

1 ~~part. The funds may be expended by the department on vouchers~~
2 ~~approved by its director, or may be transferred to other state~~
3 ~~agencies for expenditure by them in effectuating the purposes of~~
4 ~~this part.~~

5 ~~To the end of stimulating cooperation toward the economic~~
6 ~~development of Hawaii and of disseminating useful information~~
7 ~~which it obtains, the department shall from time to time publish~~
8 ~~the results of its research, its findings, and~~
9 ~~recommendations."]~~

10 SECTION 4. Section 201-13.8, Hawaii Revised Statutes, is
11 repealed.

12 [~~"§201-13.8 Data or information collection. (a) The~~
13 ~~director, in consultation with all affected governmental~~
14 ~~agencies, shall assess the need for statistics and other~~
15 ~~information as to the number, characteristics, needs, and~~
16 ~~movement of people into, out of, or within Hawaii, including~~
17 ~~residents, migrants, and visitors, and such other information as~~
18 ~~the director may deem necessary, for the purposes of sound~~
19 ~~economic research and analysis. The director shall be~~
20 ~~responsible for collecting, analyzing, and disseminating such~~
21 ~~information to governmental agencies on a timely basis, and is~~
22 ~~authorized to use any appropriate method to collect the~~

1 ~~information, including but not limited to conducting an entry~~
2 ~~and exit census or survey of all individuals entering, leaving,~~
3 ~~or living within the State, and obtaining data or information~~
4 ~~acquired by other agencies, both public and private. All~~
5 ~~governmental agencies shall cooperate with and assist the~~
6 ~~director to implement this section.~~

7 ~~(b) To the extent that it is identifiable to an~~
8 ~~individual, information obtained by the department or its agents~~
9 ~~through surveys, questionnaires, or other information gathering~~
10 ~~efforts shall be held confidential and not disclosed or opened~~
11 ~~to public inspection, except that such information may be shared~~
12 ~~with other government agencies as provided in section 92F-19.~~

13 ~~(c) Public disclosure of information gathered by the~~
14 ~~department could place businesses at a competitive disadvantage.~~
15 ~~Consequently, where disclosure would result in the impairment of~~
16 ~~the department's ability to obtain such information and the~~
17 ~~frustration of a legitimate government function, the department~~
18 ~~may withhold from public disclosure competitively sensitive~~
19 ~~information including:~~

- 20 ~~(1) Completed survey and questionnaire forms;~~
21 ~~(2) Coding sheets; and~~
22 ~~(3) Database records of such information.~~

1 ~~(d) The director may adopt necessary rules pursuant to~~
2 ~~chapter 91, to administer this section."~~]

3 SECTION 5. Section 201-19, Hawaii Revised Statutes, is
4 repealed.

5 ~~["~~§201-19~~ Research and statistics for growth industries.~~

6 ~~(a) The department shall maintain a program for the purpose of:~~

7 ~~(1) Measuring and analyzing new economic development~~
8 ~~trends within growth industries such as:~~

9 ~~(A) Ocean sciences and technology;~~

10 ~~(B) Biotechnology and life sciences;~~

11 ~~(C) Astronomy;~~

12 ~~(D) Technology and information services;~~

13 ~~(E) Film and creative media;~~

14 ~~(F) Diversified agriculture;~~

15 ~~(G) Aquaculture; and~~

16 ~~(H) Specialty tourism;~~

17 ~~(2) Providing economic information to policy makers, the~~
18 ~~public, and the various growth industries under~~
19 ~~paragraph (1) for use in setting policies, objectives,~~
20 ~~and goals. This includes collecting, analyzing, and~~
21 ~~publishing available data on an annual basis relating~~
22 ~~but not limited to:~~

- 1 ~~(A) Economic diversification, income and income~~
2 ~~distribution, and issues and measures of the~~
3 ~~State's natural resources in relation to state~~
4 ~~sustainable economy goals;~~
- 5 ~~(B) The technology sector of the State, including but~~
6 ~~not limited to defining the sector, estimating~~
7 ~~employment, and compiling available information~~
8 ~~on patents registered in Hawaii;~~
- 9 ~~(C) Technology change in the economy, including but~~
10 ~~not limited to technical jobs outside the~~
11 ~~technology sector, and the changing applications~~
12 ~~of technology in the private economy and~~
13 ~~government;~~
- 14 ~~(D) The technology-based workforce, including but not~~
15 ~~limited to management, technical, and~~
16 ~~professional jobs, and technology education and~~
17 ~~training;~~
- 18 ~~(E) Innovation and enterprise, including but not~~
19 ~~limited to available information on startup~~
20 ~~companies, venture capital investment, private~~
21 ~~and government research and development~~

1 over and responsibility for the harbors modernization functions
2 of the Aloha Tower development corporation to the harbors
3 division of the department of transportation.

4 SECTION 7. Chapter 206J, Hawaii Revised Statutes, is
5 repealed.

6 SECTION 8. Chapter 266, Hawaii Revised Statutes, is
7 amended by adding a new section to be appropriately designated
8 and to read as follows:

9 "§266- Partnership between department of transportation,
10 harbors division, and the United States Department of
11 Transportation, Maritime Administration; commercial harbors
12 modernization plan. (a) On July 1, 2009, the department of
13 transportation, harbors division, shall assume jurisdiction over
14 the harbors modernization project from the Aloha Tower
15 development corporation, to undertake projects for the
16 commercial harbors modernization plan in subsection (b). All
17 projects, prior to implementation, shall be approved by the
18 director of transportation and the governor.

19 For purposes of this subsection, the department of
20 transportation, harbors division, shall seek the input and
21 guidance of the United States Department of Transportation,
22 Maritime Administration, in the management of the harbors

1 modernization project; provided that the department of
2 transportation, harbors division, may enter into an agreement
3 with Maritime Administration for the purpose of infrastructure
4 improvements of harbors statewide.

5 (b) The harbors modernization group shall have
6 jurisdiction over harbors projects that shall collectively be
7 known as the commercial harbors modernization plan. These
8 harbor projects shall be as follows:

- 9 (1) Honolulu harbor. Development of infrastructure,
10 expansion of facilities, and tenant relocations,
11 including the development of the new Kapalama
12 container terminal;
- 13 (2) Kahului harbor. Development of infrastructure,
14 expansion of facilities, tenant relocations, and
15 acquisition of lands, including the West harbor barge
16 or ferry slip or both, West harbor dredging and
17 breakwater, West harbor cruise terminal, Pier 1 fuel
18 line replacement and upgrade, East harbor breakwater,
19 and Pier 2B strengthening;
- 20 (3) Hana Harbor. Development of infrastructure,
21 demolition, as necessary, and expansion of facilities
22 and acquisition of lands;

- 1 (4) Hilo harbor. Development of infrastructure, expansion
2 of facilities, tenant relocations, and acquisition of
3 lands, including the Pier 4 interisland cargo
4 terminal;
- 5 (5) Kawaihae harbor. Development of infrastructure,
6 expansion of facilities, tenant relocations,
7 acquisition of lands, including the Pier 2 terminal
8 and barge improvements, Pier 2 extension and terminal,
9 and Pier 4 and liquid bulk terminals;
- 10 (6) Kalaeloa harbor. Development of infrastructure,
11 expansion of facilities, tenant relocations, and
12 acquisition of lands, including the West harbor
13 infrastructure, Pier 4 dedicated fuel pier, and
14 extension of the fuel line; and
- 15 (7) Nawiliwili harbor. Development of infrastructure,
16 expansion of facilities, tenant relocations, and
17 acquisition of lands, including the new multi-use
18 pier.
- 19 (c) Land disposition matters in projects identified in the
20 commercial harbors modernization plan, including land
21 acquisition, leasing, and conveyance, and acquisition of
22 easements or right-of-ways, shall continue to be under the

1 jurisdiction of the board of land and natural resources pursuant
2 to chapter 171.

3 (d) Except as otherwise provided in this subsection, the
4 harbors modernization group shall be comprised of thirteen
5 members, as follows:

6 (1) The following ex-officio voting members or their
7 designees:

8 (A) The director of transportation;

9 (B) The director of business, economic development,
10 and tourism;

11 (C) The director of finance;

12 (D) The mayor of the city and county of Honolulu and
13 the mayors of the counties of Hawaii, Maui, and
14 Kauai; and

15 (E) The chairperson of the board of land and natural
16 resources; and

17 (2) The following voting members, appointed by the
18 governor pursuant to section 26-34:

19 (A) Two public members from the maritime industry who
20 shall be directly involved with a harbor or
21 offshore mooring facility that is primarily for
22 the movement of commercial cargo, passenger, and

1 fishing vessels entering, leaving, or traveling
2 within the state harbor system, or directly
3 involved with an activity that requires and is
4 directly related to the loading, offloading,
5 storage, or distribution of goods and services by
6 means of seaborne transportation; and

7 (B) Three members from the public at large, for
8 staggered terms pursuant to section 26-34;
9 provided that no member from the public at large
10 shall be an officer or employee of the State or
11 its political subdivisions.

