

Honolulu, Hawaii

APR 04 2019

RE: H.B. No. 118  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committees on Government Operations and Ways and Means,  
to which was referred H.B. No. 118, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GOVERNMENT,"

beg leave to report as follows:

The purpose and intent of this measure is to repeal the  
requirement that the Auditor conduct an annual review of certain  
rapid transit authorities in the State.

Prior to decision making on this measure, your Committees  
made available for public review a proposed S.D. 1 of this  
measure. The proposed S.D. 1 retained the contents of this  
measure and also inserted provisions that:

- (1) Add a purpose section to reflect its amended purpose;
- (2) Provide the Auditor with specific direction and scope to  
complete the audit authorized by Act 1, Special Session  
Laws of Hawaii 2017;
- (3) Require a contractor that may be engaged to perform  
portions of the audit to report certain information to  
the Auditor about the scope of the contractor's work and  
its progress;



- (4) Require the Auditor to report to the Legislature prior to the Regular Session of 2020;
- (5) Appropriate funds for the Auditor to complete an audit of the Honolulu Authority for Rapid Transportation;
- (6) Require the Comptroller to withhold vendor contract reimbursements until the Auditor has received all documents that pertain to the reimbursement request; and
- (7) Repeal the appointment of the two non-voting ex-officio members to the board of directors of the county's rapid transportation authority authorized by Act 1, Special Session Laws of Hawaii 2017.

Your Committees received comments on the proposed S.D. 1 from the Office of the Auditor.

Your Committees find that the rail project for the City and County of Honolulu, as undertaken by the Honolulu Authority for Rapid Transportation (Authority), is the largest public works project in state history. However, due to delays and cost overruns, the price tag for the project continues to rise and is now six years behind schedule. The State Auditor was instructed by the Legislature to audit the Honolulu Authority for Rapid Transportation. The Auditor has completed a number of reports related to the audit but has yet to complete the primary audit in its entirety. The Legislature also instructed the Comptroller to ensure that requests for payment for capital costs incurred by the Authority meet the criteria to utilize the state surcharge specified in Act 1, Special Session Laws of Hawaii 2017 (Act 1). Your Committees note that the oversight of the current invoices has been implemented through the joint efforts of the Auditor and Comptroller. Your Committees acknowledge the need to avoid duplication of effort in the oversight duties of the Comptroller and Auditor but believe that the completion of the audit is essential to control costs and alleviate the financial burden placed upon taxpayers.

Your Committees also find that the Authority received three federal grand jury subpoenas in February 2019. Your Committees believe that the audit of the Honolulu Authority for Rapid Transportation as authorized in Act 1, can be completed separately



from the federal investigation and can be accomplished in a manner that does not interfere with the current federal probe. The proposed S.D. 1 provides the Auditor with specific direction to complete the Act 1 audit, thereby ensuring continued accountability of the rail project without interfering in the federal investigation.

Your Committees also acknowledge the concerns of the Auditor regarding the lack of resources and time to complete the audit by 2020. Amendments to the proposed S.D. 1 are therefore needed.

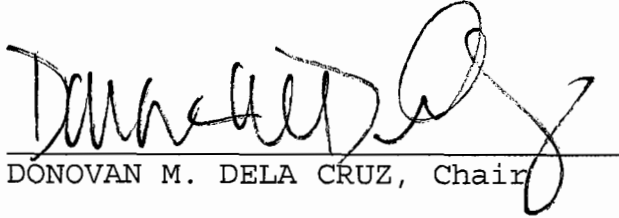
Your Committees have amended this measure by adopting the proposed S.D. 1 and by making further amendments which:

- (1) Require the Auditor to submit an interim report of the Auditor's preliminary findings and progress made on the audit to the Legislature, Director of Finance, and Board of Directors of the Honolulu Authority for Rapid Transportation no later than twenty days prior to the convening of the Regular Session of 2020; and
- (2) Require the Auditor to submit a final report of the Auditor's findings and recommendations to the Legislature, Director of Finance, and Board of Directors of the Honolulu Authority for Rapid Transportation no later than twenty days prior to the convening of the Regular Session of 2021.

As affirmed by the records of votes of the members of your Committees on Government Operations and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 118, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 118, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on  
behalf of the members of the  
Committees on Government  
Operations and Ways and Means,

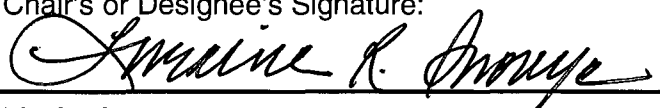
  
DÓNOVAN M. DELA CRUZ, Chair

  
LAURA H. THIELEN, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

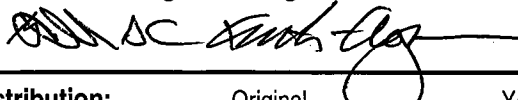
**Record of Votes**  
**Committee on Government Operations**  
**GVO**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 118 HDI	GVO/WAM	4/11/2019		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312				
<input checked="" type="checkbox"/> Pass, with amendments 2311				
<input type="checkbox"/> Hold 2310				
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
THIELEN, Laura H. (C)	✓			
INOUYE, Lorraine R. (VC)		✓		
BAKER, Rosalyn H.	✓			
KANUHA, Dru Mamo	✓	✓/h		
FEVELLA, Kurt		✓		
<b>TOTAL</b>	<b>3</b>	<b>2</b>		
Recommendation:				
<input checked="" type="checkbox"/> Adopted				
<input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

\*Only one measure per Record of Votes

The Senate  
Thirtieth Legislature  
State of Hawai'i

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

Bill / Resolution No.:*	Committee Referral:	Date:		
HB118, HD1	GVO/WAM	4/1/19		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani				X
HARIMOTO, Breene				X
INOUYE, Lorraine R.		X		
KAHELE, Kaiali'i				X
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.				X
FEVELLA, Kurt		X		
<b>TOTAL</b>	7	2		4
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original    Yellow    Pink    Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes