A BILL FOR AN ACT

RELATING TO AN AIRPORTS CORPORATION.

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

SECTION 1. The legislature finds that the well-being of
the State is substantially dependent on the efficient
administration, development, management, and operation of its
airports and air transportation infrastructure. The legislature
further finds that responsibility for Hawaii's airport planning,
management, marketing, and capital development functions is
currently distributed among a number of agencies, including the
department of transportation's airports division; Hawaii tourism
authority; department of budget and finance; department of human
resources development; board of land and natural resources;
department of health, with respect to environmental concerns;
and office of Hawaiian affairs, with respect to ceded land
issues; among others. Distributed responsibility and
involvement by multiple agencies, which sometimes have
conflicting goals and priorities, results in inefficiency,
delayed decision-making, and reduced effectiveness. The
legislature believes that coordinated planning and development
of the State's air transportation system and infrastructure
would be achieved more effectively by establishing and giving a
separate state entity overall jurisdiction and responsibility
for aeronautics and the State's airports.

The legislature further finds that the establishment of a
separate airports corporation would assist in the achievement of
the following important statewide objectives:

(1) Maximizing the contribution of the State's airports to
Hawaii's economy;

(2) Ensuring dedicated expert airport leadership,
management continuity, and year-round decision-making,
consistent with industry best practices;

(3) Improving administrative efficiency by streamlining
administrative processes;

(4) Accelerating the planning and implementation of the
state airports' capital improvement programs;

(5) Increasing the financial flexibility and strength of
the State's airports;

(6) Increasing economic opportunities for the State, in
collaboration with the Hawaii tourism authority;
(7) Increasing responsiveness to consumer needs, commercial opportunities, and economic demands; and
(8) Maximizing job creation within the State.

In addition, the management and administration of scarce and increasingly valuable airport resources is most effectively served by a separate airports corporation.

The purpose of this Act is to establish the Hawaii airports corporation, which shall assume all of the authority, powers, functions, duties, and responsibilities of the department of transportation related to aeronautics and airports, including responsibility for the development, management, operation, and maintenance of the State's airports, on and after the transfer completion date announced by the Hawaii airports corporation pursuant to section 19(b) of this Act.

SECTION 2. The Hawaii Revised Statutes is amended by adding a new chapter to be appropriately designated and to read as follows:

"CHAPTER
HAWAII AIRPORTS CORPORATION
PART I. GENERAL PROVISIONS
§ -1 Definitions. As used in this chapter:
"Aircraft" shall have the same meaning as defined in section 261-1.

"Air navigation facility" shall have the same meaning as defined in section 261-1.

"Airport" shall have the same meaning as defined in section 261-1.

"Airport revenue" means all moneys paid into the airport revenue fund pursuant to section 261-5(a).

"Airports corporation" or "corporation" means the Hawaii airports corporation established by this chapter.

"Chief executive officer" means the chief executive officer of the Hawaii airports corporation.

§ -2 Airports corporation; establishment; board; members; chief executive officer. (a) There is established the Hawaii airports corporation to:

(1) Develop and implement management structures, policies, and procedures based on airport industry best practices;

(2) Efficiently develop, manage, operate, and maintain the State's airports and aeronautical facilities; and
(3) Administer the provisions of chapters 102, 261, 261D, and 262 that are applicable to airports and aeronautical facilities. The corporation shall be a body politic and corporate, and an instrumentality and agency of the State, placed within the department of transportation for administrative purposes only, and shall enjoy the same sovereign immunity available to the State. The corporation shall not be subject to supervision by the department of transportation or its director and shall be exempt from section 26-35(a)(1), (4), (5), and (6).

(b) The powers of the airports corporation shall be vested in and exercised by a board of directors that shall consist of nine voting members; provided that:

(1) The members shall be appointed by the governor as provided in section 26-34, except as provided by this section;

(2) The members shall include at least one resident each from the city and county of Honolulu and the counties of Hawaii, Kauai, and Maui;
(3) Two members shall be appointed by the governor from a list of names submitted for each appointment by the president of the senate, and two members shall be appointed by the governor from a list of names submitted for each appointment by the speaker of the house of representatives; provided that each list of names shall contain at least three names and shall include two names that qualify to fill any county-specific vacancy, as appropriate; and

(4) Notwithstanding the state residency provisions of section 78-1(b), there shall be no more than two members who are non-residents of the State on the board at any time.

Notwithstanding section 26-34, appointments to the board shall not be subject to the advice and consent of the senate.

(c) Members shall have relevant business and management experience, including experience in one or more of the following disciplines: financial planning, budgeting, hospitality, tourism, commercial development, construction, marketing, law, aviation, non-aviation airport business, or the cultural traditions and practices of native Hawaiians. It is the intent
of the legislature that there shall be, as far as practicable, a wide cross-section of these disciplines represented by the board.

(d) Members shall be appointed by the governor for terms of four years. Notwithstanding section 26-34(a) and (b), all members of the board shall continue in office until their respective successors have been appointed; provided that no member shall serve more than eight consecutive years.

(e) No board member appointed under this section shall be an officer or employee of the State or a county.

(f) Each board member shall serve without compensation, but shall be reimbursed for necessary expenses, including travel expenses, incurred in the performance of their duties.

(g) The board of directors of the airports corporation shall appoint a single executive to be known as the chief executive officer of the Hawaii airports corporation, who shall:

(1) Not be a member of the board;

(2) Be exempt from chapters 76 and 89; and

(3) Receive a salary fixed by the board.

(h) The chief executive officer:
(1) Shall be selected based on criteria approved by the board, including experience in airport management at an executive level at a large-hub or medium-hub airport within the United States, management of large-scale capital programs, and domestic and international air service development;

(2) Shall be appointed by an affirmative vote of not less than five members of the board;

(3) Shall be employed subject to a formal contract, the terms of which shall be approved by the board; provided that the terms shall include provisions for the removal of the chief executive officer whether with or without cause;

(4) May be removed from office only by a vote of not less than five members of the board; provided that the basis for removal is consistent with the terms of the chief executive officer's employment contract;

(5) Shall have the powers as described in this chapter and the provisions of chapters 102, 261, 261D, and 262 that are applicable to airports and aeronautical facilities, as may be delegated by the board;
(6) Shall, except when excused by the board, attend all meetings of the board, keep a record of the proceedings, and maintain and be the custodian of the official seal of the corporation and all books, records, documents, and papers filed with the corporation;

(7) Shall direct and supervise the corporation's administrative and operational affairs in accordance with the directives of the board;

(8) Shall approve all accounts for salaries and allowable expenses of the corporation; and

(9) Shall do all things necessary, as directed by the board, to carry out the powers and duties conferred upon the corporation by this chapter and the provisions of chapters 102, 261, 261D, and 262 that are applicable to airports and aeronautical facilities.

(i) Upon the vacancy of the position of the chief executive officer, the board of directors shall designate a deputy executive officer or other employee of the corporation to serve as the chief executive officer of the corporation until
the vacancy is filled by the board. This interim chief executive officer shall have all of the powers and responsibilities, and receive the salary, of the chief executive officer.

(j) The number of members of the board necessary to constitute a quorum to do business shall be five members, and unless specified elsewhere in this chapter, the concurrence of five members of the board shall be necessary to make any action of the board valid.

