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# A BILL FOR AN ACT

RELATING TO PUBLIC-PRIVATE PARTNERSHIPS.

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

1           SECTION 1. The legislature finds that the State needs  
2 creative mechanisms to generate revenues in order to address  
3 increased spending on public services, repairs, maintenance on  
4 facilities, and to catch up on the backlog of projects. As  
5 demand for public services and the costs for such services  
6 continue to increase, proposals to offset these costs include  
7 increasing the general excise tax, raiding various funds,  
8 discontinuing services, or closure of facilities.

9           Partnerships with the private sector bring enhanced  
10 efficiencies to funding, faster and less expensive project  
11 implementation, economic development and investment  
12 opportunities, and access to private sector expertise, enabling  
13 the sustainable management and maintenance of facilities. For  
14 example, Houston's NRG Stadium was completed for \$450,000,000 in  
15 2002. By creating a public-private partnership, the public  
16 sector financed forty-three per cent of the project and the  
17 private sector contributed the remaining balance. Today, it is



1 estimated that the Houston Texans football team deliver an  
2 annual economic impact of \$250,000,000, which creates thousands  
3 of local jobs and small businesses surrounding the stadium.  
4 These types of public-private partnerships demonstrate that  
5 complete state financing and maintenance is not always the most  
6 cost-effective or efficient method of managing a public project.

7 The legislature further finds that there is an alignment of  
8 initiatives in the governor's state of the state address, as the  
9 administration continues to seek partnerships with the private  
10 sector. The Hawaii health systems corporation recently  
11 established a public-private partnership with Kaiser Permanente  
12 on Maui, and there continues to be discussion on projects for  
13 public-private partnerships at the current sites of Aloha  
14 stadium and Oahu community correctional center. By leveraging  
15 these public assets, the State can create opportunities for  
16 economic development and reinvestment to provide better  
17 facilities for the greater public good.

18 The legislature also finds that while public-private  
19 partnerships are widely encouraged, the State lacks a  
20 comprehensive process for all agencies to engage in public-



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1 private partnerships. This has led to agencies working in silos  
2 to develop their own process.

3 The purpose of this Act is to require the department of  
4 business, economic development, and tourism to conduct a study  
5 on the feasibility of establishing a public-private partnership  
6 resource agency within the department of business, economic  
7 development, and tourism, for all state departments, divisions,  
8 and agencies to utilize.

9 SECTION 2. (a) The department of business, economic  
10 development, and tourism shall conduct a study on the  
11 feasibility of establishing a public-private partnership  
12 resource agency within the department of business, economic  
13 development, and tourism, for all state departments, divisions,  
14 and agencies to utilize.

15 (b) The services of the resource agency shall include the  
16 following:

17 (1) Providing advice, expertise, guidance, and information  
18 to all state departments, divisions, and agencies  
19 concerning the formation of public-private  
20 partnerships between state government and the private  
21 sector;



- 1           (2)   Assisting in the formation of a public-private
- 2                 partnership for any particular project or undertaking;
- 3           (3)   Serving as one of the state's representatives in
- 4                 negotiating a contract for a public-private
- 5                 partnership; and
- 6           (4)   Doing all things necessary in furtherance of this
- 7                 subsection.

8           (c)   The department of business, economic development, and

9   tourism shall report its findings and recommendations, including

10   any proposed legislation, to the legislature no later than

11   twenty days prior to the convening of the regular session of

12   2017.

13           SECTION 3.   There is appropriated out of the general

14   revenues of the State of Hawaii the sum of \$150,000 or so much

15   thereof as may be necessary for fiscal year 2016-2017 for a

16   study on the feasibility of establishing a public-private

17   partnership resource agency within the department of business,

18   economic development, and tourism.

19           The sum appropriated shall be expended by the department of

20   business, economic development, and tourism for the purposes of

21   this Act.



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1 SECTION 4. This Act shall take effect on July 1, 2016.

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INTRODUCED BY:

*[Handwritten Signature]*



# S.B. NO. 3101

**Report Title:**

Department of Business, Economic Development, and Tourism;  
Feasibility Study; Appropriation

**Description:**

Requires DBEDT to conduct a study on the feasibility of establishing a public-private partnership resource agency that all state departments, divisions, and agencies may utilize. Makes an appropriation.

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