12 Except as provided in paragraph (2), regarding staggered
13 terms, the members of the harbors modernization group shall
14 serve for four year terms and shall continue in office until
15 their respective successors have been appointed. The director
16 of transportation shall serve as the chairperson of the harbors
17 modernization group.

18 Members shall serve without compensation, but each member
19 shall be reimbursed for expenses, including travel expenses,
20 incurred in the performance of their duties.

21 (e) The department of transportation may apply any
22 revenues derived from commercial development projects in the

1 state harbors to defray the cost of harbor infrastructure
2 improvements incurred within the State.

3 (f) All procurements relating to the harbors modernization
4 project shall be exempt from chapter 103D until June 30, 2016."

5 SECTION 9. Members as of July 1, 2009, of the harbor
6 modernization group, established pursuant to section 206J-5.5,
7 Hawaii Revised Statutes, shall continue their service under the
8 jurisdiction of the department of transportation pursuant to
9 this Act.

10 SECTION 10. All appropriations, records, equipment,
11 machines, files, supplies, contracts, books, papers, documents,
12 maps, and other personal property heretofore made, used,
13 acquired, or held by the Aloha Tower development corporation
14 with regard to harbor projects and development relating to the
15 functions transferred to the department of transportation shall
16 be transferred with the functions to which they relate.

17 PART III

18 SECTION 11. The purpose of this part is to abolish the
19 Hawaii occupational safety and health law effective on
20 October 1, 2010.

21 SECTION 12. Chapter 396, Hawaii Revised Statutes, is
22 repealed.

1 PART IV

2 SECTION 13. The purpose of this part is to transfer the
3 position of tourism liaison from the department of business,
4 economic development, and tourism to the office of the governor.

5 SECTION 14. Chapter 27, Hawaii Revised Statutes, is
6 amended by adding a new part to be appropriately designated and
7 to read as follows:

8 "PART . TOURISM

9 §27- Special advisor for tourism. (a) There is
10 established within the office of the governor a special advisor
11 for tourism who shall be appointed by the governor without
12 regard to section 26-34. The special advisor shall not be
13 subject to chapters 76 and 89.

14 (b) The special advisor for tourism shall serve as the
15 liaison between the governor and the Hawaii tourism authority,
16 department of business, economic development, and tourism, and
17 other public and private parties on matters relating to
18 tourism."

19 PART V

20 SECTION 15. The purpose of this part is to transfer the
21 small business regulatory review board, with its statutory
22 duties and powers, from the department of business, economic

1 development, and tourism to the department of commerce and
2 consumer affairs.

3 SECTION 16. Section 201M-5, Hawaii Revised Statutes, is
4 amended to read as follows:

5 **"§201M-5 Small business regulatory review board; powers.**

6 (a) There shall be established within the department of
7 [~~business, economic development, and tourism,~~] commerce and
8 consumer affairs for administrative purposes[7] a small business
9 regulatory review board to review any proposed new or amended
10 rule or to consider any request from small business owners for
11 review of any rule adopted by a state agency and to make
12 recommendations to the agency or the legislature regarding the
13 need for a rule change or legislation. For requests regarding
14 county ordinances, the board may make recommendations to the
15 county council or the mayor for appropriate action.

16 (b) The board shall consist of eleven members, who shall
17 be appointed by the governor pursuant to section 26-34.
18 Nominations to fill vacancies shall be made from names submitted
19 by the review board. The appointments shall reflect
20 representation of a variety of businesses in the State; provided
21 that no more than two members shall be representatives from the

1 same type of business, and that there shall be at least two
2 representatives from each county.

3 (c) All members of the board shall be either a current or
4 former owner or officer of a business and shall not be an
5 officer or employee of the federal, state, or county government.
6 A majority of the board shall elect the chairperson. The
7 chairperson shall serve a term of not more than one year, unless
8 removed earlier by a two-thirds vote of all members to which the
9 board is entitled.

10 (d) A majority of all the members to which the board is
11 entitled shall constitute a quorum to do business, and the
12 concurrence of a majority of all the members to which the board
13 is entitled shall be necessary to make any action of the board
14 valid.

15 (e) In addition to any other powers provided by this
16 chapter, the board may:

- 17 (1) Adopt any rules necessary to implement this chapter;
18 (2) Organize and hold conferences on problems affecting
19 small business; and
20 (3) Do any and all things necessary to effectuate the
21 purposes of this chapter.

1 (f) The board shall submit an annual report to the
2 legislature twenty days prior to each regular session detailing
3 any requests from small business owners for review of any rule
4 adopted by a state agency, and any recommendations made by the
5 board to an agency or the legislature regarding the need for a
6 rule change or legislation. The report shall also contain a
7 summary of the comments made by the board to agencies regarding
8 its review of proposed new or amended rules.

9 (g) The expenses of the board shall be funded entirely
10 from the compliance resolution fund; provided that this
11 provision shall not require the board to charge any fee for its
12 service. The director of commerce and consumer affairs shall
13 include, as part of any other fee charged to a person or
14 organization, an amount with a reasonable nexus to the small
15 business regulatory review activities of the board.

16 For the purpose of this subsection, "expenses" includes
17 operating expenses, cash capital expenses, and debt service
18 attributable to the board."

19 PART VI

20 SECTION 17. The purpose of this part is to transfer the
21 land use commission, with its statutory duties and powers, from

1 the department of business, economic development, and tourism to
2 the department of land and natural resources.

3 SECTION 18. Section 205-1, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§205-1 Establishment of the commission.** There shall be a
6 state land use commission, hereinafter called the commission.
7 The commission shall consist of nine members who shall hold no
8 other public office and shall be appointed in the manner and
9 serve for the term set forth in section 26-34. One member shall
10 be appointed from each of the counties and the remainder shall
11 be appointed at large; provided that one member shall have
12 substantial experience or expertise in traditional Hawaiian land
13 usage and knowledge of cultural land practices. The commission
14 shall elect its chairperson from one of its members. The
15 members shall receive no compensation for their services on the
16 commission, but shall be reimbursed for actual expenses incurred
17 in the performance of their duties. Six affirmative votes shall
18 be necessary for any boundary amendment.

19 The commission shall be a part of the department of
20 [~~business, economic development, and tourism~~] land and natural
21 resources for administration purposes [~~, as provided for in~~
22 ~~section 26-35~~].

1 and an instrumentality and agency of the State. The development
2 corporation shall be placed within the [~~department of business,~~
3 ~~economic development, and tourism~~] University of Hawaii for
4 administrative purposes, pursuant to section 26-35. The purpose
5 of the development corporation shall be to facilitate the growth
6 and development of the commercial high technology industry in
7 Hawaii. Its duties shall include, but not be limited to:

- 8 (1) Developing and encouraging industrial parks as high
9 technology innovation centers and developing or
10 assisting with the development of projects within or
11 outside of industrial parks, including participating
12 with the private sector in such development;
 - 13 (2) Providing financial and other support and services to
14 Hawaii-based high technology companies;
 - 15 (3) Collecting and analyzing information on the state of
16 commercial high technology activity in Hawaii;
 - 17 (4) Promoting and marketing Hawaii as a site for
18 commercial high technology activity; and
 - 19 (5) Providing advice on policy and planning for
20 technology-based economic development.
- 21 (b) The governing body of the development corporation

22 shall consist of a board of directors having eleven voting

1 members. Seven of the members shall be appointed by the
2 governor for staggered terms pursuant to section 26-34. Six of
3 the appointed members shall be from the general public and
4 selected on the basis of their knowledge, interest, and proven
5 expertise in, but not limited to, one or more of the following
6 fields: finance, commerce and trade, corporate management,
7 marketing, economics, engineering, and telecommunications, and
8 other high technology fields. The other appointed member shall
9 be selected from the faculty of the University of Hawaii. All
10 appointed members of the board shall continue in office until
11 their respective successors have been appointed. The [~~director~~
12 ~~of business, economic development, and tourism,~~] president of
13 the University of Hawaii, the director of finance, an appointed
14 member from the board of the Hawaii strategic development
15 corporation, and an appointed member from the board of the
16 natural energy laboratory of Hawaii authority, or their
17 designated representatives, shall serve as ex officio voting
18 members of the board. The [~~director of business, economic~~
19 ~~development, and tourism]~~ president of the University of Hawaii
20 shall serve as the chairperson until such time as a chairperson
21 is elected by the board from the membership. The board shall
22 elect such other officers as it deems necessary."