§ 3 Powers; generally. (a) The Hawaii airports corporation, by and through its board of directors:

(1) Shall exercise power and control over all airports, air navigation facilities, buildings, and other facilities that the corporation is responsible for managing, operating, or controlling under this chapter and the provisions of chapters 102, 261, 261D, and 262 that are applicable to airports and aeronautical facilities;

(2) Shall provide as appropriate for the landing, taking-off, and servicing of aircraft, and the loading and
unloading of passengers and cargo at all airports under the control of the corporation;

(3) Shall establish performance targets and performance standards for all state airports to achieve the highest levels of customer service;

(4) Shall ensure that appropriate mission statements, business plans, minimum development standards, and strategic goals are established and that progress towards their accomplishment is regularly assessed and reported;

(5) Shall develop an organization and management structure to best accomplish the goals of the Hawaii airport system and the corporation;

(6) Shall be subject to the provisions of chapter 103D and chapter 104; provided that any offeror of food and beverage or retail concession services shall have an agreement with any labor organization which represents airport terminal concession employees in this State that is valid and enforceable under title 29 United States Code, section 185(a) and that prohibits any strikes, picketing, or other economic interference
with the business of the offeror for the duration of
the offeror's contract to operate the concession,
including renewal or extension, and binds any
successors to an original offeror;

(7) Shall have an official seal and may alter the official
seal at its pleasure;

(8) May make, execute, or assume contracts, leases, and
all other instruments necessary or convenient for the
exercise of its powers and functions under this
chapter and the provisions of chapters 102, 261, 261D,
and 262 that are applicable to airports and
aeronautical facilities;

(9) Shall establish bylaws for its organization and
internal management;

(10) Shall adopt rules pursuant to chapter 91 as necessary
to implement this chapter and the provisions of
chapters 102, 261, 261D, and 262 that are applicable
to airports and aeronautical facilities;

(11) Shall prepare and adopt the corporation's operating
and capital improvement budgets;
(12) May own, purchase, lease, exchange, or otherwise acquire property, whether real, personal, or mixed, tangible or intangible, and any interest therein, in the name of the corporation, and may assign, exchange, transfer, convey, lease, sublease, or encumber the same or any project, improvement, or facility related thereto; provided that the lands to which the corporation holds title shall not be subject to chapter 171; provided further that any sale, gift, or exchange of real property shall be subject to the terms, conditions, and restrictions applicable to the sale, gift, or exchange of public lands in section 171-50 and 171-64.7; provided further that any lease, sublease, permit, or other encumbrance for any real property shall be issued in accordance with administrative rules adopted by the corporation pursuant to chapter 91;

(13) May procure insurance against any loss in connection with its property and other assets and operations, in amounts and from insurers as it deems desirable; or provide for self-insurance;
(14) May accept and receive gifts or grants in any form from any person, public entity, or source; provided that the grants and gifts shall be used for airports corporation purposes;

(15) Shall take all actions necessary under emergencies declared by the governor;

(16) Shall assume from the department of transportation:

(A) That:

(i) Certain Certificate of the Director of Transportation Providing for the Issuance of State of Hawaii Airports System Revenue Bonds dated as of May 1, 1969, relating to certain revenue bonds and other obligations;

(ii) Certain Indenture of Trust dated as of December 1, 2013, between the department of transportation and U.S. Bank National Association relating to certain certificates of participation; and

(iii) Certain Indenture of Trust dated as of August 1, 2014, between the department of transportation and MUFG Union Bank, N.A.,
relating to certain customer facility charge
revenue bonds, each as supplemented and
amended to date; and
(B) The bonds, notes, and other obligations of the
department of transportation outstanding under,
as well as the covenants, restrictions, and other
requirements set forth in, those documents;
(17) Shall adopt policies and procedures designed to ensure
continuing compliance with the terms of the documents
in paragraph (16) for so long as they are applicable;
(18) Shall fix, impose, prescribe, and collect rates,
rentals, fees, or charges for the lease, use, and
services of its airport facilities at least sufficient
to pay the costs of operation, maintenance, and
repair, if any, and the required payments of the
principal of and interest on all bonds, notes, or
other obligations issued or assumed by the airports
corporation and reserves therefor; provided that the
rates, rentals, fees, or charges are established at an
open meeting subject to the requirements of chapter
(19) Subject to the provisions of the documents assumed by
the corporation under paragraph (16)(A), may allot any
and all airport revenue and issue revenue bonds,
refunding revenue bonds, special facility revenue
bonds, bond anticipation notes, and other lawfully
authorized obligations of the State in its name and
secured by the revenue, or user taxes, or any
combination of both, of an undertaking or loan program
pursuant to chapter 39, but not in excess of the
principal amounts as are necessary for its purposes;
(20) May invest and secure its moneys;
(21) May exercise the power of eminent domain pursuant to
chapter 101 and in accordance with sections 261-31 to
261-36, to acquire real property for the corporation
with which to carry out this chapter and the
provisions of chapters 102, 261, 261D, or 262 that are
applicable to airports and aeronautical facilities;
(22) Shall establish and maintain an appropriate system of
accounts for the corporation; and
(23) May do any and all things necessary to exercise the
powers and perform the duties conferred upon the
corporation by this chapter and the provisions of
chapters 102, 261, 261D, and 262 that are applicable
to airports and aeronautical facilities.

(b) The corporation shall not be subject to chapters 36,
37, 37D, 38, and 40, except for section 36-28.5 and as otherwise
provided in this chapter and chapter 261.

(c) The airports corporation may sue and be sued in its
corporate name. Notwithstanding any other law to the contrary,
all claims arising out of the acts or omissions of the airports
corporation or the members of its board, its officers, or its
employees, including claims permitted against the State under
chapter 661, part I, and claims for torts permitted against the
State under chapter 662, may be brought only pursuant to this
section and only against the airports corporation. However, the
airports corporation shall be subject to suit only in the manner
provided for suits against the State, including section 661-11.
All defenses available to the State, as well as all limitations
on actions against the State, shall be applicable to the
airports corporation.

The board of directors, upon the advice of its attorney,
may arbitrate, compromise, or settle any claim, action, or suit
brought against the airports corporation pursuant to this section. Any claim compromised or settled under this subsection shall be payable solely from the moneys and property of the airports corporation and shall not constitute a general obligation of the State or be secured directly or indirectly by the full faith and credit of the State or the general credit of the State or by any revenue or taxes of the State. Nothing in this subsection shall preclude the board of directors from requesting legislative appropriations to fund the settlement of any claim or judgment against the airports corporation or its officers, employees, or agents.

Rights and remedies conferred by this section shall not be construed to authorize any other claim, suit, or action against the State. In addition, a judgment, compromise, or settlement in an action brought against the airports corporation under this section shall constitute a complete bar to any action brought by the claimant, by reason of the same subject matter, against the State or an officer or employee of the airports corporation.

(d) The corporation shall be a "jurisdiction" and an "appointing authority" under chapter 76 and an "appointing authority" and an "appropriate authority" for those of its
officers and employees who are excluded employees under chapter 89C. In addition to its chief executive officer, the corporation may employ executive officers, including a chief procurement officer, appointed by the chief executive officer who are qualified to fill positions established in the bylaws of the corporation adopted by the board of directors, to perform functions and exercise powers assigned by the bylaws or delegated by the board or the chief executive officer. The other executive officers of the corporation, and up to fifteen additional specially qualified employees appointed by the chief executive officer shall be exempt from chapters 76 and 89. All other persons employed by the corporation shall be subject to chapters 76 and 89, and rules adopted to implement those provisions, unless expressly exempted from the civil service under chapter 76 or excluded from collective bargaining under chapter 89. The officers and personnel of the corporation shall be included in all benefit programs applicable to officers and employees of the State.

