



**GOV. MSG. NO. 1278**

EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

June 30, 2015

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Twenty-Eighth State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,  
Speaker and Members of the  
House of Representatives  
Twenty-Eighth State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 30, 2015, the following bill was signed into law:

HB697 HD1 SD2 CD1

RELATING TO STATE FACILITIES  
**ACT 177 (15)**

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

RECEIVED  
SENATE  
OFFICE OF THE PRESIDENT

'15 JUL -1 A9:01

RECEIVED  
THE SENATE  
CLERKS OFFICE  
STATE OF HAWAII

'15 JUL -1 P3:13

*Handwritten signature*

---

---

# A BILL FOR AN ACT

RELATING TO STATE FACILITIES.

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

1 PART I

2 SECTION 1. Section 26-6, Hawaii Revised Statutes, charges  
3 the department of accounting and general services with the  
4 responsibility to "undertake the program of centralized  
5 engineering and office leasing services, including operation and  
6 maintenance of public buildings, for departments of the State."  
7 In managing a number of capital improvement and renovation  
8 projects, the department has developed a standard project  
9 timeline that ensures:

- 10 (1) That projects continue to move forward in a  
11 predictable manner; and  
12 (2) The development of professionalism and accountability  
13 for the projects for which the department is  
14 responsible.

15 Currently, a number of executive departments have  
16 undertaken the responsibility for the engineering of numerous  
17 general fund construction and renovation projects, thereby  
18 decentralizing engineering activities.



1           The purpose of this part is to require the auditor to  
2 review various departmental engineering sections that manage  
3 general fund capital improvement projects to determine if it  
4 serves the public interest to continue to operate duplicative  
5 engineering operations among various departments.

6           SECTION 2. (a) The auditor shall conduct a study that  
7 reviews the process, efficiencies, and accountability of various  
8 departmental engineering sections, except for those within the  
9 department of transportation, that manage general fund capital  
10 improvement projects.

11           The study shall determine:

- 12           (1) If each office adheres to a specific timeline for the  
13                 purpose of ensuring that the project continues to move  
14                 forward in a timely manner;
- 15           (2) Whether consultants and contractors that are used by  
16                 departmental engineering sections are properly managed  
17                 in the public interest; and
- 18           (3) The level of end-user satisfaction with capital  
19                 improvement projects performed by various departments.



1 (b) The auditor shall submit the study, including the  
2 auditor's findings and recommendations, and any proposed  
3 legislation, to the legislature no later than November 30, 2015.

4 PART II

5 SECTION 3. Section 26-6, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "§26-6 Department of accounting and general services. (a)  
8 The department of accounting and general services shall be  
9 headed by a single executive to be known as the comptroller.

10 (b) The department shall:

11 (1) Preaudit and conduct after-the-fact audits of the  
12 financial accounts of all state departments to  
13 determine the legality of expenditures and the  
14 accuracy of accounts;

15 (2) Report to the governor and to each regular session of  
16 the legislature as to the finances of each department  
17 of the State;

18 (3) Administer the state risk management program;

19 (4) Establish and manage motor pools;

20 (5) Manage the preservation and disposal of all records of  
21 the State;



- 1           (6) Undertake the program of centralized engineering and  
2           office leasing services, including operation and  
3           maintenance and lease buyback processing pursuant to  
4           subsection (d) of public buildings, for departments of  
5           the State;
- 6           (7) Undertake the functions of the state surveyor;
- 7           (8) Establish accounting and internal control systems;
- 8           (9) Provide centralized computer information management  
9           and processing services, coordination in the use of  
10          all information processing equipment, software,  
11          facilities, and services in the executive branch of  
12          the State, and consultation and support services in  
13          the use of information processing and management  
14          technologies to improve the efficiency, effectiveness,  
15          and productivity of state government programs; and
- 16          (10) Establish, coordinate, and manage a program to provide  
17          a means for public access to public information and  
18          develop and operate an information network in  
19          conjunction with its overall plans for establishing a  
20          communication backbone for state government.



1 (c) The state communication system shall be established  
2 to:

3 (1) Facilitate implementation of the State's distributed  
4 information processing and information resource  
5 management plans;

6 (2) Improve data, voice, and video communications in state  
7 government;

8 (3) Provide a means for connectivity among the state,  
9 university, and county computer systems; and

10 (4) Provide a long-term means for public access to public  
11 information.