1 SECTION 21. Chapter 304A, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 **"§304A- University of Hawaii high technology special**
5 **fund.** (a) There is established the University of Hawaii high
6 technology special fund, into which shall be deposited, except
7 as otherwise provided by sections 206M-15, 206M-15.6, and 206M-
8 17, all moneys, fees, and equity from tenants, qualified
9 persons, or other users of the development corporation's
10 industrial parks, projects, other leased facilities, and other
11 services and publications. The moneys in the fund shall be
12 expended for the administration and operation of the high
13 technology development corporation, the operation, maintenance,
14 and management of its industrial parks, projects, facilities,
15 services, and publications, and the expenses in administering
16 the special purpose revenue bonds of the high technology
17 development corporation or in carrying out its project
18 agreements.

19 (b) Subsection (a) shall not require the expenses of the
20 development corporation to be exclusively funded from the
21 moneys, fees, and equity deposited into the special fund. Other
22 moneys of the University of Hawaii may be appropriated and

1 expended for the development corporation. The president of the
2 University of Hawaii may include, as part of any other fee
3 charged to a person or organization, an amount with a reasonable
4 nexus to high technology development activities of the
5 corporation."

6 SECTION 22. Section 206M-15.5, Hawaii Revised Statutes, is
7 repealed.

8 SECTION 23. Section 206M-51, Hawaii Revised Statutes, is
9 amended by amending subsection (a) to read as follows:

10 "(a) There is established, as a body corporate, the high
11 technology innovation corporation. The high technology
12 innovation corporation shall be a public, not-for-profit
13 organization under section 501(c)(3) of the Internal Revenue
14 Code of 1986, as amended. The high technology innovation
15 corporation shall be [~~attached to the department of business,~~
16 ~~economic development, and tourism~~] placed within the University
17 of Hawaii for administrative purposes."

18 PART VIII

19 SECTION 24. The purpose of this part is to transfer the
20 office of planning, with its statutory duties and powers, from
21 the department of business, economic development, and tourism to
22 the department of land and natural resources.

1 SECTION 25. Section 225M-2, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) There is established within the department of
4 [~~business, economic development, and tourism an~~] land and
5 natural resources, the office of planning. The head of the
6 office shall be known as the director of the office of planning,
7 referred to in this chapter as director. The director shall
8 have: training in the field of urban or regional planning,
9 public administration, or other related fields; experience in
10 programs or services related to governmental planning; and
11 experience in a supervisory, consultative, or administrative
12 capacity. The director shall be nominated by the governor and,
13 by and with the advice and consent of the senate, appointed by
14 the governor without regard to chapter 76, and shall be
15 compensated at a salary level set by the governor. The director
16 shall be included in any benefit program generally applicable to
17 the officers and employees of the State. The director shall
18 retain such staff as may be necessary for the purposes of this
19 chapter, in conformity with chapter 76. The director shall
20 report to the director of business, economic development, and
21 tourism and shall not be required to report directly to any
22 other principal executive department."

1 SECTION 26. Section 205-3.1, Hawaii Revised Statutes, is
2 amended by amending subsection (d) to read as follows:

3 "(d) The county land use decision-making authority shall
4 serve a copy of the application for a district boundary
5 amendment to the land use commission and the [~~department of~~
6 ~~business, economic development, and tourism~~] office of planning
7 and shall notify the commission and [~~the department~~] office of
8 the time and place of the hearing and the proposed amendments
9 scheduled to be heard at the hearing. A change in the state
10 land use district boundaries pursuant to this subsection shall
11 become effective on the day designated by the county land use
12 decision-making authority in its decision. Within sixty days of
13 the effective date of any decision to amend state land use
14 district boundaries by the county land use decision-making
15 authority, the decision and the description and map of the
16 affected property shall be transmitted to the land use
17 commission and the [~~department of business, economic~~
18 ~~development, and tourism~~] office of planning by the county
19 planning director."

20 SECTION 27. Section 205-5.2, Hawaii Revised Statutes, is
21 amended by amending subsection (d) to read as follows:

1 "(d) After the board has completed a county-by-county
2 assessment of all areas with geothermal potential or after any
3 subsequent update or review, the board shall compare all areas
4 showing geothermal potential within each county, and shall
5 propose areas for potential designation as geothermal resource
6 subzones based upon a preliminary finding that the areas are
7 those sites which best demonstrate an acceptable balance between
8 the factors set forth in subsection (b). Once a proposal is
9 made, the board shall conduct public hearings pursuant to this
10 subsection, notwithstanding any contrary provision related to
11 public hearing procedures. Contested case procedures are not
12 applicable to these hearings.

13 (1) Hearings shall be held at locations which are in close
14 proximity to those areas proposed for designation. A
15 public notice of hearing, including a description of
16 the proposed areas, an invitation for public comment,
17 and a statement of the date, time, and place where
18 persons may be heard shall be given and mailed no less
19 than twenty days before the hearing. The notice shall
20 be given on three separate days statewide and in the
21 county in which the hearing is to be held. Copies of
22 the notice shall be mailed to the [~~department of~~

1 ~~business, economic development, and tourism,~~ office
2 of planning, to the planning commission and planning
3 department of the county in which the proposed areas
4 are located, and to all owners of record of real
5 estate within, and within one thousand feet of, the
6 area being proposed for designation as a geothermal
7 resource subzone. The notification shall be mailed to
8 the owners and addresses as shown on the current real
9 property tax rolls at the county real property tax
10 office. Upon that action, the requirement for
11 notification of owners of land is completed. For the
12 purposes of this subsection, notice to one co-owner
13 shall be sufficient notice to all co-owners;

14 (2) The hearing shall be held before the board, and the
15 authority to conduct hearings shall not be delegated
16 to any agent or representative of the board. All
17 persons and agencies shall be afforded the opportunity
18 to submit data, views, and arguments either orally or
19 in writing. The [~~department of business, economic~~
20 ~~development, and tourism]~~ office of planning and the
21 county planning department shall be permitted to

1 appear at every hearing and make recommendations
2 concerning each proposal by the board; and
3 (3) At the close of the hearing, the board may designate
4 areas as geothermal resource subzones or announce the
5 date on which it will render its decision. The board
6 may designate areas as geothermal resource subzones
7 only upon finding that the areas are those sites which
8 best demonstrate an acceptable balance between the
9 factors set forth in subsection (b). Upon request,
10 the board shall issue a concise statement of its
11 findings and the principal reasons for its decision to
12 designate a particular area."

13 PART IX

14 SECTION 28. The purpose of this part is to the transfer
15 the natural energy laboratory of Hawaii authority, with its
16 statutory duties and powers, from the department of business,
17 economic development, and tourism to the University of Hawaii.

18 SECTION 29. Section 227D-2, Hawaii Revised Statutes, is
19 amended by amending subsections (a) and (b) to read as follows:

20 "(a) There is established the natural energy laboratory of
21 Hawaii authority, which shall be a body corporate and politic
22 and an instrumentality and agency of the State. The authority

1 shall be placed within the [~~department of business, economic~~
2 ~~development, and tourism~~] University of Hawaii for
3 administrative purposes [~~, pursuant to section 26-35~~]. The
4 purpose of the natural energy laboratory of Hawaii authority
5 shall be to facilitate research, development, and
6 commercialization of natural energy resources and ocean-related
7 research, technology, and industry in Hawaii and to engage in
8 retail, commercial, or tourism activities that will financially
9 support that research, development, and commercialization at a
10 research and technology park in Hawaii. Its duties shall
11 include:

- 12 (1) Establishing, managing, and operating facilities that
13 provide sites for:
- 14 (A) Research and development;
 - 15 (B) Commercial projects and businesses utilizing
16 natural resources, such as ocean water or
17 geothermal energy;
 - 18 (C) Compatible businesses engaged in scientific and
19 technological investigations, or retail,
20 commercial, and tourism activities; and
 - 21 (D) Businesses or educational facilities that support
22 the primary projects and activities;