(e) The corporation and its corporate existence shall continue until terminated by law; provided that no termination shall take effect as long as bonds or other obligations issued
or assumed by the corporation are outstanding, unless adequate provision has been made for the payment or satisfaction thereof. Upon termination of the existence of the corporation, all of the rights and properties of the corporation then remaining shall pass to and vest in the State in the manner prescribed by law.

PART II. BUDGET AND FINANCE

§ 11 Exemptions. The airport revenue fund, passenger facility charge special fund, and rental motor vehicle customer facility charge special fund shall be exempt from chapters 36, 37, 37D and 40.

§ 12 Fiscal provisions. (a) The corporation's board of directors shall establish guidelines for preparing the corporation's annual operating and capital improvement budget proposals that take into account anticipated receipts, surpluses, reserves, and funds from any other source, on deposit in or available for deposit into the airport revenue fund, the passenger facility charge special fund, the rental motor vehicle customer facility charge special fund, or any other special or revolving fund that the legislature may establish for the corporation.
(b) The corporation shall submit its biennium and supplemental operating and capital improvement budget proposals to the department of transportation, which shall transmit those budget proposals to the governor.

(c) Along with its budget proposals, the corporation shall provide an annual report of the income to and the expenditures from the airport revenue fund, the passenger facility charge special fund, the rental motor vehicle customer facility charge special fund, and any other special or revolving fund administered by the corporation. The corporation shall provide a copy of its annual report to the legislature at least twenty days prior to the convening of each regular session.

(d) The supporting documents for each budget proposal shall include the annual report, but need not include any other information, except when state general funds are requested.

§ -13 Budget oversight. The corporation's operating and capital improvement budgets shall be subject to review or approval by the governor or any agency of the executive branch, except where state general funds are requested.

§ -14 Accounts; depositories. (a) Appropriations for the corporation shall not be subject to any allotment system or
requirements. The director of finance shall notify the
corporation and comptroller that all of the appropriations for
the corporation for the fiscal year have been allotted and are
available for expenditure as soon as possible, and in no event
more than three business days, after the general or supplemental
appropriation act is effective.

(b) Moneys in the airport revenue fund, passenger facility
charge special fund, and rental motor vehicle customer facility
charge special fund may be deposited in depositories other than
the state treasury; provided that the airports corporation
consults with the director of finance before selecting such a
depository for the corporation's funds, and submits copies of
annual statements from each of the depositories in which the
moneys from the funds are deposited.

§ -15 Expenditures in excess of appropriations. If in
any fiscal year the amount of revenues deposited into the
airport revenue fund exceeds the amount appropriated from that
fund for that year, the board of directors of the corporation
may approve expenditures in excess of the amount appropriated,
up to the amount by which revenues for that fund exceed the
appropriations from that fund for a fiscal year.
§ -16 Issuance of bonds. On an annual basis, and upon request of the corporation, the legislature may authorize one lump sum for each means or source of funds for each of the following types of bonds to be issued by the corporation:
revenue bonds, refunding revenue bonds, and special facility revenue bonds.

§ -17 Audits. The state auditor shall conduct management and financial audits of the corporation for fiscal year 2023 and every second year thereafter.

§ -18 Rate-setting; methodology. The corporation shall used the residual method when determining overall costs and assigning rates and charges."

SECTION 3. Section 26-19, Hawaii Revised Statutes, is amended to read as follows:

"§26-19 Department of transportation. The department of transportation shall be headed by a single executive to be known as the director of transportation. The department shall establish, maintain, and operate transportation facilities of the State, including highways, [airports] harbors, and such other transportation facilities and activities, other than airports and aeronautics, as may be authorized by law.
The department shall plan, develop, promote, and coordinate various transportation systems management programs that shall include, but not be limited to, alternate work and school hours programs, bicycling programs, and ridesharing programs.

The department shall develop and promote ridesharing programs which shall include but not be limited to, carpool and vanpool programs, and may assist organizations interested in promoting similar programs, arrange for contracts with private organizations to manage and operate these programs, and assist in the formulation of ridesharing arrangements. Ridesharing programs include informal arrangements in which two or more persons ride together in a motor vehicle.

[The functions and authority heretofore exercised by the department of public works with respect to highways are transferred to the department of transportation established by this chapter.]

On July 1, 1961, the Hawaii aeronautics commission, the board of harbor commissioners and the highway commission shall be abolished and their remaining functions, duties, and powers shall be transferred to the department of transportation.]"
SECTION 4. Section 28-8.3, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (a) to read:

"(a) No department of the State other than the attorney general may employ or retain any attorney, by contract or otherwise, for the purpose of representing the State or the department in any litigation, rendering legal counsel to the department, or drafting legal documents for the department; provided that the foregoing provision shall not apply to the employment or retention of attorneys:

(1) By the public utilities commission, the labor and industrial relations appeals board, and the Hawaii labor relations board;

(2) By any court or judicial or legislative office of the State; provided that if the attorney general is requested to provide representation to a court or judicial office by the chief justice or the chief justice's designee, or to a legislative office by the speaker of the house of representatives and the president of the senate jointly, and the attorney general declines to provide such representation on the
grounds of conflict of interest, the attorney general shall retain an attorney for the court, judicial, or legislative office, subject to approval by the court, judicial, or legislative office;

(3) By the legislative reference bureau;

(4) By any compilation commission that may be constituted from time to time;

(5) By the real estate commission for any action involving the real estate recovery fund;

(6) By the contractors license board for any action involving the contractors recovery fund;

(7) By the office of Hawaiian affairs;

(8) By the department of commerce and consumer affairs for the enforcement of violations of chapters 480 and 485A;

(9) As grand jury counsel;

(10) By the Hawaii health systems corporation, or its regional system boards, or any of their facilities;

(11) By the auditor;

(12) By the office of ombudsman;

(13) By the insurance division;
(14) By the University of Hawaii;
(15) By the Kahoolawe island reserve commission;
(16) By the division of consumer advocacy;
(17) By the office of elections;
(18) By the campaign spending commission;
(19) By the Hawaii tourism authority, as provided in section 201B-2.5;
(20) By the division of financial institutions;
(21) By the office of information practices; [≡≠]
(22) By the Hawaii airports corporation; or
(23) By a department, if the attorney general, for reasons deemed by the attorney general to be good and sufficient, declines to employ or retain an attorney for a department; provided that the governor waives the provision of this section."

2. By amending subsection (c) to read:
"(c) Every attorney employed by any department on a full-time basis, except an attorney employed by the public utilities commission, the labor and industrial relations appeals board, the Hawaii labor relations board, the office of Hawaiian affairs, the Hawaii health systems corporation or its regional
system boards, the department of commerce and consumer affairs
in prosecution of consumer complaints, insurance division, the
division of consumer advocacy, the University of Hawaii, the
Hawaii tourism authority as provided in section 201B-2.5, the
office of information practices, the Hawaii airports
corporation, or as grand jury counsel, shall be a deputy
attorney general."

