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# A BILL FOR AN ACT

RELATING TO CAPITAL IMPROVEMENTS.

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

1           SECTION 1. The purpose of this Act is to authorize the use  
2 of capital improvement project appropriations, including bond  
3 fund appropriations, for contracting activities for these  
4 projects. The legislature finds that the provisions of this Act  
5 will stimulate the economy and create jobs by accelerating the  
6 construction of capital improvement projects.

7           SECTION 2. Section 37-62, Hawaii Revised Statutes, is  
8 amended as follows:

9           1. By adding a new definition of "contracting" to be  
10 appropriately inserted and to read:

11           "Contracting" means the procurement, preparation,  
12 negotiation, execution, amendment, or enforcement of contracts  
13 for the commencement, implementation, construction, or  
14 acquisition of a capital improvement project or any phase of a  
15 capital improvement project."

16           2. By amending the definition of "capital investment  
17 costs" to read:



1        "Capital investment costs" means costs, beyond the  
2 research and development phase, associated with capital  
3 improvements, including the acquisition and development of land,  
4 the design and construction of new facilities, [~~and~~] the making  
5 of renovations or additions to existing facilities[~~-~~], and  
6 contracting. Capital investment costs for a program are the sum  
7 of the program's capital improvement project costs."

8        3. By amending the definition of "cost elements" to read:

9        "Cost elements" means the major subdivisions of a cost  
10 category. The category "capital investment" includes plan, land  
11 acquisition, design, contracting, construction, and equipment  
12 and furnishing. The categories "research and development" and  
13 "operating" include personal services, current lease payments,  
14 other current expenses, equipment, and motor vehicles."

15        4. By amending the definition of "phases of capital  
16 improvement project" to read:

17        "Phases of capital improvement project" means land  
18 acquisition, design, contracting, construction, and occupancy."

19        SECTION 3. Section 39-53, Hawaii Revised Statutes, is  
20 amended to read as follows:



1           **"§39-53 Additional powers of departments.** In addition to  
2 the powers which departments may otherwise have, any department  
3 shall have the power pursuant to this part:

- 4           (1) To construct, acquire by gift, purchase, or the  
5           exercise of the right of eminent domain, reconstruct,  
6           improve, better, or extend any undertaking within its  
7           jurisdiction, and to acquire by gift, purchase, or the  
8           exercise of the right of eminent domain, lands or  
9           rights in land or water in connection therewith within  
10          its jurisdiction or to undertake the establishment and  
11          administration of a loan program as authorized by law  
12          within its jurisdiction;
- 13          (2) To operate and maintain any undertaking or administer,  
14          operate, and maintain a loan program as authorized by  
15          law within its jurisdiction and furnish the services,  
16          facilities, and commodities thereof for its own use  
17          and for the use of public and private consumers;
- 18          (3) To issue revenue bonds of the State in the amounts  
19          authorized by specific act or acts of the legislature  
20          to finance in whole or in part the cost of the  
21          acquisition, purchase, construction, reconstruction,  
22          improvement, betterment, or extension of any



1           undertaking or the establishment and administration of  
2           any loan program as authorized by law;

3           (4) Subject to the provisions of section 39-61, to impose,  
4           prescribe, and collect rates, rentals, fees, and  
5           charges for the use and services of, and the  
6           facilities and commodities furnished by, the  
7           undertaking or for the use and services of the loan  
8           program as authorized by law; and

9           (5) To pledge to the punctual payment of the revenue bonds  
10           and interest thereon, or to covenant to pay into any  
11           special funds from which any of the revenue bonds may  
12           be payable, all or any portion of the revenue of the  
13           undertaking or loan program or of any part thereof, or  
14           the user taxes derived therefrom, or any combination  
15           of both (including improvements, betterments, or  
16           extensions thereto thereafter constructed or acquired)  
17           sufficient, among other things, to pay the revenue  
18           bonds and interest as they shall become due and to  
19           create and maintain reasonable reserves to pay the  
20           principal and interest; provided that no user taxes  
21           shall be pledged to the payment unless the legislature  
22           in the specific act or acts authorizing the issuance



1 of the revenue bonds shall have provided that the  
2 revenue bonds may be payable from and secured by user  
3 taxes.

4 The department, in determining the cost, may include all  
5 costs and estimated costs of the issuance of the revenue bonds,  
6 all architectural, engineering, contracting, inspection,  
7 financial and legal expenses, all costs of establishing or  
8 administering a loan program authorized by law, the cost of  
9 causing the payment of the principal or interest or both of the  
10 revenue bonds to be insured or guaranteed, the initial cost of  
11 any support facility obtained as permitted by section 39-59, and  
12 interest which it is estimated will accrue during the  
13 construction period and for six months thereafter on money  
14 borrowed or which it is estimated will be borrowed pursuant to  
15 this part. For the purposes of this section, "contracting" has  
16 the same meaning as defined in section 37-62."

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

19 SECTION 5. This Act shall take effect on July 1, 2012.



**Report Title:**

Capital Improvements; Contracting Costs

**Description:**

Expressly authorizes the use of capital improvement project appropriations and revenue bond proceeds for contracting costs. Effective July 1, 2012. (HB2411 HD1)

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