- 1 (2) Providing support, utilities, and other services to
2 facility tenants and government agencies;
- 3 (3) Maintaining the physical structure of the facilities;
- 4 (4) Promoting and marketing these facilities;
- 5 (5) Promoting and marketing the reasonable utilization of
6 available natural resources;
- 7 (6) Supporting ocean research and technology development
8 projects that support national and state interests,
9 use facilities and infrastructure in Hawaii, and
10 foster potential commercial development; and
- 11 (7) Engaging in retail, commercial, and tourism activities
12 that are not related to facilitating research,
13 development, and commercialization of natural energy
14 resources in Hawaii; provided that all income derived
15 from these activities shall be deposited in the
16 natural energy laboratory of Hawaii authority special
17 fund.
- 18 (b) The governing body of the authority shall consist of a
19 board of directors having eleven voting members. Three members
20 from the general public shall be appointed by the governor for
21 staggered terms pursuant to section 26-34, except that one of
22 these members shall be a resident of the county of Hawaii. The

1 members shall be selected on the basis of their knowledge,
2 interest, and proven expertise in, but not limited to, one or
3 more of the following fields: finance, commerce and trade,
4 corporate management, marketing, economics, engineering, energy
5 management, real estate development, property management,
6 aquaculture, and ocean science. The chairperson and secretary
7 of the research advisory committee shall serve on the board.
8 The [~~director of business, economic development, and tourism,~~]
9 president of the University of Hawaii, the chairperson of the
10 board of land and natural resources, the [~~president of the~~
11 ~~University of Hawaii,~~] director of business, economic
12 development, and tourism, the mayor of the county of Hawaii, an
13 appointed member from the board of the high technology
14 development corporation, and an appointed member from the board
15 of the Hawaii strategic development corporation, or their
16 designated representatives, shall serve as ex officio, voting
17 members of the board. The [~~director of business, economic~~
18 ~~development, and tourism]~~ president of the University of Hawaii
19 shall serve as the chairperson until such time as a chairperson
20 is elected by the board from the membership. The board shall
21 elect other officers as it deems necessary."
22

1 PART X

2 SECTION 30. The purpose of this part is to transfer the
3 measurement standards program, with its statutory authority,
4 from the department of agriculture to the department of commerce
5 and consumer affairs.

6 SECTION 31. Chapter 486, Hawaii Revised Statutes, is
7 amended by adding a new section to be appropriately designated
8 and to read as follows:

9 "§486- Funding of measurement standards branch. The
10 expenses of the measurement standards branch shall be funded
11 entirely from the compliance resolution fund. For this purpose,
12 "expenses" includes operating expenses, cash capital expenses,
13 and debt service attributable to the branch.

14 The department shall establish sufficient fees to comply
15 with this section."

16 SECTION 32. Section 486-1, Hawaii Revised Statutes, is
17 amended as follows:

18 1. By adding a new definition of "director" to read:
19 "Director" means the director of commerce and consumer
20 affairs."

21 2. By amending the definition of "department" to read:

1 "Department" means department of [~~agriculture.~~] commerce
2 and consumer affairs."

3 3. By amending the definition of "inspector" to read:

4 "Inspector" means any employee or official of the
5 department authorized by the [~~board~~] director to administer and
6 enforce the provisions of this [~~law.~~] chapter."

7 4. By repealing the definition of "administrator".

8 [~~"Administrator" means the administering officer of the~~
9 ~~quality assurance division, or any qualified person so~~
10 ~~designated by the chairperson."~~]

11 5. By repealing the definition of "board".

12 [~~"Board" means board of agriculture."~~]

13 6. By repealing the definition of "chairperson".

14 [~~"Chairperson" includes the chairperson of the board of~~
15 ~~agriculture and when specifically designated by the chairperson~~
16 ~~for the purpose of effectuating this chapter, the deputy to the~~
17 ~~chairperson."~~]

18 SECTION 33. Section 486-7, Hawaii Revised Statutes, is
19 amended by amending subsection (b) to read as follows:

20 "(b) These rules may include:

21 (1) Standards of net measure, and reasonable standards of
22 fill for any package;

- 1 (2) The technical and reporting procedures to be followed,
2 the report and record forms to be used by persons
3 subject to the provisions of this chapter, and the
4 marks of approval and rejection to be used by the
5 administrator, inspectors, and measurement standards
6 personnel in the discharge of their official duties;
- 7 (3) Exemptions from the sealing, labeling, marking, or
8 other requirements of the respective parts of this
9 chapter;
- 10 (4) The voluntary registration of service persons and
11 service agencies for commercial weighing and measuring
12 devices. These rules may include, but are not limited
13 to, provisions for registration fees, period of
14 registration, requirements for test equipment,
15 privileges and responsibilities of a voluntary
16 registrant, reports required, qualification
17 requirements, examinations to be administered,
18 certificates of registration, and means for revocation
19 of registration;
- 20 (5) Schedules and fees for licensing measuring devices;

- 1 (6) Schedules and fees for calibrating or testing
2 measurement standards, and registration of the
3 products covered by such measurement standards;
- 4 (7) Specifications, tolerances, and other technical
5 requirements with respect to the packaging,
6 registering, handling, storing, advertising, labeling,
7 dispensing, and selling of petroleum products;
- 8 (8) Specifications, tolerances, and other technical
9 requirements for weighing and measuring devices;
- 10 (9) Practices to assure that amounts of commodities or
11 services sold are determined in accordance with good
12 commercial practice and are so determined and
13 represented as to be accurate and informative to all
14 parties at interest;
- 15 (10) Requirements for type evaluation;
- 16 (11) Definitions, applicability, use, units, standards, and
17 tolerances relating to the International System of
18 Units; [~~and~~]
- 19 (12) Requirements for the weighing of coffee before
20 shipment out-of-state and certification of the weight
21 of the coffee; and

1 [~~(12)~~] (13) Such other rules as the board deems necessary
2 for the enforcement of this chapter."

3 SECTION 34. Section 141-4, Hawaii Revised Statutes, is
4 repealed.

5 [~~"§141-4 Weights of coffee; rules. The department of
6 agriculture may make rules respecting the weighing of coffee
7 prior to its shipment to points outside the State, and providing
8 for the certification of weights thereof. Further, a reasonable
9 schedule of fees to defray the expense of administering this
10 section shall be established by the department, which fees shall
11 be collected and deposited with the state director of finance to
12 the credit of the general fund; provided that the department
13 shall consult the appropriate industries, organizations, and
14 agencies prior to the promulgation of the rules."~~]

15 SECTION 35. The following sections of the Hawaii Revised
16 Statutes are amended by replacing the term "department" with the
17 term "board" wherever the former occurs: 486-2, 486-4, 486-6,
18 486-7, 486-31, 486-36, 486-53, 486-54, 486-56, 486-105, 486-108,
19 486-109, 486-118, 486-122, 486-132, 486-135, and 486-137.

20 SECTION 36. (a) Section 486-33, Hawaii Revised Statutes,
21 is amended by replacing the term "director" with the term
22 "chairperson" wherever the former occurs.

1 (b) The following sections of the Hawaii Revised Statutes
2 are amended by replacing the term "director" with the term
3 "administrator" wherever the former occurs: 486-4, 486-5, 486-
4 6, 486-23, 486-24, 486-31, 486-36, 486-54, 486-78, 486-79, 486-
5 80, 486-81, 486-83, and 486-118.

6 PART XI

7 SECTION 37. The purpose of this part is to transfer the
8 function of civil identification from the department of the
9 attorney general to the office of the lieutenant governor.

10 SECTION 38. Section 846-21, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§846-21 Authority of [attorney general.] lieutenant**
13 **governor.** The [~~attorney general~~] lieutenant governor shall
14 carry out this part. In conformity with chapter 76, the
15 [~~attorney general~~] lieutenant governor may appoint [~~such~~]
16 subordinates, at [~~such~~] compensation[~~7~~] within the limits of
17 available appropriations [~~therefor~~], or without compensation, as
18 may be necessary or proper to carry out this part[~~7~~ and, the
19 ~~attorney general~~]. The lieutenant governor may delegate to
20 [~~such~~] subordinates [~~such~~] any of the [~~attorney general's~~]
21 lieutenant governor's powers and duties as may be necessary for
22 the efficient administration of this part."

1 SECTION 39. Section 846-24, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§846-24 Powers and functions.** The [~~department of the~~
4 ~~attorney general~~] office of the lieutenant governor shall
5 register and issue certificates of identification to all persons
6 in the State applying for the certificates in accordance with
7 the requirements of this part."