SECTION 5. Section 36-27, Hawaii Revised Statutes, is
amended by amending subsection (a) to read as follows:
"(a) Except as provided in this section, and
notwithstanding any other law to the contrary, from time to
time, the director of finance, for the purpose of defraying the
prorated estimate of central service expenses of government in
relation to all special funds, except the:

(1) Special out-of-school time instructional program fund
under section 302A-1310;

(2) School cafeteria special funds of the department of
education;

(3) Special funds of the University of Hawaii;

(4) State educational facilities improvement special fund;
(5) Convention center enterprise special fund under section 201B-8;

(6) Special funds established by section 206E-6;

(7) Aloha Tower fund created by section 206J-17;

(8) Funds of the employees' retirement system created by section 88-109;

(9) Hawaii hurricane relief fund established under chapter 431P;

(10) Hawaii health systems corporation special funds and the subaccounts of its regional system boards;

(11) Tourism special fund established under section 201B-11;

(12) Universal service fund established under section 269-42;

(13) Emergency and budget reserve fund under section 328L-3;

(14) Public schools special fees and charges fund under section 302A-1130;

(15) Sport fish special fund under section 187A-9.5;

(16) Neurotrauma special fund under section 321H-4;
(17) Glass advance disposal fee established by section 342G-82;
(18) Center for nursing special fund under section 304A-2163;
(19) Passenger facility charge special fund established by section 261-5.5;
(20) Solicitation of funds for charitable purposes special fund established by section 467B-15;
(21) Land conservation fund established by section 173A-5;
(22) Court interpreting services revolving fund under section 607-1.5;
(23) Trauma system special fund under section 321-22.5;
(24) Hawaii cancer research special fund;
(25) Community health centers special fund;
(26) Emergency medical services special fund;
(27) Rental motor vehicle customer facility charge special fund established under section 261-5.6;
(28) Shared services technology special fund under section 27-43;
(29) Automated victim information and notification system special fund established under section 353-136;
Deposit beverage container deposit special fund under section 342G-104;
Hospital sustainability program special fund under section 346G-4;
Nursing facility sustainability program special fund under section 346F-4;
Hawaii 3R's school improvement fund under section 302A-1502.4;
After-school plus program revolving fund under section 302A-1149.5; and
Civil monetary penalty special fund under section 321-30.2; and
Airport revenue fund,
shall deduct five per cent of all receipts of all other special funds, which deduction shall be transferred to the general fund of the State and become general realizations of the State. All officers of the State and other persons having power to allocate or disburse any special funds shall cooperate with the director in effecting these transfers. To determine the proper revenue base upon which the central service assessment is to be calculated, the director shall adopt rules pursuant to chapter
91 for the purpose of suspending or limiting the application of
the central service assessment of any fund. No later than
twenty days prior to the convening of each regular session of
the legislature, the director shall report all central service
assessments made during the preceding fiscal year."

SECTION 6. Section 36-30, Hawaii Revised Statutes, is
amended by amending subsection (a) to read as follows:

"(a) Each special fund, except the:

(1) Special out-of-school time instructional program fund
under section 302A-1310;

(2) School cafeteria special funds of the department of
education;

(3) Special funds of the University of Hawaii;

(4) State educational facilities improvement special fund;

(5) Special funds established by section 206E-6;

(6) Aloha Tower fund created by section 206J-17;

(7) Funds of the employees' retirement system created by
section 88-109;

(8) Hawaii hurricane relief fund established under chapter
(9) Convention center enterprise special fund established under section 201B-8;

(10) Hawaii health systems corporation special funds and the subaccounts of its regional system boards;

(11) Tourism special fund established under section 201B-11;

(12) Universal service fund established under section 269-42;

(13) Emergency and budget reserve fund under section 328L-3;

(14) Public schools special fees and charges fund under section 302A-1130;

(15) Sport fish special fund under section 187A-9.5;

[+] (16) [+] Neurotrauma special fund under section 321H-4;

[+] (17) [+] Center for nursing special fund under section 304A-2163;

[+] (18) [+] Passenger facility charge special fund established by section 261-5.5;

[+] (19) [+] Court interpreting services revolving fund under section 607-1.5;

[+] (20) [+] Trauma system special fund under section 321-22.5;
Section 7. Section 41D-2, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"...and shall be responsible for its pro rata share of the administrative expenses incurred by the department responsible for the operations supported by the special fund concerned."

SECTION 7. Section 41D-2, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:
"(b) Any provision in this section to the contrary notwithstanding, the Hawaii airports corporation, the University of Hawaii (as to casualty insurance risks only), the Research Corporation of the University of Hawaii (as to casualty insurance risks only), the public health facilities of the department of health (with respect to medical malpractice risks only), and the Hawaii health systems corporation and its regional system boards shall be exempt from the requirements of this chapter."

SECTION 8. Section 76-11, Hawaii Revised Statutes, is amended by amending the definition of "jurisdiction" to read as follows:

"Jurisdiction" means the State, the city and county of Honolulu, the county of Hawaii, the county of Maui, the county of Kauai, the judiciary, the department of education, the University of Hawaii, the Hawaii airports corporation, and the Hawaii health systems corporation."

SECTION 9. Section 76-16, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) The civil service to which this chapter applies shall comprise all positions in the State now existing or hereafter
established and embrace all personal services performed for the State, except the following:

1. Commissioned and enlisted personnel of the Hawaii National Guard as such, and positions in the Hawaii National Guard that are required by state or federal laws or regulations or orders of the National Guard to be filled from those commissioned or enlisted personnel;

2. Positions filled by persons employed by contract where the director of human resources development has certified that the service is special or unique or is essential to the public interest and that, because of circumstances surrounding its fulfillment, personnel to perform the service cannot be obtained through normal civil service recruitment procedures. Any such contract may be for any period not exceeding one year;

3. Positions that must be filled without delay to comply with a court order or decree if the director determines that recruitment through normal recruitment civil service procedures would result in delay or
noncompliance, such as the Felix-Cayetano consent decree;

(4) Positions filled by the legislature or by either house or any committee thereof;

(5) Employees in the office of the governor and office of the lieutenant governor, and household employees at Washington Place;

(6) Positions filled by popular vote;

(7) Department heads, officers, and members of any board, commission, or other state agency whose appointments are made by the governor or are required by law to be confirmed by the senate;

(8) Judges, referees, receivers, masters, jurors, notaries public, land court examiners, court commissioners, and attorneys appointed by a state court for a special temporary service;

(9) One bailiff for the chief justice of the supreme court who shall have the powers and duties of a court officer and bailiff under section 606-14; one secretary or clerk for each justice of the supreme court, each judge of the intermediate appellate court,
and each judge of the circuit court; one secretary for
the judicial council; one deputy administrative
director of the courts; three law clerks for the chief
justice of the supreme court, two law clerks for each
associate justice of the supreme court and each judge
of the intermediate appellate court, one law clerk for
each judge of the circuit court, two additional law
clerks for the civil administrative judge of the
circuit court of the first circuit, two additional law
clerks for the criminal administrative judge of the
circuit court of the first circuit, one additional law
clerk for the senior judge of the family court of the
first circuit, two additional law clerks for the civil
motions judge of the circuit court of the first
circuit, two additional law clerks for the criminal
motions judge of the circuit court of the first
circuit, and two law clerks for the administrative
judge of the district court of the first circuit; and
one private secretary for the administrative director
of the courts, the deputy administrative director of
the courts, each department head, each deputy or first
assistant, and each additional deputy, or assistant
deputy, or assistant defined in paragraph (16);

(10) First deputy and deputy attorneys general, the
administrative services manager of the department of
the attorney general, one secretary for the
administrative services manager, an administrator and
any support staff for the criminal and juvenile
justice resources coordination functions, and law
clers;

