12 airports corporation with holders or in any way impair the  
13 rights and remedies of holders until bonds, notes, or other  
14 obligations, together with interest thereon, with interest on  
15 any unpaid installments of interest, and all costs and expenses  
16 in connection with any action or proceedings by or on behalf of  
17 holders, are fully met and discharged. In addition, the State  
18 pledges to and agrees with the holders of the bonds, notes, or  
19 other obligations of the department of transportation being  
20 assumed by the Hawaii airports corporation on the transfer  
21 completion date and the holders of the bonds, notes, or other



1 obligations of the airports corporation issued pursuant to  
2 chapter 37D or 39, Hawaii Revised Statutes, that the State shall  
3 not limit or alter the basis on which the revenues or user taxes  
4 securing any such bonds, notes, or other obligations issued or  
5 assumed by the airports corporation are to be received by the  
6 airports corporation, or the rights of the airports corporation  
7 to the use of the funds, so as to impair the terms of any  
8 contract securing the same. The Hawaii airports corporation is  
9 authorized to include these pledges and agreements of the State  
10 in any contract with the holders of bonds, notes, or other  
11 obligations issued pursuant to chapter 37D or 39, Hawaii Revised  
12 Statutes.

13 SECTION 22. The Hawaii airports corporation shall  
14 recognize all bargaining units and collective bargaining  
15 agreements existing at the time of transfer to the corporation.  
16 All employees who are subject to chapter 76, Hawaii Revised  
17 Statutes, and occupy civil service positions and whose functions  
18 are transferred to the Hawaii airports corporation by this Act  
19 shall retain their civil service status, whether permanent or  
20 temporary. The employees shall be transferred to the Hawaii  
21 airports corporation without loss of salary, seniority (except



1 as prescribed by applicable collective bargaining agreements),  
2 retention points, prior service credits, any vacation and sick  
3 leave credits previously earned, and other rights, benefits, and  
4 privileges, in accordance with state personnel laws and this  
5 Act; provided that the employees meet applicable requirements  
6 for the class or position to which transferred or appointed, as  
7 applicable.

8 Any employee who, prior to this Act, is a member of a  
9 bargaining unit, shall remain in that bargaining unit when  
10 future collective bargaining agreements are negotiated.

11 Any employee who, prior to this Act, is exempt from civil  
12 service and is transferred to the Hawaii airports corporation as  
13 a consequence of this Act may retain the employee's exempt  
14 status, but shall not be appointed to a civil service position  
15 as a consequence of this Act. An exempt employee who is  
16 transferred by this Act shall not suffer any loss of prior  
17 service credit, vacation or sick leave credits previously  
18 earned, or other employee benefits or privileges as a  
19 consequence of this Act. The chief executive officer of the  
20 Hawaii airports corporation may prescribe the duties and



1 qualifications of these employees and fix their salaries without  
2 regard to chapter 76, Hawaii Revised Statutes.

3 No employee included in a collective bargaining unit as an  
4 employee of the department of transportation shall be laid off  
5 as a consequence of this Act.

6 SECTION 23. On or no more than ninety days after the  
7 transfer completion date, all appropriations, records,  
8 equipment, machines, files, supplies, contracts, books, papers,  
9 documents, maps, and other personal property heretofore made,  
10 used, acquired, or held by the department of transportation  
11 relating to the functions transferred to the Hawaii airports  
12 corporation shall be transferred with the functions to which  
13 they relate.

14 SECTION 24. All rules, policies, procedures, guidelines,  
15 and other material adopted or developed by the department of  
16 transportation to implement provisions of the Hawaii Revised  
17 Statutes that are reenacted or made applicable to the Hawaii  
18 airports corporation by this Act shall remain in full force and  
19 effect on and after the transfer completion date established  
20 pursuant to section 18(b) of this Act, until amended or repealed  
21 by the Hawaii airports corporation pursuant to chapter 91,





1 Hawaii Revised Statutes. In the interim, every reference to the  
2 department of transportation or director of transportation in  
3 those rules, policies, procedures, guidelines, and other  
4 material is amended to refer to the Hawaii airports corporation  
5 or chief executive officer of the airports corporation, as  
6 appropriate.

7 SECTION 25. All deeds, executive orders, leases,  
8 contracts, loans, agreements, permits, or other documents  
9 executed or entered into by or on behalf of the department of  
10 transportation, pursuant to the provisions of the Hawaii Revised  
11 Statutes, that are reenacted or made applicable to the Hawaii  
12 airports corporation by this Act shall remain in full force and  
13 effect. On the transfer completion date established pursuant to  
14 section 18(b) of this Act, every reference to the department of  
15 transportation in those deeds, executive orders, leases,  
16 contracts, loans, agreements, permits or other documents shall  
17 be construed as a reference to the Hawaii airports corporation  
18 or the board of directors of the airports corporation.

19 SECTION 26. There is appropriated out of the airport  
20 revenue fund the sum of \$3,000,000 or so much thereof as may be  
21 necessary for fiscal year 2019-2020, to effect the transfer of



1 functions from the department of transportation to the Hawaii  
2 airports corporation required by this Act.

3 The sum appropriated shall be expended by the Hawaii  
4 airports corporation to implement the provisions of this Act.

5 SECTION 27. If any provision of this Act, or the  
6 application thereof to any person or circumstance, is held  
7 invalid, the invalidity does not affect other provisions or  
8 applications of the Act that can be given effect without the  
9 invalid provision or application, and to this end the provisions  
10 of this Act are severable.

11 SECTION 28. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13 SECTION 29. This Act shall take effect on July 1, 2050;  
14 provided that section 14 of this Act shall take effect upon the  
15 satisfaction and discharge of:

16 (1) That certain Certificate of the Director of  
17 Transportation Providing for the Issuance of the State  
18 of Hawaii Airports System Revenue Bonds dated as of  
19 May 1, 1969;



- 1           (2) That certain Indenture of Trust dated as of  
2           December 1, 2013, between the department of  
3           transportation and U.S. Bank National Association; and  
4           (3) All obligations issued and outstanding under the  
5           Certificate and Indenture.



**Report Title:**

Transportation; Hawaii Airports Corporation; Establishment;  
Appropriation

**Description:**

Authorizes establishment of the Hawaii Airports Corporation within the Department of Transportation for administrative purposes. Sets out appointment of members to the board of directors and powers and duties of the Hawaii Airports Corporation. Transfers aeronautics functions of the Department of Transportation to the Hawaii Airports Corporation by the established transfer completion date agreed upon by the Hawaii Airports Corporation, Director of Transportation, and Governor, which shall be no later than 12/31/2022. Appropriates funds. Effective 7/1/2050. (SD2)

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