8 SECTION 40. Section 846-27, Hawaii Revised Statutes, is
9 amended by amending subsections (c) and (d) to read as follows:

10 "(c) Application for renewal of a certificate of
11 identification issued after November 1, 1998, for a person
12 sixty-five years old or older may be done by mailing in a
13 completed application and fee, if there is no change in name and
14 citizenship. The [~~department~~] lieutenant governor shall adopt
15 rules to allow for renewal by mail for persons with physical or
16 mental disabilities for whom application in person presents a
17 serious burden.

18 (d) There is established in the state treasury a revolving
19 fund to be known as the state identification revolving fund.
20 The fund shall consist of all fees assessed for the processing
21 and issuance of certificates of identification under this part.

1 The fund shall be administered by the [~~attorney general~~]
2 lieutenant governor for the purposes of this part."

3 SECTION 41. Section 846-32, Hawaii Revised Statutes, is
4 amended to read as follows:

5 **"§846-32 Correction or alteration of records and**
6 **certificates in cases of error or subsequent changes concerning**
7 **names, citizenship, description, etc.** (a) If, after
8 registration, the name of any registrant is legally changed by
9 marriage, divorce, adoption, legitimation, order of the
10 lieutenant governor, or other legal means, or if there is a
11 change in the registrant's citizenship, the registrant or other
12 person in charge of the registrant (in the case of a minor or
13 incompetent person), within thirty days after the change of name
14 or citizenship, shall report the change and present the
15 registrant's certificate of identification to the [~~department of~~
16 ~~the attorney general.~~] office of the lieutenant governor. The
17 [~~department,~~] lieutenant governor, upon being satisfied as to
18 the change and receiving payment of the fee, shall cancel the
19 certificate and issue a new certificate bearing the new name or
20 citizenship of the registrant, making appropriate notation of
21 the facts upon the records of the [~~department.~~] office of the
22 lieutenant governor.

1 (b) If any error has been made in any item of information
2 contained in the records of the [~~department~~] office of the
3 lieutenant governor or the certificate of identification
4 concerning any registrant, the [~~department,~~] office of the
5 lieutenant governor, of its own motion, or upon application by
6 the registrant, and upon receipt of satisfactory evidence that
7 an error has been committed, with the approval of the [~~attorney~~
8 ~~general~~] lieutenant governor or the [~~attorney general's~~
9 lieutenant governor's specially authorized representatives, may
10 correct the error and, in such case, shall make appropriate
11 changes or notations stating the error and the correct
12 information upon the records of the [~~department~~] office of the
13 lieutenant governor and the certificate of identification.

14 (c) In case any item of personal information originally
15 correct with respect to any registrant shall change after
16 registration, the change, if material, may be registered by the
17 [~~department~~] office of the lieutenant governor and the records
18 and certificate of identification may be altered to conform
19 thereto, upon receipt by the [~~department~~] office of the
20 lieutenant governor of satisfactory evidence as to the change
21 and the approval of the [~~attorney general~~] lieutenant governor

1 or the [~~attorney general's~~] lieutenant governor's specially
2 authorized representative."

3 SECTION 42. The following sections of the Hawaii Revised
4 Statutes are amended by replacing the term "lieutenant governor"
5 with the term "attorney general" and by replacing the terms
6 "lieutenant governor" or "office of the lieutenant governor"
7 with the terms "department" or "department of the attorney
8 general", as appropriate: sections 846-22, 846-23, 846-28,
9 846-29, 846-30, 846-34, 846-35, and 846-37.

10 PART XII

11 SECTION 43. The purpose of this part is to transfer the
12 arts and culture development branch within the department of
13 business, economic development, and tourism to the state
14 foundation on culture and the arts, which is placed within the
15 department of accounting and general services for administrative
16 purposes.

17 SECTION 44. All rights, powers, functions, and duties of
18 the arts and culture branch of the department of business,
19 economic development, are transferred to the state foundation on
20 culture and the arts.

21 PART XIII

1 SECTION 45. The purpose of this part is to abolish the
2 Hawaii health systems corporation in its role as a central
3 corporation-wide policy-making and managerial entity and to
4 transfer all centralized powers of the Hawaii health systems
5 corporation to the remaining five regional system boards.

6 SECTION 46. Section 323F-2, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "**§323F-2 Hawaii health systems corporation.** [~~(a) There~~
9 ~~is established the Hawaii health systems corporation, which~~
10 ~~shall be a public body corporate and politic and an~~
11 ~~instrumentality and agency of the State. The corporation shall~~
12 ~~be placed within the department of health for the administrative~~
13 ~~purposes specified in section 26-35(a)(6) only.~~

14 ~~(b) The corporate organization shall be divided into]~~
15 There shall be five regional health care systems, as follows:

- 16 (1) The Oahu regional health care system;
17 (2) The Kauai regional health care system;
18 (3) The Maui regional health care system;
19 (4) The east Hawaii regional health care system,
20 comprising the Puna district, north Hilo district,
21 south Hilo district, Hamakua district, and Kau
22 district; and

1 (5) The west Hawaii regional health care system,
2 comprising the north Kohala district, south Kohala
3 district, north Kona district, and south Kona
4 district;
5 and shall be identified as regional systems I, II, III, IV, and
6 V, respectively."

7 SECTION 47. Section 323F-3.5, Hawaii Revised Statutes, is
8 amended by amending subsections (a) to (d) to read as follows:

9 "(a) There is hereby established a regional system board
10 of directors to govern each of the five regional systems
11 [~~specified in section 323F-2,~~] no later than January 1, 2008.
12 The regional system boards of directors shall carry out the
13 duties and responsibilities as set forth in this chapter and as
14 further delegated by the corporation.

15 (b) Upon its establishment, a regional system board shall
16 assume custodial care of all financial assets, real property,
17 including land, structures, and fixtures, or other physical
18 assets, such as personal property, including furnishings,
19 equipment, and inventory[~~, of the corporation~~] within its
20 regional system. No sale or encumbrance of any such real
21 property or such other financial assets, physical assets of the
22 corporation shall be permitted without the [~~mutual~~] consent of

1 the [~~Hawaii health systems corporation board and the~~
2 appropriate regional system board. No additional debts or
3 liabilities or superior debts shall be added [~~by the~~
4 ~~corporation~~] to any regional system board that would negatively
5 impact the holders of bond notes. Each regional system board
6 shall be liable for any liabilities arising from financial
7 assets, real or personal property in its custodial care.

8 (c) Each regional system shall be governed by a regional
9 system board of directors to consist of not less than seven
10 members and not more than fifteen members, as determined by the
11 regional system board after the initial regional system board is
12 established.

13 (1) Each regional system board shall initially consist of
14 twelve members to be appointed by the governor under
15 section 26-34 or as provided in this section, as
16 follows:

17 (A) Four members shall be appointed by the governor
18 within thirty days of receipt of a qualified list
19 of candidates as follows:

20 (i) Two members shall be chosen from a list of
21 four individuals submitted by the speaker of
22 the house of representatives within fifteen

1 days of July 1, 2007; provided that this
2 list shall not include physicians; and
3 (ii) Two members shall be chosen from a list of
4 four individuals submitted by the president
5 of the senate within fifteen days of July 1,
6 2007; provided that this list shall not
7 include physicians;

8 (B) Four members shall be appointed by the governor
9 within thirty days from a list of eight
10 individuals nominated by the regional public
11 health facility management advisory committee
12 within fifteen days of July 1, 2007. These
13 individuals may be medical and health care
14 providers and professionals, consumers, and
15 knowledgeable individuals in other appropriate
16 areas such as business, finance, and law;
17 provided that these individuals shall not be
18 physicians currently in active practice; and

19 (C) Three physicians shall be appointed by the
20 governor within thirty days from a list submitted
21 within fifteen days of July 1, 2007, of six
22 physicians nominated by a majority vote of the

- 1 medical staff of the public health facilities in
2 the regional system present at a duly noticed
3 meeting from a list of qualified candidates
4 submitted by the medical executive committees in
5 the regional system; [~~and~~
6 ~~(D) The corporation board chairperson or~~
7 ~~chairperson's designee shall serve as an ex~~
8 ~~officio, nonvoting member of each regional system~~
9 ~~board;~~]
- 10 (2) One member of each regional system board nominated by
11 the speaker of the house of representatives, the
12 president of the senate, and medical executive
13 committees in a regional system shall be appointed for
14 a term of two years;
- 15 (3) One member of each initial regional system board
16 nominated by the regional public health facility
17 management advisory committee for the regional system
18 shall be appointed for a term of two years;
- 19 (4) The remaining members of each initial regional system
20 board and all members appointed thereafter shall be
21 appointed for terms of three years; and

1 (5) New regional system board members appointed to any
2 regional system board after the initial regional
3 system board shall be selected by a two-thirds
4 affirmative vote of the existing regional system board
5 members.