(11) (A) Teachers, principals, vice-principals, complex
area superintendents, deputy and assistant
superintendents, other certificated personnel,
not more than twenty noncertificated
administrative, professional, and technical
personnel not engaged in instructional work;

(B) Effective July 1, 2003, teaching assistants,
educational assistants, bilingual/bicultural
school-home assistants, school psychologists,
psychological examiners, speech pathologists,
athletic health care trainers, alternative school
work study assistants, alternative school
1 educational/supportive services specialists,
2 alternative school project coordinators, and
3 communications aides in the department of
4 education;
5 (C) The special assistant to the state librarian and
6 one secretary for the special assistant to the
7 state librarian; and
8 (D) Members of the faculty of the University of
9 Hawaii, including research workers, extension
10 agents, personnel engaged in instructional work,
11 and administrative, professional, and technical
12 personnel of the university;
13 (12) Employees engaged in special, research, or
14 demonstration projects approved by the governor;
15 (13) (A) Positions filled by inmates, patients of state
16 institutions, persons with severe physical or
17 mental disabilities participating in the work
18 experience training programs;
19 (B) Positions filled with students in accordance with
20 guidelines for established state employment
21 programs; and
(C) Positions that provide work experience training or temporary public service employment that are filled by persons entering the workforce or persons transitioning into other careers under programs such as the federal Workforce Investment Act of 1998, as amended, or the Senior Community Service Employment Program of the Employment and Training Administration of the United States Department of Labor, or under other similar state programs;

(14) A custodian or guide at Iolani Palace, the Royal Mausoleum, and Hulihee Palace;

(15) Positions filled by persons employed on a fee, contract, or piecework basis, who may lawfully perform their duties concurrently with their private business or profession or other private employment and whose duties require only a portion of their time, if it is impracticable to ascertain or anticipate the portion of time to be devoted to the service of the State;

(16) Positions of first deputies or first assistants of each department head appointed under or in the manner
provided in section 6, article V, of the Hawaii State Constitution; [three] two additional deputies or assistants either in charge of the highways[ and] harbors[ and airports] divisions or other functions within the department of transportation as may be assigned by the director of transportation, with the approval of the governor; four additional deputies in the department of health, each in charge of one of the following: behavioral health, environmental health, hospitals, and health resources administration, including other functions within the department as may be assigned by the director of health, with the approval of the governor; an administrative assistant to the state librarian; and an administrative assistant to the superintendent of education;

(17) Positions specifically exempted from this part by any other law; provided that:

(A) Any exemption created after July 1, 2014, shall expire three years after its enactment unless affirmatively extended by an act of the legislature; and
(B) All of the positions defined by paragraph (9) shall be included in the position classification plan;

(18) Positions in the state foster grandparent program and positions for temporary employment of senior citizens in occupations in which there is a severe personnel shortage or in special projects;

(19) Household employees at the official residence of the president of the University of Hawaii;

(20) Employees in the department of education engaged in the supervision of students during meal periods in the distribution, collection, and counting of meal tickets, and in the cleaning of classrooms after school hours on a less than half-time basis;

(21) Employees hired under the tenant hire program of the Hawaii public housing authority; provided that not more than twenty-six per cent of the authority's workforce in any housing project maintained or operated by the authority shall be hired under the tenant hire program;
(22) Positions of the federally funded expanded food and nutrition program of the University of Hawaii that require the hiring of nutrition program assistants who live in the areas they serve;

(23) Positions filled by persons with severe disabilities who are certified by the state vocational rehabilitation office that they are able to perform safely the duties of the positions;

(24) The sheriff;

(25) A gender and other fairness coordinator hired by the judiciary;

(26) Positions in the Hawaii National Guard youth and adult education programs;

(27) In the state energy office in the department of business, economic development, and tourism, all energy program managers, energy program specialists, energy program assistants, and energy analysts; and

(28) Administrative appeals hearing officers in the department of human services; and

(29) The chief executive officer of the Hawaii airports corporation, all other executive officers the chief
The director shall determine the applicability of this section to specific positions.

Nothing in this section shall be deemed to affect the civil service status of any incumbent as it existed on July 1, 1955.

SECTION 10. Section 84-17, Hawaii Revised Statutes, is amended by amending subsection (d) to read as follows:

"(d) The financial disclosure statements of the following persons shall be public records and available for inspection and duplication:

(1) The governor, the lieutenant governor, the members of the legislature, candidates for and delegates to the constitutional convention, the trustees of the office of Hawaiian affairs, and candidates for state elective offices;

(2) The directors of the state departments and their deputies, regardless of the titles by which the
foregoing persons are designated; provided that with respect to the department of the attorney general, the foregoing shall apply only to the attorney general and the first deputy attorney general;

(3) The administrative director of the State;

(4) The president, the vice presidents, the assistant vice presidents, the chancellors, members of the board of regents, and the provosts of the University of Hawaii;

(5) The members of the board of education and the superintendent, the deputy superintendent, the state librarian, and the deputy state librarian of the department of education;

(6) The administrative director and the deputy director of the courts;

(7) The administrator and the assistant administrator of the office of Hawaiian affairs; and

(8) The members of the following state boards, commissions, and agencies:

(A) The board of directors of the agribusiness development corporation established under section 163D-3;
(B) The board of agriculture established under section 26-16;

(C) The state ethics commission established under section 84-21;

(D) The Hawaii community development authority established under section 206E-3;

(E) The Hawaiian homes commission established under the Hawaiian Homes Commission Act of 1920, as amended, and section 26-17;

(F) The board of directors of the Hawaii housing finance and development corporation established under section 201H-3;

(G) The board of land and natural resources established under section 171-4;

(H) The state land use commission established under section 205-1;

(I) The legacy land conservation commission established under section 173A-2.4;

(J) The natural area reserves system commission established under section 195-6;
(K) The board of directors of the natural energy laboratory of Hawaii authority established under section 227D-2;

(L) The board of directors of the Hawaii public housing authority established under section 356D-3;

(M) The public utilities commission established under section 269-2; [and]

(N) The commission on water resource management established under section 174C-7[⊥]

(O) The board and CEO of the Hawaii airports corporation established under section ____-2."

SECTION 11. Section 89C-1.5, Hawaii Revised Statutes, is amended by amending the definition of "appropriate authority" to read as follows:

"Appropriate authority" means the governor, the respective mayors, the chief justice of the supreme court, the board of education, the board of regents, the state public charter school commission, the Hawaii health systems corporation board, the auditor, the ombudsman, the board of directors of the Hawaii airports corporation, and the director of the legislative
reference bureau. These individuals or boards may make
adjustments for their respective excluded employees."

SECTION 12. Section 103D-102, Hawaii Revised Statutes, is
amended by amending subsection (c) to read as follows:
"(c) Notwithstanding subsection (a), this chapter shall
not apply to contracts made by:
(1) Any regional system board of the Hawaii health systems
corporation; [ existential]
(2) The Kaho'olawe island reserve commission, except as
provided by section 6K-4.5[−]; or
(3) The Hawaii airports corporation; provided that the
airports corporation adopts rules that meet the
requirements of section [-3]."

