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A BILL FOR AN ACT

RELATING TO CAPITAL ADVANCEMENT CONTRACTS.

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

1 SECTION 1. Section 266-19.5, Hawaii Revised Statutes, is  
2 amended by amending subsection (d) to read as follows:  
3 "(d) The department of transportation may execute capital  
4 advancement contracts pursuant to subsection (a) with a total  
5 contract value of [~~\$2,000,000~~] \$5,000,000 or less without  
6 legislative approval. [~~If the total value of a capital  
7 advancement contract pursuant to subsection (a) is greater than  
8 \$2,000,000 then the department of transportation shall obtain  
9 legislative approval in the form of the adoption of a concurrent  
10 resolution affirming the purpose, project, and contract issuance  
11 prior to executing the capital advancement contract.~~] The total  
12 aggregate value of all capital advancement contracts entered  
13 into by the department pursuant to this section shall not exceed  
14 [~~\$5,000,000~~] \$20,000,000 in any [calendar] fiscal year. The  
15 department shall submit a report to the legislature of all  
16 executed capital advancement contracts for the previous twelve  
17 month period from December 1 to November 30 no later than twenty

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1 days prior to the convening of the regular session of 2025 and  
2 each regular session thereafter."

3 SECTION 2. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: \_\_\_\_\_

*Sen*

8

BY REQUEST

JAN 22 2024

# H.B. NO. 2490

**Report Title:**

DOT; Harbor Improvements; Capital Advancement Contracts; Report

**Description:**

Increases the caps for the total contract value for any one capital advancement contract (CAC) and the total aggregate value of CACs in a fiscal year entered into by the Department of Transportation with private parties for harbor improvements and adds reporting requirements for the department.

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

JUSTIFICATION SHEET

DEPARTMENT: Transportation

TITLE: A BILL FOR AN ACT RELATING TO CAPITAL ADVANCEMENT CONTRACTS.

PURPOSE: To increase the caps for the total contract value of any one capital advancement contract (CAC) and the total aggregate value of CACs in a fiscal year entered into by the Department of Transportation with private parties for harbor improvements and add reporting requirements for the department.

MEANS: Amend section 266-19.5(d), Hawaii Revised Statutes (HRS).

JUSTIFICATION: The Department of Transportation requests to amend section 266-19.5, HRS, to increase the caps for the total contract value of any one CAC from \$2,000,000 to \$5,000,000 and total aggregate value of CACs from \$5,000,000 to \$20,000,000 in a fiscal year entered into by the department with private parties for harbor improvements. CACs expedite certain projects at state commercial harbor facilities and increase project efficiencies when private parties lead such projects in a manner that minimizes project impacts on cargo operations. Further, the department seeks to increase the threshold amounts as it anticipates escalating project costs due to inflation and rising costs of materials and labor. The higher limits will facilitate improved project delivery given these factors.

Impact on the public: The amendment will expedite and fast-track additional projects and prioritized public improvements to state commercial harbor facilities.

Impact on the department and other agencies:  
N/A

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: TRN 395.

OTHER AFFECTED  
AGENCIES: NONE.

EFFECTIVE DATE: Upon approval.