
A BILL FOR AN ACT

MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HEALTH
FOR CONSTRUCTION DEFECT REMEDIATION AT THE HAWAII STATE
HOSPITAL.

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

1 SECTION 1. This Act is recommended by the governor for
2 immediate passage in accordance with article VII, section 9, of
3 the Constitution of the State of Hawaii.

4 SECTION 2. In January 2018, the State awarded a
5 \$140,000,000 contract for a design-build delivery construction
6 for the Hale Ho'ola Building project located at Hawaii state
7 hospital. After the project's acceptance, and a warranty period
8 of two years, the State encountered various issues, many
9 stemming from latent defects due to poor design and
10 construction. Investigations into the root causes are still
11 ongoing. The department of accounting and general services has
12 been holding the contractor accountable for these issues, but
13 with limited success.

14 A major concern is the occurrence of water leaks in both
15 the building's exterior and plumbing systems and mold growth.
16 Immediate action is necessary to address these issues to enable



1 Hawaii state hospital to deliver quality care to patients who
2 live in the building year around.

3 Additionally, the department of health has received
4 grievances from staff regarding violations of article 21 of
5 their contract, covering safety and health, and the public
6 employees' collective bargaining agreement, citing an unsafe
7 working environment.

8 Due to insufficient funds to fix these issues, the
9 department of health is requesting an emergency appropriation to
10 address mold growth and leaks in the Hale Ho'ola Building.

11 Accordingly, the purpose of this Act is to make an
12 emergency appropriation to the department of health for
13 construction defect remediation at the Hawaii state hospital.

14 SECTION 3. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$10,660,000 or so
16 much thereof as may be necessary for fiscal year 2024-2025 to
17 fund construction defect remediation, including the payment of
18 legal fees and costs of special deputy attorneys general, at the
19 Hawaii state hospital; provided that any civil fines accrued
20 from litigious suits, damages, and settlements awarded shall be
21 deposited into the general fund.



1 The sum appropriated shall be expended by the department of
2 health for the purposes of this Act.

3 SECTION 4. The appropriation made for the construction
4 defect remediation authorized by this Act shall not lapse at the
5 end of the fiscal biennium for which the appropriation is made;
6 provided that all moneys from the appropriation unencumbered as
7 of June 30, 2026, shall lapse as of that date.

8 SECTION 5. In accordance with section 9 of article VII of
9 the Constitution of the State of Hawaii and sections 37-91 and
10 37-93, Hawaii Revised Statutes, the legislature has determined
11 that at the beginning of the regular session of 2025, the
12 general fund expenditure ceiling for fiscal year 2024-2025 was
13 exceeded by \$8,551,795, or one per cent. The appropriations
14 contained in Act 1, Session Laws of Hawaii 2025, caused the
15 general fund expenditure ceiling for fiscal year 2024-2025 to be
16 further exceeded by an additional \$30,334,159. Therefore, the
17 general fund expenditure ceiling for fiscal year 2024-2025 has
18 already been exceeded by \$38,885,954, or one per cent.

19 The appropriations contained in this Act will cause the
20 general fund expenditure ceiling for fiscal year 2024-2025 to be
21 further exceeded by \$10,660,000, or one per cent. This



1 declaration takes into account the additional general fund
2 appropriation authorized for fiscal year 2024-2025 in this Act
3 only. The reasons for exceeding the general fund expenditure
4 ceiling are that the appropriation made in this Act is necessary
5 to serve the public interest and to meet the needs addressed by
6 this Act.

7 SECTION 6. With the approval of the governor, the
8 department of health may delegate to other state agencies the
9 implementation of projects related to this Act if it is
10 determined to be advantageous to do so by both the department of
11 health and the agency to which expending authority is to be
12 delegated.

13 SECTION 7. This Act shall take effect upon its approval.



Report Title:

Emergency Appropriation; DOH; Hawaii State Hospital;
Construction Defect Remediation; Expenditure Ceiling

Description:

Makes an emergency appropriation to the Department of Health to fund construction defect remediation of the Hale Ho'ola Building at the Hawaii State Hospital, including the payment of legal fees and costs for special deputy attorneys general. Declares that the general fund expenditure ceiling for fiscal year 2024-2025 has been exceeded. (HD2)

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