SECTION 13. Section 171-2, Hawaii Revised Statutes, is
amended to read as follows:

§171-2 Definition of public lands. "Public lands" means
all lands or interest therein in the State classed as government
or crown lands previous to August 15, 1895, or acquired or
reserved by the government upon or subsequent to that date by
purchase, exchange, escheat, or the exercise of the right of
eminent domain, or in any other manner; including lands accreted
after May 20, 2003, and not otherwise awarded, submerged lands, and lands beneath tidal waters that are suitable for reclamation, together with reclaimed lands that have been given the status of public lands under this chapter, except:

(1) Lands designated in section 203 of the Hawaiian Homes Commission Act, 1920, as amended;

(2) Lands set aside pursuant to law for the use of the United States;

(3) Lands being used for roads and streets;

(4) Lands to which the United States relinquished the absolute fee and ownership under section 91 of the Hawaiian Organic Act prior to the admission of Hawaii as a state of the United States unless subsequently placed under the control of the board of land and natural resources and given the status of public lands in accordance with the state constitution, the Hawaiian Homes Commission Act, 1920, as amended, or other laws;

(5) Lands to which the University of Hawaii holds title;
(6) Lands to which the Hawaii housing finance and development corporation in its corporate capacity holds title;

(7) Lands to which the Hawaii community development authority in its corporate capacity holds title;

(8) Lands to which the department of agriculture holds title by way of foreclosure, voluntary surrender, or otherwise, to recover moneys loaned or to recover debts otherwise owed the department under chapter 167;

(9) Lands that are set aside by the governor to the Aloha Tower development corporation; lands leased to the Aloha Tower development corporation by any department or agency of the State; or lands to which the Aloha Tower development corporation holds title in its corporate capacity;

(10) Lands that are set aside by the governor to the agribusiness development corporation; lands leased to the agribusiness development corporation by any department or agency of the State; or lands to which the agribusiness development corporation in its corporate capacity holds title;
(11) Lands to which the Hawaii technology development corporation in its corporate capacity holds title; [and]
(12) Lands to which the department of education holds title; and
(13) Lands to which the Hawaii airports corporation holds title;
provided that, except as otherwise limited under federal law and except for state land used as an airport as defined in section 262-1, public lands shall include the air rights over any portion of state land upon which a county mass transit project is developed after July 11, 2005; provided further that lands to which the Hawaii airports corporation holds title shall be considered "public lands" for the purpose of accounting of all receipts from lands that are described in section 5(f) of the Admission Act, Public Law 86-3, for the prior fiscal year, pursuant to section 5 of Act 178, Session Laws of Hawaii 2006."

SECTION 14. Section 261-1, Hawaii Revised Statutes, is amended by adding two new definitions to be appropriately inserted and to read as follows:
"Chief executive officer" means the chief executive officer of the Hawaii airports corporation.

"Corporation" means the Hawaii airports corporation.

SECTION 15. Section 261-7, Hawaii Revised Statutes, is amended by amending subsection (e) to read as follows:

"(e) [The department may fix and regulate, from time to time, reasonable landing fees for aircraft, including the imposition of landing surcharges or differential landing fees, and other reasonable charges for the use and enjoyment of the airports and the services and facilities furnished by the department in connection therewith, including the establishment of a statewide system of airports landing fees, a statewide system of airports support charges, and joint use charges for the use of space shared by users, which fees and charges may vary among different classes of users such as foreign carriers, domestic carriers, inter island carriers, air taxi operators, helicopters, and such other classes as may be determined by the director, for the purpose of meeting the expenditures of the statewide system of airports set forth in section 261-5(a), which includes expenditures for capital improvement projects approved by the legislature.] The corporation shall fix, impose,
prescribe, and collect rates, rentals, fees, or charges for the
lease, use, and services of its airport facilities in amounts
sufficient to pay the costs of the operation, maintenance, and
repair, if any, and the required payments of the principal of,
and interest on, all bonds issued or assumed by the corporation
and reserves therefor.

In setting airports rates and charges, including landing
fees, the [director] chief executive officer may enter into
contracts, leases, licenses, and other agreements with
aeronautical users of the statewide system of airports
containing such terms, conditions, and provisions as the
[director] chief executive officer deems advisable.

If the [director] chief executive officer has not entered
into contracts, leases, licenses, and other agreements with any
or fewer than all of the aeronautical users of the statewide
system of airports prior to the expiration of an existing
contract, lease, license, or agreement, the [director] chief
executive officer shall set and impose rates, rentals, fees, and
charges pursuant to this subsection without regard to the
requirements of chapter 91; provided that a public informational
hearing shall be held on the rates, rentals, fees, and charges.
The [director] chief executive officer shall develop rates, rentals, fees, and charges in accordance with a residual methodology so that the statewide system of airports shall be, and always remain, self-sustaining. The rates, rentals, fees, and charges shall be set at [such] levels as to produce revenues [which,] that, together with aviation fuel taxes, shall be at least sufficient to meet the expenditures of the statewide system of airports set forth in section 261-5(a), including expenditures for capital improvement projects approved by the legislature, and to comply with covenants and agreements with holders of airport revenue bonds.

The [director] chief executive officer may develop and formulate methodology in setting the various rates, rentals, fees, and charges imposed and may determine usage of space, estimate landed weights, and apply [such] the portion of nonaeronautical revenue deemed appropriate in determining the rates, rentals, fees, and charges applicable to aeronautical users of the statewide system of airports.

The rates, rentals, fees, and charges determined by the [director] chief executive officer in the manner set forth in this subsection shall be those charges payable by the
aeronautical users for the periods immediately following the
date of expiration of the existing contract, lease, license, or
agreement. If fees are established pursuant to this section,
the [department] corporation shall prepare a detailed report on
the circumstances and rates and charges that have been
established, and shall submit the report to the legislature no
later than twenty days prior to the convening of the next
regular session.

If a schedule of rates, rentals, fees, and charges
developed by the [director] chief executive officer in
accordance with this section is projected by the [department]
corporation to produce revenues [which,] that, together with
aviation fuel taxes, will be in excess of the amount required to
meet the expenditures of the statewide system of airports set
forth in section 261-5(a), including expenditures for capital
improvement projects approved by the legislature, and to comply
with covenants and agreements with holders of airport revenue
bonds, the [department] corporation shall submit the schedule of
rates, rentals, fees, and charges to the legislature prior to
the convening of the next regular session of the legislature.
Within forty-five days after the convening of the regular
session, the legislature may disapprove any schedule of rates, rentals, fees, and charges required to be submitted to it by this section by concurrent resolution. If no action is taken by the legislature within the forty-five-day period the schedule of rates, rentals, fees, and charges shall be deemed approved. If the legislature disapproves the schedule within the forty-five-day period, the [director] chief executive officer shall develop a new schedule of rates, rentals, fees, and charges in accordance with this section within seventy-five days of the disapproval. Pending the development of a new schedule of rates, rentals, fees, and charges, the schedule submitted to the legislature shall remain in force and effect.

Notwithstanding any other provision of law to the contrary, the [department] corporation may waive landing fees and other aircraft charges established under this section at any airport owned or controlled by the State whenever:

(1) The governor declares a state of emergency; and

(2) The [department] corporation determines that the waiver of landing fees and other charges for the aircraft is consistent with assisting in the delivery
of humanitarian relief to disaster-stricken areas of
the State."

SECTION 16. Section 262-1, Hawaii Revised Statutes, is
amended by adding two new definitions to be appropriately
inserted and to read as follows:

"Chief executive officer" means the chief executive
officer of the Hawaii airports corporation.

"Corporation" means the Hawaii airports corporation."

