

A Bill for an Act Relating to Acquisition of Lanai Community Hospital, Lanai City, Hawaii.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. **Purpose.** The purpose of this Act is to enable the State of Hawaii to assume ownership and operation of Lanai Community Hospital. Since December 20, 1965 the hospital has been owned and operated by the community of Lanai City as a nonprofit corporation. For many years the State government has subsidized the operational deficits of the hospital. By Act 195, Session Laws of Hawaii 1965, the State appropriated the sum of \$240,000 to construct a general hospital which is now the principal facility at Lanai Community Hospital. On December 19, 1969, the Board of Trustees of the hospital unanimously voted to request the State to take over the Lanai Community Hospital and to make it a part of the Maui Memorial Hospital.

SECTION 2. **Definitions.** As used in this Act, unless the context otherwise requires:

“Department” means the Department of Health of the State. “Hospital” means the Lanai Community Hospital.

SECTION 3. **Transfer.** Lanai Community Hospital is to be a State Hospital. With the written approval of the Board of Trustees of the hospital

and the Governor, the department shall assume responsibility for all matters pertaining to the planning, construction, and improvement of the hospital and shall operate and manage the hospital and perform all acts necessary or convenient to such management and control.

The employees of the hospital employed on the effective date of this Act shall be transferred to the department and shall thereafter be State employees and enjoy all of the rights, privileges, and benefits of employees of the State, subject, however, to the following conditions:

- (a) the director of personnel services shall determine the applicability of chapters 76 and 77 of Hawaii Revised Statutes to the transferred employees;
- (b) employees employed by the hospital at least one full year immediately preceding the date of transfer shall be given status as regular employees of the state civil service without competitive examination; and,
- (c) employees employed less than one full year shall be given initial probationary appointment without competitive examination.

SECTION 4. Civil service compensation. Positions held by transferred employees shall be assigned by the director of personnel services to the appropriate class in the position classification plan and the employees shall be paid in accordance with the salary range to which the class is assigned; provided that employees receiving a salary above the minimum rate at the time of their transfer may be paid at a rate higher than the minimum but not exceeding the highest pay rate in the appropriate salary range.

SECTION 5. Vacation; sick leave. Upon certification by the hospital of accumulated and earned vacation and sick leave, the transferred employees shall be credited under chapter 79, Hawaii Revised Statutes, with their accumulated and earned vacation and sick leave to the extent that public employees are allowed to earn and accumulate these credits.

SECTION 6. Retirement system. Upon the transfer, the employees shall be admitted to membership in the State pension and retirement systems provided for in chapter 88, Hawaii Revised Statutes. Upon certification of years of service by the department, a transferred employee shall be given prior service credits under chapter 88, Hawaii Revised Statutes, for his years of service at the hospital for which he agrees to have additional deductions made from his compensation or to make a lump sum payment therefor.

SECTION 7. Citizenship; residency. The requirements as to citizenship and residency in section 78-1, Hawaii Revised Statutes, shall not apply to employees transferred from the hospital to the department.

SECTION 8. Transfer of personal property. All records, equipment, machinery, motor vehicles, files, supplies, contracts, books, papers, documents, maps, and other personal property of every kind and description of the hospital shall be transferred to the department without reimbursement to the hospital. The hospital shall prepare inventory lists and receipts to account properly for such transfer.

Any dispute as to whether particular personal property should be

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transferred to the State under this Act shall be determined by the director of health.

SECTION 9. Transfer of real property. The hospital shall transfer to the State all of its respective interest in and to any real property and the improvements thereto. The conveyances shall be without reimbursement to the hospital.

SECTION 10. Authorization to establish and expend special fund. Upon transfer of the hospital, the department is hereby authorized to establish a special fund, to be known as the Lanai Hospital Special Fund, to which shall be deposited such receipts and revenues as may accrue to the hospital by virtue of services rendered, or such sums as may be donated, or such sums as may be appropriated from general revenues of the State, and from which the department may expend for the purpose of operating and maintaining the hospital.

SECTION 11. Budgeting and fiscal procedures. Beginning with the biennial period July 1, 1971 through June 30, 1973, and thereafter, the hospital shall be subject to such budgeting and fiscal procedures as may be required by the department.

SECTION 12. Severability. If any provision of this Act, or the application thereof to any person or circumstances is held invalid, the invalidity does not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 13. Effective date. This Act shall take effect on July 1, 1971.
(Approved May 30, 1971.)