

ACT 135

S.B. NO. 2410

A Bill for an Act Relating to Capital Improvement Projects.

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

SECTION 1. The legislature finds that capital improvement projects cover a wide range of projects in the State, including the construction of new facilities and improvements. Currently, agencies that submit a proposal for a capital improvement project are not required to include an estimate of operational costs relating to the maintenance and continued operation of a facility or project. However, operational costs are often significant and can even be greater than the cost of development and construction.

The legislature finds that if agencies submit an estimate of operational costs for capital improvement projects, the legislature, prior to approving projects, would have a clearer view of the total cost of the project as opposed to the cost of only planning and construction. This knowledge will permit the State to make more fiscally sound decisions and better prioritize spending on capital improvement projects.

The purpose of this Act is to require that agencies include estimated operational costs in their capital improvement project cost estimates.

SECTION 2. Section 37-43, Hawaii Revised Statutes, is amended to read as follows:

~~“[§37-43]~~ **Capital improvement project allotment process.** The department of budget and finance shall carry out the capital improvement project allotment process, which shall consist of reviewing, prioritizing, and evaluating capital improvement project appropriation proposals submitted by state and county agencies to ~~[assure]~~ ensure conformity with statewide planning goals and objectives and executive priorities, and report its findings and recommendations and an estimate of the operational costs for each proposed capital improvement project to the governor in order that ~~[such]~~ the proposals may be considered for possible inclusion in the executive capital improvement project budget that is to be presented to the legislature. The department shall also review, analyze, and report on state and county capital improvement project appropriation proposals that extend over wide geographical areas of the State and that have significant impacts upon economic development, land use, environmental quality, construction employment, and executive policy directions.”

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

“§37-68 Responsibilities of agencies. Under ~~[such]~~ rules as may be prescribed by the director of finance with the approval of the governor:

- (1) ~~[Every]~~ Each agency assigned the task of developing programs and preparing program and financial plans, budgetary requests, and program performance reports shall develop ~~[such]~~ the programs and prepare ~~[such]~~ the plans, requests, and reports and submit the same to the director of finance at ~~[such]~~ times, on ~~[such]~~ forms, and in ~~[such]~~ a manner as the director may prescribe. For informational purposes, the University of Hawaii shall submit its program and financial plans, budgetary requests, and program performance reports to the legislature at the same time the university submits them to the director of finance. Where new programs are being proposed, ~~[every]~~ each agency shall demonstrate that the program:
 - (A) Is an appropriate function of state government; and, as applicable
 - (B) Can be implemented by the public sector as cost-effectively as the private sector while meeting the same plans, goals, objectives, standards, measures of effectiveness, wage, salary, conditions of employment, and employee benefit programs of the State;
- (2) ~~[Every]~~ Each agency administering state programs and ~~[every]~~ each agency responsible for the formulation of programs and the preparation of program and financial plans, budgetary requests, and program performance reports, shall furnish the department of budget and finance all ~~[such]~~ documents and information as the department may from time to time require. Each agency shall make available all documents and information, as may be requested, to the legislature and any member or committee of either house of the legislature~~[-all documents and information as may be requested; and];~~

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- (3) The director of finance or any employee of the department of budget and finance, when duly authorized, for the purpose of securing information, shall have access to and may examine any books, documents, papers, or records of any agency~~[-]; and~~
- (4) Each agency submitting a capital improvement project proposal shall furnish the department of budget and finance with an estimate of operational costs for the proposed capital improvement project and all documents that support the estimate of operational costs. Each agency shall make available all documents and related information, as may be requested, to the legislature and any member or committee of either house."

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

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

(Approved June 24, 2014.)