SECTION 17. On and after the transfer completion date
established by the Hawaii airports corporation in section 19(b)
of this Act, and until the revisor of statutes makes the
amendments to applicable provisions in chapters 102, 261, 261D,
and 262, Hawaii Revised Statutes, described in this section,
every reference to the department of transportation or
"department" or its role in awarding concessions in chapters
102, 261, 261D, and 262, Hawaii Revised Statutes, shall be a
reference to the Hawaii airports corporation, and every
reference to the director of transportation or "director" or the
director's role in awarding concessions in chapters 102, 261,
261D, and 262, Hawaii Revised Statutes, shall be a reference to
the chief executive officer of the Hawaii airports corporation.
1 After the transfer completion date but no later than when the
2 subsequent supplements to the Hawaii Revised Statutes are
3 prepared, the revisor of statutes shall make appropriate
4 changes, including, without limitation:
5
6 (1) Substituting the phrase "chief executive officer" for
7 the terms "director" or "director of transportation",
8 the term "Hawaii airports corporation" for the term
9 "department of transportation", and the term
10 "corporation" for the term "department";
11
12 (2) Deleting the definition of "director", in chapters 261
13 and 262, Hawaii Revised Statutes; and
14
15 (3) Deleting the definition of "department" in sections
16 261-1 and 262-1, Hawaii Revised Statutes.
17
18 SECTION 18. The Hawaii airports corporation shall succeed
19 to the jurisdiction, powers, and responsibilities of the
20 department of transportation over aeronautics and airports,
21 including all of the functions relating to airports and
22 aeronautics performed by the department and its airports
23 division, on the transfer completion date published by the
24 Hawaii airports corporation pursuant to section 19(b) of this
25 Act, which date shall be no later than December 31, 2022.
On the transfer completion date, the airports corporation shall assume from the department of transportation:

(1) That:

(A) Certain Certificate of the Director of Transportation Providing for the Issuance of State of Hawaii Airports System Revenue Bonds dated as of May 1, 1969, relating to certain revenue bonds and other obligations;

(B) Certain Indenture of Trust dated as of December 1, 2013, between the department of transportation and U.S. Bank National Association relating to certain certificates of participation; and

(C) Certain Indenture of Trust dated as of August 1, 2014, between the department of transportation and MUFG Union Bank, N.A., relating to certain customer facility charge revenue bonds, each as supplemented and amended to date; and

(2) The bonds, notes, and other obligations of the department of transportation outstanding under, as
well as the covenants, restrictions, and other
requirements set forth in, those documents.

Thereafter, to the extent that the Hawaii airports
corporation is authorized under this Act to exercise powers and
duties that are also granted to other departments, offices, or
boards of the State, with respect to airports and aeronautical
facilities, the Hawaii airports corporation shall exclusively
exercise those powers and perform those duties.

SECTION 19. (a) Within ninety days of the effective date
of this Act, the governor shall designate a representative who
shall facilitate the corporation's orderly succession to the
jurisdiction, powers, functions, rights, benefits, obligations,
assets, liabilities, funds, accounts, contracts, and all other
things currently held, used, incurred, or performed by the
department of transportation, its director and staff, and its
airports division, in administering and exercising the authority
and fulfilling the responsibilities authorized or conferred upon
the department of transportation and the director of
transportation, by chapters 102, 261, 261D, and 262, Hawaii
Revised Statutes.
Within one hundred eighty days of the effective date of this Act, the governor shall appoint the members of the board of directors of the Hawaii airports corporation.

To facilitate the corporation's timely assumption of the department of transportation's authority and responsibilities, including all of the department's associated bonds, notes, and obligations as described in paragraph (7) below, the department of transportation, the department of accounting and general services, the department of human resources development, the state procurement office, and any other state department or agency shall, if requested by the corporation, enter into a memorandum of understanding with the corporation to:

(1) Provide administrative support services for the corporation pending the transfer of employees from the department of transportation to the Hawaii airports corporation pursuant to section 23 of this Act;

(2) Develop a policy and set of robust procurement procedures that foster accountability, transparency and oversight of contracts, to include compliance with federal procurement requirements;
(3) Assist the corporation with the organization of its human resources development functions, including establishing:

(A) A human resources office;

(B) The corporation's civil service and civil service positions, and the classification system, merit appeals board, recruitment system, performance appraisal system, and the administrative rules, policies, standards, and procedures, including internal complaint procedures, adopted to support its civil service; and

(C) The corporation's exempt and excluded positions, and guidelines, procedures, and policies for filling them, and compensating the officers and employees who fill them;

(4) Assist the corporation in establishing its accounting, budgeting, fund management, and communication and electronic information systems, and creating appropriate interfaces between the corporation's accounting, budgeting, fund management, communication and electronic information systems, and those of the
department of transportation, and other state agencies;

(5) Assist the corporation in identifying the plans and reports that departments and agencies administratively attached to a department are required to prepare for the governor, the legislature, or another state department or agency with respect to aeronautics or the State's airport system; determining whether those plans and reports have been prepared and will be transferred to the corporation on the transfer completion date; and preparing the same for the corporation, if they do not exist;

(6) Expeditiously transfer or otherwise facilitate the corporation's acquisition or assumption of all of the powers, functions, rights, benefits, obligations, assets, funds, accounts, contracts, and all other things held, used, incurred, or performed by the department of transportation, its director and staff, and its airports division, in exercising the authority and fulfilling and administering the responsibilities conferred upon the department of transportation and
the director of transportation by chapters 102, 261, 261D, and 262, Hawaii Revised Statutes;

(7) Assign and transfer:

(A) That certain Certificate of the Director of Transportation Providing for the Issuance of State of Hawaii Airports System Revenue Bonds dated as of May 1, 1969, relating to certain revenue bonds and other obligations;

(B) That certain Indenture of Trust dated as of December 1, 2013, between the department of transportation and U.S. Bank National Association relating to certain certificates of participation; and

(C) That certain Indenture of Trust dated as of August 1, 2014, between the department of transportation and MUFG Union Bank, N.A., relating to certain customer facility charge revenue bonds, each as supplemented and amended to date; the assumption of all indebtedness of the department of transportation heretofore issued and outstanding thereunder; and the
adoption of policies and procedures designed to ensure continuing compliance with the terms thereof for so long as they are applicable; and

(8) Reimburse each cooperating department or agency for the cost of services provided under the memorandum of understanding.

(b) As soon as feasible, the Hawaii airports corporation, with the concurrence of the director of transportation and the governor, shall establish the transfer completion date, which shall be no later than December 31, 2022, and publish notice of the transfer completion date by:

(1) Publishing the notice in a daily publication of statewide circulation pursuant to section 1-28.5, Hawaii Revised Statutes;

(2) Posting a copy of the notice on an electronic calendar on a website maintained by the State;

(3) Providing a copy of the notice to the department of transportation, the Secretaries of the United States Department of Transportation and Department of Defense, the head of the Federal Aviation
Administration, and the head of every other state department; and

(4) Posting the notice prominently at every airport and air navigation facility in the State.

All notices shall be published, distributed, or posted at least ninety days before the transfer completion date.

SECTION 20. It is the intent of this Act not to jeopardize the receipt of any federal aid nor to impair any existing federal income tax exemption to, security interest of, or obligation of the State or any agency thereof to the holders of any bonds or other obligations issued by the State or by any department or agency of the State, and to the extent, and only to the extent necessary to effectuate this intent, the governor may modify the strict provisions of this Act, but shall promptly report any modification with reasons therefor to the legislature at its next session thereafter for review by the legislature.