6 Except for the ex officio members of each regional system board,
7 all other members of a regional system board shall be residents
8 of the region. Each regional system board shall elect its own
9 chair.

10 (d) Each regional system board shall be responsible for
11 local governance, operations, and administration of the delivery
12 of services in its respective regional system as set forth in
13 this chapter [~~and as further delegated by the corporation~~].

14 Each regional system board shall include medical and health care
15 providers and professionals, consumers, and knowledgeable
16 individuals in other appropriate areas, such as business,
17 finance, and law; provided that no more than three members of
18 the regional system board shall be physicians. Each regional
19 system board shall be as balanced and representative of the
20 community stakeholders as possible."

21 SECTION 48. Section 323F-7, Hawaii Revised Statutes, is
22 amended to read as follows:

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1 "~~§323F-7 Duties and powers of the [corporation and]~~
2 **regional system boards.** (a) [~~Notwithstanding any other law to~~
3 ~~the contrary and unless otherwise specified, only those duties~~
4 ~~and powers related to corporation-wide matters, including but~~
5 ~~not limited to corporation-wide budgeting, personnel policies,~~
6 ~~procurement policies, fiscal policies, accounting policies,~~
7 ~~policies related to affiliations, joint ventures and contracts,~~
8 ~~regulatory compliance, risk management, continuing medical~~
9 ~~education programs, strategic planning, and capital planning,~~
10 ~~including the issuance of revenue bonds in any amount, shall be~~
11 ~~carried out by the corporation board in collaboration with the~~
12 ~~regional system boards.] Duties and powers related to personnel
13 policies, procurement policies, fiscal policies, accounting
14 policies, policies related to affiliations, joint ventures and
15 contracts, regulatory compliance, risk management, continuing
16 medical education programs, strategic planning, and capital
17 planning, including the issuance of revenue bonds in any amount,
18 and to the operation of facilities within each regional system,
19 including but not limited to regional system and facility
20 budgeting, employment and removal of regional system and
21 facility personnel, purchasing, regional system strategic and
22 capital planning, organization, quality assurance, improvement~~

1 and reporting, credentialing of medical staff, [~~and the issuance~~
2 ~~of revenue bonds in any amount with corporation board approval,~~]
3 shall be carried out by the regional system boards, either
4 directly or by delegation to regional and facility
5 administration. [~~Unless otherwise prohibited, the duties and~~
6 ~~powers granted to the corporation board may be delegated to the~~
7 ~~regional system boards.~~

8 ~~(b) Duties and powers exercised by the regional system~~
9 ~~boards under this chapter or delegated to the regional system~~
10 ~~boards by the corporation board shall be consistent with~~
11 ~~corporation-wide policies. Wherever appropriate, corporation-~~
12 ~~wide policies shall take into account differences among regional~~
13 ~~systems and among types of facilities, particularly acute care,~~
14 ~~critical access, and long-term care facilities within the~~
15 ~~system.~~

16 ~~New corporation-wide policies, and major changes to~~
17 ~~existing policies other than those changes mandated by legal or~~
18 ~~regulatory requirements, shall be developed by the corporation~~
19 ~~board after consultation with a policies committee. The~~
20 ~~policies committee shall be made up of representatives of the~~
21 ~~corporation board and each regional system board or designees of~~
22 ~~each board. The corporation board shall have two~~

1 ~~representatives on this committee. The corporation board shall~~
2 ~~review and consider approval of the policies within thirty days~~
3 ~~of transmittal by the policies committee or at the next board~~
4 ~~meeting; provided that, if the policies committee fails to take~~
5 ~~action within thirty days of receiving the proposed policy, the~~
6 ~~corporation board may consider and adopt or reject or revise the~~
7 ~~policy. The regional system boards and corporation board, as~~
8 ~~needed, may submit a request to the committee to alter~~
9 ~~corporation-wide policies along with detailed justification for~~
10 ~~the request. The regional system boards and the corporation~~
11 ~~board shall collaboratively establish a procedure to further~~
12 ~~implement this section.~~

13 ~~(e)]~~ (b) Notwithstanding any other law to the contrary,
14 ~~[the corporation and any of the]~~ each regional system ~~[boards]~~
15 board shall exercise the following duties and powers:

16 (1) ~~[Developing corporation-wide policies, procedures, and~~
17 ~~rules necessary or appropriate to plan, operate,~~
18 ~~manage, and control the system of public health~~
19 ~~facilities and services without regard to chapter 91;~~
20 ~~provided that each regional system board shall be]~~ Be
21 responsible for its own policies, procedures, and
22 rules necessary or appropriate to plan, operate,

- 1 manage, and control the public health facilities
2 within its own regional system [~~consistent with~~
3 ~~corporate policies~~];
- 4 (2) [~~Evaluating the need for additional health facilities~~
5 ~~and services; provided that each regional system board~~
6 ~~shall be~~] Be responsible for [~~the evaluation~~]
7 evaluating the need for additional health facilities
8 and services within its own regional system;
- 9 (3) Entering into and performing any contracts, leases,
10 cooperative agreements, partnerships, or other
11 transactions whatsoever that may be necessary or
12 appropriate [~~in the performance of its purposes and~~
13 ~~responsibilities, and~~] on terms the [~~corporation, or~~]
14 regional system boards[~~7~~] may deem appropriate[~~7~~] with
15 either:
- 16 (A) Any agency or instrumentality of the United
17 States, or with any state, territory, or
18 possession, or with any subdivision thereof; or
- 19 (B) Any person, firm, association, partnership, or
20 corporation, whether operated on a for-profit or
21 not-for-profit basis;

1 provided that the transaction furthers the public
2 interest; [~~and provided further that if any dispute~~
3 ~~arises between any contract, lease, cooperative~~
4 ~~agreement, partnership, or other transaction entered~~
5 ~~into by the corporation and a regional system board~~
6 ~~with regard to matters solely within that regional~~
7 ~~system, after July 1, 2007, the contract, lease,~~
8 ~~cooperative agreement, partnership, or other~~
9 ~~transaction entered into by the regional system board~~
10 ~~shall prevail; and provided further that such~~
11 ~~agreements are consistent with corporation policies;]~~

12 (4) Conducting activities and entering into business
13 relationships as the [~~corporation board, or any]~~
14 regional system board[~~7~~] deems necessary or
15 appropriate, including but not limited to:

16 (A) Creating nonprofit corporations, including but
17 not limited to charitable fund-raising
18 foundations, to be controlled wholly by [~~the~~
19 ~~corporation,~~7] any regional system board[~~7~~] or
20 jointly with others;

- 1 (B) Establishing, subscribing to, and owning stock in
2 business corporations individually or jointly
3 with others; and
- 4 (C) Entering into partnerships and other joint
5 venture arrangements, or participating in
6 alliances, purchasing consortia, health insurance
7 pools, or other cooperative arrangements, with
8 any public or private entity; provided that any
9 corporation, venture, or relationship entered
10 into under this section furthers the public
11 interest; provided further that this paragraph
12 shall not be construed to authorize [~~the~~
13 ~~corporation or~~] a regional system board to
14 abrogate any responsibility or obligation under
15 paragraph (15);
16 [~~provided that each regional system board shall be~~
17 ~~responsible for conducting the activities under this~~
18 ~~paragraph in its own regional system consistent with~~
19 ~~policies established by the corporation board;~~]
- 20 (5) Participating in and developing prepaid health care
21 service and insurance programs and other alternative
22 health care delivery programs, including programs

1 involving the acceptance of capitated payments or
2 premiums that include the assumption of financial and
3 actuarial risk; [~~provided that each regional system
4 board shall be responsible for conducting the
5 activities under this paragraph in its own regional
6 system consistent with policies established by the
7 corporation board;~~]

8 (6) Executing, in accordance with all applicable bylaws,
9 rules, and laws, all instruments necessary or
10 appropriate in the exercise of any powers of the
11 [~~corporation or~~] regional system boards;