12 (d) The department shall establish, coordinate, and manage  
13 a program to facilitate facility agreements between the State  
14 and private investors for the sale of facilities, excluding  
15 facilities managed or controlled by the department of  
16 transportation, to private investors; provided that each  
17 facility agreement contains the following requirements:

18 (1) The State shall sell the facility to the private  
19 investor, who shall:

20 (A) Renovate, improve, or construct a facility for  
21 the State and may maintain the facility; and



1           (B) Lease the facility to the State, pursuant to a  
2                   building lease;

3           (2) The land upon which the facility rests shall not be  
4                   sold to the private investor; provided that the land  
5                   may be leased at a nominal rate to the private  
6                   investor for a term that would, at a minimum, allow  
7                   the private investor to recover the capital investment  
8                   that has been made to the facility, including  
9                   depreciation; and

10           (3) The State shall have the option of purchasing the  
11                   facility from the private investor for the remaining  
12                   balance of the debt service costs incurred by the  
13                   private investor at any time.

14           For purposes of this subsection:

15           "Building lease" means a contract between the department of  
16                   accounting and general services and a private investor in which  
17                   the private investor leases an improved facility to the  
18                   department for a specified period of time.

19           "Facility" means a building under the management and  
20                   control of any state department.



1        "Facility agreement" means an agreement between the State  
2        and a private investor that, at a minimum, includes a  
3        description of the work to be done, the sale price for the  
4        facility, the duration of the agreement, the roles and  
5        responsibilities of the State and the private investor, and the  
6        terms and conditions for the lease.

7        "Private investor" means a nongovernmental entity.

8        [~~(d)~~] (e) The department may adopt rules as may be  
9        necessary or desirable for the operation and maintenance of  
10       public buildings [~~, and~~]; for the operation and implementation of  
11       a program to provide a means for public access to the State's  
12       information network system and public information [~~-~~]; and for  
13       the implementation of facility agreements pursuant to subsection  
14       (d). The rules shall be adopted pursuant to chapter 91.

15       [~~(e)~~] (f) The King Kamehameha celebration commission shall  
16       be placed within the department of accounting and general  
17       services for administrative purposes. The functions, duties,  
18       and powers, subject to the administrative control of the  
19       comptroller, and the composition of the commission shall be as  
20       heretofore provided by law.



1       ~~(f)~~ (g) The functions and authority heretofore exercised  
2 by the comptroller, board of commissioners of public archives,  
3 the archivist, the disposal committee, and the insurance  
4 management, surplus property management, and central purchasing  
5 functions of the bureau of the budget and the nonhighway  
6 functions of the department of public works as heretofore  
7 constituted are transferred to the department of accounting and  
8 general services established by this chapter.

9       ~~(g)~~ (h) The department of accounting and general  
10 services shall preserve and protect Washington Place, including  
11 the grounds and the historic residence situated on its premises  
12 at Miller and Beretania Streets in Honolulu. The department  
13 shall administer, manage, operate, and maintain Washington Place  
14 and the trust fund created under subsection ~~(h)~~ (i).

15       ~~(h)~~ (i) There is established a trust fund in the state  
16 treasury to be known as the Washington Place trust fund, into  
17 which shall be deposited:

- 18       (1) All rents and fees collected for the use of Washington  
19           Place and from activities conducted on the premises;  
20       (2) All other money received for the fund from any other  
21           source; and



1 (3) All income and interest earned or accrued on moneys  
2 deposited into the trust fund.

3 All moneys deposited into the trust fund shall be expended  
4 by the department of accounting and general services and used  
5 exclusively to implement the provisions of subsection [~~(g)~~]  
6 (h), including for staff salaries and fringe benefits, and shall  
7 not be transferred, nor subject to transfer, to the general fund  
8 or any other fund in the state treasury."

9 SECTION 4. (a) The department of accounting and general  
10 services shall conduct an inventory of all leases of property  
11 between state agencies and private entities.

12 (b) The department of accounting and general services  
13 shall submit a report of its findings and recommendations,  
14 including any proposed legislation, to the legislature no later  
15 than twenty days prior to the convening of the regular session  
16 of 2016.

17 SECTION 5. There is appropriated out of the general  
18 revenues of the State of Hawaii the sum of \$250,000 or so much  
19 thereof as may be necessary for fiscal year 2015-2016 for the  
20 department of accounting and general services to conduct an



1 inventory of all leases of property between state agencies and  
2 private entities.

3 The sum appropriated shall be expended by the department of  
4 accounting and general services for the purposes of this part.

5 PART III

6 SECTION 6. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8 SECTION 7. This Act shall take effect on July 1, 2015.

APPROVED this 30 day of JUN , 2015



GOVERNOR OF THE STATE OF HAWAII