SECTION 21. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

The department of transportation shall be responsible for any and all obligations incurred by the department or its
airports division in connection with the department's exercise of the authority and performance of the duties and responsibilities conferred upon it and its director by chapters 102, 261, 261D, and 262, Hawaii Revised Statutes, until the time that the obligations, including any accounts payable, accrued paid time off, debt, capital leases, and other obligations incurred before the transfer completion date, have been assumed by the Hawaii airports corporation, which shall not occur prior to the transfer completion date. All collective bargaining disputes or claims against the department of transportation grounded in an act or omission, or an event that occurred prior to the transfer completion date shall remain the responsibility of the department of transportation. All liabilities arising out of the Hawaii airports corporation's exercise of the authority and performance of the duties and responsibilities conferred upon it and its chief executive officer by chapters 102, 261, 261D, and 262, Hawaii Revised Statutes, after the transfer completion date shall be the responsibility of the Hawaii airports corporation. The assumption by the Hawaii airports corporation of the bonds, notes, or other obligations of the department of transportation relating to the State's

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airports system shall be subject to the terms and provisions of any certificate, indenture, or resolution securing those bonds, notes, or other obligations. On the transfer completion date, the Hawaii airports corporation shall assume responsibility for all rights, duties, penalties, and proceedings of the department of transportation related to the State's airports system.

SECTION 22. The State of Hawaii pledges to and agrees with the holders of the bonds, notes, or other obligations of the department of transportation being assumed by the Hawaii airports corporation on the transfer completion date and the holders of the bonds, notes, or other obligations of the airports corporation issued pursuant to chapters 37D or 39, Hawaii Revised Statutes, that the State shall not limit or alter the rights and powers vested in the Hawaii airports corporation so as to impair the terms of any contract made or assumed by the airports corporation with holders or in any way impair the rights and remedies of holders until bonds, notes, or other obligations, together with interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of holders, are fully met and discharged. In addition, the State
pledges to and agrees with the holders of the bonds, notes, or other obligations of the department of transportation being assumed by the Hawaii airports corporation on the transfer completion date and the holders of the bonds, notes, or other obligations of the airports corporation issued pursuant to chapter 37D or 39, Hawaii Revised Statutes, that the State shall not limit or alter the basis on which the revenues or user taxes securing any such bonds, notes, or other obligations issued or assumed by the airports corporation are to be received by the airports corporation, or the rights of the airports corporation to the use of the funds, so as to impair the terms of any contract securing the same. The Hawaii airports corporation is authorized to include these pledges and agreements of the State in any contract with the holders of bonds, notes, or other obligations issued pursuant to chapter 37D or 39, Hawaii Revised Statutes.

SECTION 23. The Hawaii airports corporation shall recognize all bargaining units and collective bargaining agreements existing at the time of transfer to the corporation. All employees who are subject to chapter 76, Hawaii Revised Statutes, and occupy civil service positions and whose functions
are transferred to the Hawaii airports corporation by this Act shall retain their civil service status, whether permanent or temporary. The employees shall be transferred to the Hawaii airports corporation without loss of salary, seniority (except as prescribed by applicable collective bargaining agreements), retention points, prior service credits, any vacation and sick leave credits previously earned, and other rights, benefits, and privileges, in accordance with state personnel laws and this Act; provided that the employees meet applicable requirements for the class or position to which transferred or appointed, as applicable.

Any employee who, prior to this Act, is a member of a bargaining unit, shall remain in that bargaining unit when future collective bargaining agreements are negotiated.

Any employee who, prior to this Act, is exempt from civil service and is transferred to the Hawaii airports corporation as a consequence of this Act may retain the employee's exempt status, but shall not be appointed to a civil service position as a consequence of this Act. An exempt employee who is transferred by this Act shall not suffer any loss of prior service credit, vacation or sick leave credits previously
earned, or other employee benefits or privileges as a consequence of this Act. The chief executive officer of the Hawaii airports corporation may prescribe the duties and qualifications of these employees and fix their salaries without regard to chapter 76, Hawaii Revised Statutes.

No employee included in a collective bargaining unit as an employee of the department of transportation shall be laid off as a consequence of this Act.

The department of transportation and the Hawaii airport corporation shall require every employer doing business at the airports pursuant to a concession contract or subcontract entered into with the airport corporation after the effective date of this section to retain as its employees for a minimum period of 120 days, during which they may be terminated only for cause, workers who are employed by the previous concessionaire or who were employed at the end of that concessionaire's contract and who have been displaced. The employer shall retain such workers in the same equivalent job classifications as they held under the previous concessionaire and if more workers are eligible for retention than there are positions in the new or expanded concession, the employer shall give such workers
preference for future employment in order of their seniority, as
determined by their total length of service at the airports
under one or more concessionaires.

SECTION 24. On or no more than ninety days after the
transfer completion date, all appropriations, records,
equipment, machines, files, supplies, contracts, books, papers,
documents, maps, and other personal property heretofore made,
used, acquired, or held by the department of transportation
relating to the functions transferred to the Hawaii airports
corporation shall be transferred with the functions to which
they relate.

SECTION 25. All rules, policies, procedures, guidelines,
and other material adopted or developed by the department of
transportation to implement provisions of the Hawaii Revised
Statutes that are reenacted or made applicable to the Hawaii
airports corporation by this Act shall remain in full force and
effect on and after the transfer completion date established
pursuant to section 19(b) of this Act, until amended or repealed
by the Hawaii airports corporation pursuant to chapter 91,
Hawaii Revised Statutes. In the interim, every reference to the
department of transportation or director of transportation in
those rules, policies, procedures, guidelines, and other
material is amended to refer to the Hawaii airports corporation
or chief executive officer of the airports corporation, as
appropriate.

SECTION 26. All deeds, executive orders, leases,
contracts, loans, agreements, permits, or other documents
executed or entered into by or on behalf of the department of
transportation, pursuant to the provisions of the Hawaii Revised
Statutes, that are reenacted or made applicable to the Hawaii
airports corporation by this Act shall remain in full force and
effect. On the transfer completion date established pursuant to
section 19(b) of this Act, every reference to the department of
transportation in those deeds, executive orders, leases,
contracts, loans, agreements, permits or other documents shall
be construed as a reference to the Hawaii airports corporation
or the board of directors of the airports corporation.

SECTION 27. There is appropriated out of the airport
revenue fund the sum of $3,000,000 or so much thereof as may be
necessary for fiscal year 2019-2020, to effect the transfer of
functions from the department of transportation to the Hawaii
airports corporation required by this Act.
The sum appropriated shall be expended by the Hawaii airports corporation to implement the provisions of this Act.

SECTION 28. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 29. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 30. This Act shall take effect on July 1, 2050; provided that section 15 of this Act shall take effect upon the satisfaction and discharge of:

(1) That certain Certificate of the Director of Transportation Providing for the Issuance of the State of Hawaii Airports System Revenue Bonds dated as of May 1, 1969;
(2) That certain Indenture of Trust dated as of December 1, 2013, between the department of transportation and U.S. Bank National Association; and

(3) All obligations issued and outstanding under the Certificate and Indenture.
Report Title:
Transportation; Hawaii Airports Corporation; Establishment; Appropriation

Description:
Authorizes establishment of the Hawaii Airports Corporation (HAC) within the Department of Transportation for administrative purposes. Sets out appointment of members to the board of directors and powers and duties of HAC. Transfers aeronautics functions of the Department of Transportation to HAC. Makes HAC subject to Hawaii procurement code. Requires HAC to set rates and determine costs based on the residual method. Subjects HAC board and CEO to financial disclosure requirements. Appropriates funds. (SB666 HD1)

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