12 (7) Preparing and executing all [~~corporation-wide budgets,
13 policies, and procedures or any~~] regional system
14 budgets, policies, and procedures; [~~provided that the
15 regional system boards shall submit their regional and
16 facility budgets to the corporation to be consolidated
17 into a corporation-wide budget for purposes of
18 corporation-wide planning and appropriation requests.
19 Regional system and facility budgets shall be received
20 by the corporation and shall be included in the
21 corporation-wide budget upon submittal to the
22 corporation;~~]

- 1 (8) Setting rates and charges for all services [~~provided~~
2 ~~by the corporation~~] without regard to chapter 91[~~+~~
3 ~~provided that the duty and power of the corporation~~
4 ~~board shall be limited to approving the rates and~~
5 ~~charges developed by the regional system boards for~~
6 ~~the regional system's facilities and services]. Rates~~
7 and charges may vary among regional systems and
8 facilities [~~and may be consolidated with the rates of~~
9 ~~other regional systems into one charge master].~~
10 Third-party payer contracts may be negotiated [~~at the~~
11 ~~corporation-wide level with input from~~] by the
12 regional systems[~~, taking into consideration the rates~~
13 ~~set by the regional system boards]. For purposes of~~
14 securing revenue bonds, the [~~corporation or~~] regional
15 system board may covenant to set, and if necessary
16 increase, rates and charges as needed to pay debt
17 service and related obligations plus a coverage
18 factor;
- 19 (9) [~~Developing a corporation-wide hospital system that is~~
20 ~~subject to chapters 76 and 89; provided that~~
21 ~~employment~~] Employment of regional system and facility
22 personnel shall be the responsibility of the regional

- 1 system boards pursuant to [~~corporation-wide policies~~
2 and ~~procedures,~~] applicable laws, rules,
3 [~~regulations,~~] and collective bargaining agreements;
- 4 (10) [~~Developing the corporation's corporation-wide capital~~
5 and ~~strategic plans or any regional system board's~~
6 ~~capital and strategic plans; provided that each~~] Each
7 regional system board shall be responsible for
8 development of capital and strategic plans in its own
9 regional system [~~that shall be consistent with, and~~
10 ~~incorporated into, the overall corporation-wide plans,~~
11 and]; provided [~~further~~] that [~~the corporation and~~]
12 each regional system board shall be entitled to
13 undertake the acquisition, construction, and
14 improvement of property, facilities, and equipment to
15 carry out these capital and strategic plans;
- 16 (11) Suing and being sued; provided that [~~only the~~
17 ~~corporation may sue or be sued; and provided further~~
18 ~~that the corporation and~~] the regional system boards
19 shall enjoy the same sovereign immunity available to
20 the State;
- 21 (12) Making and altering [~~corporation board and~~] regional
22 system board bylaws for its organization and

1 management without regard to chapter 91 and consistent
2 with this chapter[~~; provided that each regional system~~
3 ~~board shall be responsible for the final approval of~~
4 ~~its regional system board bylaws];~~

5 (13) Adopting rules without regard to chapter 91 governing
6 the exercise of the [~~corporation's or~~] regional system
7 boards' powers and the fulfillment of its purpose
8 under this chapter;

9 (14) Entering into any contract or agreement whatsoever,
10 not inconsistent with this chapter or the laws of this
11 State, and authorizing the [~~corporation,~~] regional
12 system boards[~~]~~ and chief executive officers to enter
13 into all contracts, execute all instruments, and do
14 all things necessary or appropriate in the exercise of
15 the powers granted in this chapter, including securing
16 the payment of bonds; [~~provided that the corporation~~
17 ~~board shall delegate to a regional system board its~~
18 ~~authority to enter into and execute contracts or~~
19 ~~agreements relating to matters exclusively affecting~~
20 ~~that regional system; provided further that a regional~~
21 ~~system board shall exercise this power consistent with~~
22 ~~corporation-wide policies; and provided further that~~

1 ~~contracts or agreements executed by a regional system~~
2 ~~board shall encumber only the regional subaccounts of~~
3 ~~that regional system board;]~~

4 (15) Issuing revenue bonds up to \$100,000,000 subject to
5 the approval of the governor or the director of
6 finance; provided that:

7 (A) All revenue bonds shall be issued pursuant to
8 part III, chapter 39; and

9 (B) [~~The corporation and any~~] A regional system board
10 shall have the power to issue revenue bonds in
11 any amount without regard to any limitation in
12 chapter 39; [~~and~~

13 ~~(C) The corporation shall have the power to incur~~
14 ~~debt, including the issuance of revenue bonds in~~
15 ~~any amount, and the regional system boards shall~~
16 ~~have the power to issue revenue bonds in any~~
17 ~~amount upon approval by the corporation board;]~~

18 (16) Reimbursing the state general fund for debt service on
19 general obligation bonds or reimbursable general
20 obligation bonds issued by the State for the purposes
21 of [~~the corporation or~~] any regional system board;

1 (17) Pledging or assigning all or any part of the receipts,
2 revenues, and other financial assets of the
3 ~~[corporation or the]~~ regional system boards for
4 purposes of meeting or securing bond or health systems
5 liabilities ~~[, provided that each regional system board~~
6 ~~shall be responsible for conducting the activities~~
7 ~~under this paragraph in its own regional system]~~. Any
8 pledge or assignment by ~~[the corporation or]~~ any
9 regional system board to secure revenue bonds or
10 health system liabilities shall be valid and binding
11 in accordance with its terms against the pledgor,
12 creditors, and all others asserting rights thereto
13 from the time the pledge or assignment is made,
14 without the need of physical delivery, recordation,
15 filing, or further act. ~~[The corporation shall not~~
16 ~~take or omit to take any act that would interfere~~
17 ~~with, impair, or adversely affect any pledge of~~
18 ~~assignment by a regional system board pursuant to this~~
19 ~~chapter.]~~ In connection with issuing revenue bonds or
20 related obligations ~~[, consistent with corporation~~
21 ~~policies and procedures,]~~ any regional system board
22 may make such other covenants ~~[, binding on the~~

1 ~~regional system board and the corporation,~~] that the
2 regional system board determines to be necessary or
3 appropriate to establish and maintain security for the
4 revenue bonds or related obligations;
5 ~~[(18) Owning, purchasing, leasing, exchanging, or otherwise~~
6 ~~acquiring property, whether real, personal or mixed,~~
7 ~~tangible or intangible, and of any interest therein,~~
8 ~~in the name of the corporation, which property is not~~
9 ~~owned or controlled by the State but is owned or~~
10 ~~controlled by the corporation; provided that:~~
11 ~~(A)]~~ (18) Regional system boards shall have custodial
12 control over facilities and physical assets in
13 their respective regional systems. A regional
14 system board may own, purchase, lease, exchange,
15 or otherwise acquire property, whether real,
16 personal or mix, tangible or intangible, and of
17 any interest therein~~[, other than property owned~~
18 ~~or controlled by the corporation,~~] in the name of
19 the regional system board; ~~[provided further that~~
20 ~~a regional system board shall be subject to~~
21 ~~section 323F-3.5; and~~

1 ~~(B) Each regional system board shall be responsible~~
2 ~~for conducting the activities under this~~
3 ~~paragraph in its own regional system;]~~

4 (19) Maintaining, improving, pledging, mortgaging, selling,
5 or otherwise holding or disposing of property, whether
6 real, personal or mixed, tangible or intangible, and
7 of any interest therein, at any time and manner, in
8 furtherance of the purposes and mission of [~~the~~
9 ~~corporation or~~] any regional system board; provided
10 that [~~the corporation or any~~] each regional system
11 board legally holds or controls the property in its
12 own name; provided further that other than to secure
13 revenue bonds and related obligations and agents, [~~the~~
14 ~~corporation or any~~] a regional system board shall not
15 sell, assign, lease, hypothecate, mortgage, pledge,
16 give, or dispose of all or substantially all of its
17 property; [~~and provided further that each regional~~
18 ~~system board shall be responsible for conducting the~~
19 ~~activities under this paragraph in its own regional~~
20 ~~system, and control over such property shall be~~
21 ~~delegated to each regional system board;]~~

