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# 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 that manage general fund  
9 capital improvement projects.

10          The study shall determine:

11          (1) If each office adheres to a specific timeline for the  
12 purpose of ensuring that the project continues to move  
13 forward in a timely manner;

14          (2) Whether consultants and contractors that are used by  
15 departmental engineering sections are properly managed  
16 in the public interest; and

17          (3) The level of end-user satisfaction with capital  
18 improvement projects performed by various departments.

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



PART II

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

"§26-6 Department of accounting and general services. (a)

The department of accounting and general services shall be headed by a single executive to be known as the comptroller.

(b) The department shall:

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

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

(3) Administer the state risk management program;

(4) Establish and manage motor pools;

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

(6) Undertake the program of centralized engineering and office leasing services, including operation [and],



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



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

4 (2) Improve data, voice, and video communications in state  
5 government;

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

8 (4) Provide a long-term means for public access to public  
9 information.

10 (d) The department shall facilitate facility agreements  
11 between the State and private investors for the sale of  
12 facilities to private investors; provided that each facility  
13 agreement contains the following requirements:

14 (1) The State shall sell the facility to the private  
15 investor, who shall:

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

18 (B) Lease the facility to the State, pursuant to a  
19 building lease;

20 (2) The land upon which the facility rests shall not be  
21 sold to the private investor; provided that the land



1           may be leased at a nominal rate to the private  
2           investor for a term that would, at a minimum, allow  
3           the private investor to recover the capital investment  
4           that has been made to the facility, including  
5           depreciation; and

6           (3) The State shall have the option of purchasing the  
7           facility from the private investor for the remaining  
8           balance of the debt service costs incurred by the  
9           private investor at any time.

10          For purposes of this subsection:

11          "Building lease" means a contract between the department of  
12          accounting and general services and a private investor in which  
13          the private investor leases an improved facility to the  
14          department for a specified period of time.

15          "Facility" means a building under the management and  
16          control of any state department.

17          "Facility agreement" means an agreement between the State  
18          and a private investor that, at a minimum, includes a  
19          description of the work to be done, the sale price for the  
20          facility, the duration of the agreement, the roles and



1 responsibilities of the State and the private investor, and the  
2 terms and conditions for the lease.

3 "Private investor" means a nongovernmental entity.

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

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

17 [~~(f)~~] (g) The functions and authority heretofore exercised  
18 by the comptroller, board of commissioners of public archives,  
19 the archivist, the disposal committee, and the insurance  
20 management, surplus property management, and central purchasing  
21 functions of the bureau of the budget and the nonhighway



1 functions of the department of public works as heretofore  
2 constituted are transferred to the department of accounting and  
3 general services established by this chapter.

4 ~~[(g)]~~ (h) The department of accounting and general  
5 services shall preserve and protect Washington Place, including  
6 the grounds and the historic residence situated on its premises  
7 at Miller and Beretania Streets in Honolulu. The department  
8 shall administer, manage, operate, and maintain Washington Place  
9 and the trust fund created under subsection ~~[(h)-]~~ (i).

10 ~~[(h)]~~ (i) There is established a trust fund in the state  
11 treasury to be known as the Washington Place trust fund, into  
12 which shall be deposited:

- 13 (1) All rents and fees collected for the use of Washington  
14 Place and from activities conducted on the premises;
- 15 (2) All other money received for the fund from any other  
16 source; and
- 17 (3) All income and interest earned or accrued on moneys  
18 deposited into the trust fund.

19 All moneys deposited into the trust fund shall be expended  
20 by the department of accounting and general services and used  
21 exclusively to implement the provisions of subsection ~~[(g)-]~~





1 (h), including for staff salaries and fringe benefits, and shall  
2 not be transferred, nor subject to transfer, to the general fund  
3 or any other fund in the state treasury."

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

7 (b) The department of accounting and general services  
8 shall submit a report of its findings and recommendations,  
9 including any proposed legislation, to the legislature no later  
10 than twenty days prior to the convening of the regular session  
11 of 2016.

12 SECTION 5. There is appropriated out of the general  
13 revenues of the State of Hawaii the sum of \$ or so  
14 much thereof as may be necessary for fiscal year 2015-2016 for  
15 the department of accounting and general services to conduct an  
16 inventory of all leases of property between state agencies and  
17 private entities.

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



1 **PART III**

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

4 SECTION 7. This Act shall take effect on July 1, 2050.



**Report Title:**

Auditor; Department of Accounting and General Services; Leases; Facility Agreements; Inventory; Appropriation

**Description:**

Requires the auditor to conduct a study of various departmental engineering sections that manage general fund capital improvement projects. Requires the department of accounting and general services to undertake lease buyback processing under the program of centralized engineering and office leasing services, facilitate facility agreements between the State and private investors, and conduct an inventory of all leases of property between state agencies and private entities. Makes an appropriation. Takes effect on 7/1/2050. (SD2)

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