- 1 (20) Purchasing insurance and creating captive insurers in
2 any arrangement deemed in the best interest of [~~the~~
3 ~~corporation,~~] a regional system board, including but
4 not limited to funding and payment of deductibles and
5 purchase of reinsurance; provided that [~~only the~~
6 ~~corporation shall have the power to create captive~~
7 ~~insurers to benefit public health facilities and~~
8 ~~operations in all regional systems; and provided~~
9 ~~further that~~] a regional system board may purchase
10 insurance for its regional system in collaboration
11 with the other regional systems [~~and the corporation~~
12 ~~until captive coverage is provided by the~~
13 ~~corporation~~];
- 14 (21) Acquiring by condemnation, pursuant to chapter 101,
15 any real property required by [~~the corporation~~] a
16 regional system board to carry out the powers granted
17 by this chapter;
- 18 (22) Depositing any moneys of [~~the corporation or~~] any
19 regional system board in any banking institution
20 within or without the State, and appointing, for the
21 purpose of making deposits, one or more persons to act
22 as custodians of the moneys of [~~the corporation; or~~]

1 any regional system board; [~~provided that regional~~
2 ~~system boards may deposit moneys in banking~~
3 ~~institutions pursuant to corporation-wide guidelines~~
4 ~~established by the corporation board;~~]

5 (23) Contracting for and accepting any gifts, grants, and
6 loans of funds, property, or any other aid in any form
7 from the federal government, the State, any state
8 agency, or any other source, or any combination
9 thereof, and complying, subject to this chapter, with
10 the terms and conditions thereof[~~; provided that the~~
11 ~~regional system boards shall be responsible for~~
12 ~~contracting for and accepting any gifts, grants,~~
13 ~~loans, property, or other aid if intended]~~ to benefit
14 the public health facilities and operations
15 exclusively in their respective regional systems; [~~and~~
16 ~~provided further that all contracting for or~~
17 ~~acceptance of gifts, grants, loans, property, or other~~
18 ~~aid shall be consistent with corporation-wide policies~~
19 ~~established by the corporation board;~~]

20 (24) Providing health and medical services for the public
21 directly or by agreement or lease with any person,
22 firm, or private or public corporation, partnership,

1 or association through or in the health facilities of
2 the [~~corporation or~~] regional system boards or
3 otherwise; [~~provided that the regional system boards~~
4 ~~shall be responsible for conducting the activities~~
5 ~~under this paragraph in their respective regional~~
6 ~~systems;~~]

7 (25) Approving medical staff bylaws, rules, and medical
8 staff appointments and reappointments for all public
9 health facilities of [~~the corporation or any~~] a
10 regional system board, including but not limited to
11 determining the conditions under which a health
12 professional may be extended the privilege of
13 practicing within a health facility, as determined by
14 the respective regional system board [~~and consistent~~
15 ~~with corporate wide policies~~], and adopting and
16 implementing reasonable rules, without regard to
17 chapter 91, for the credentialing and peer review of
18 all persons and health professionals within the
19 facility; [~~provided that regional system boards shall~~
20 ~~be the governing body responsible for all medical~~
21 ~~staff organization, peer review, and credentialing~~
22 ~~activities to the extent allowed by law;~~]

1 (26) (A) Investing any funds not required for immediate
2 disbursement in property or in securities that
3 meet the standard for investments established in
4 chapter 88 as provided by [~~the corporation board~~
5 ~~or~~] any regional system board; provided that
6 proceeds of bonds and moneys pledged to secure
7 bonds may be invested in obligations permitted by
8 any document that authorizes the issuance or
9 securing of bonds; and provided further that the
10 investment assists [~~the corporation or any~~] a
11 regional system board in carrying out its public
12 purposes; selling from time to time securities
13 thus purchased and held, and depositing any
14 securities in any bank or financial institution
15 within or without the State. Any funds deposited
16 in a banking institution or in any depository
17 authorized in this section shall be secured in a
18 manner and subject to terms and conditions as
19 [~~the corporation board or~~] a regional system
20 board may determine, with or without payment of
21 any interest on the deposit, including without
22 limitation time deposits evidenced by

1 certificates of deposit. Any bank or financial
2 institution incorporated under the laws of this
3 State may act as depository of any funds of [~~the~~
4 ~~corporation or~~] a regional system board and may
5 issue indemnity bonds or may pledge securities as
6 may be required by [~~the corporation or~~] a
7 regional system board; [~~provided that regional~~
8 ~~system boards may exercise the powers under this~~
9 ~~subsection with respect to financial assets of~~
10 ~~the regional system consistent with corporation-~~
11 ~~wide policies;~~] and

12 (B) Notwithstanding subparagraph (A), contracting
13 with the holders of any of its notes or bonds as
14 to the custody, collection, securing, investment,
15 and payment of any moneys of [~~the corporation or~~]
16 a regional system board and of any moneys held in
17 trust or otherwise for the payment of notes or
18 bonds and carrying out the contract. Moneys held
19 in trust or otherwise for the payment of notes or
20 bonds or in any way to secure notes or bonds, and
21 deposits of such moneys, may be secured in the
22 same manner as moneys of [~~the corporation or~~] a

1 regional system board, and all banks and trust
2 companies are authorized to give security for the
3 deposits;

4 (27) Entering into any agreement with the State, including
5 but not limited to contracts for the provision of
6 goods, services, and facilities in support of [~~the~~
7 ~~corporation's programs or~~] the regional system boards'
8 programs, and contracting for the provision of
9 services to or on behalf of the State; [~~provided that~~
10 ~~the regional system boards shall be responsible for~~
11 ~~entering into agreements to provide goods, services,~~
12 ~~and facilities in support of programs in their~~
13 ~~respective regional systems consistent with~~
14 ~~corporation-wide policies;~~]

15 (28) Having a seal and altering the same at pleasure;

16 (29) Waiving, by means that [~~the corporation or~~] a regional
17 system board deems appropriate, the exemption from
18 federal income taxation of interest on the
19 [~~corporation's or~~] regional system boards' bonds,
20 notes, or other obligations provided by the Internal
21 Revenue Code of 1986, as amended, or any other federal
22 statute providing a similar exemption;

- 1 (30) Developing internal policies and procedures for the
2 procurement of goods and services, consistent with the
3 goals of public accountability and public procurement
4 practices, and subject to management and financial
5 legislative audits; provided that the regional system
6 boards shall ~~[be responsible for developing internal~~
7 ~~policies and procedures for each of their regional~~
8 ~~systems consistent with the corporation's policies and~~
9 ~~procedures; and further provided that:~~
- 10 ~~(A) The regional system boards and the corporate~~
11 ~~board shall] enjoy the exemption under section~~
12 ~~103-53(e) [~~+~~~~
- 13 ~~(B) The regional system boards shall enjoy] and the~~
14 ~~exemption under chapter 103D; [~~and~~~~
- 15 ~~(C) The corporation shall be subject to chapter~~
16 ~~103D;]~~
- 17 (31) ~~[Authorizing and establishing positions; provided that~~
18 ~~regional] The system boards shall be responsible for~~
19 ~~hiring and firing regional and facility personnel~~
20 ~~[consistent with corporation policies, except a~~
21 ~~regional chief executive officer and regional chief~~
22 ~~financial officer shall only be hired or dismissed~~

1 ~~upon the approval of the regional system board and the~~
2 ~~corporation board as further set forth in section~~
3 ~~323F-8.5];~~

4 (32) Having and exercising all rights and powers necessary
5 or incidental to or implied from the specific powers
6 granted in this chapter, which specific powers shall
7 not be considered as a limitation upon any power
8 necessary or appropriate to carry out the purposes and
9 intent of this chapter; [~~provided that the regional~~
10 ~~system boards shall be responsible for having and~~
11 ~~exercising all powers and rights with respect to~~
12 ~~matters in their regional systems consistent with the~~
13 ~~law;~~] and

14 (33) Each regional system, through its regional system
15 board, shall:

16 (A) Develop policies and procedures necessary or
17 appropriate to plan, operate, manage, and control
18 the day-to-day operations of facilities within
19 the regional system [~~that are consistent with~~
20 ~~corporation-wide policies];~~

1 (B) Exercise custodial control over and use of all
2 assets [~~of the corporation~~] that are located in
3 the regional system pursuant to this chapter; and

4 (C) Expend funds within its approved regional system
5 budget and expend additional funds in excess of
6 its approved regional system budget [~~upon~~
7 ~~approval of the corporation board~~].

8 (d) Each regional system board shall not be subject to
9 chapters 36 to 38, 40, 41D, and 103D as well as part I of
10 chapter 92 and shall enjoy the exemptions contained in sections
11 102-2 and 103-53(e), except as otherwise provided in this
12 chapter. [~~The corporation shall not be subject to chapters 36~~
13 ~~to 38, 40, and 41D, as well as part I of chapter 92, and shall~~
14 ~~enjoy the exemptions contained in sections 102-2 and 103-53(e).~~]

15 (e) The duties and powers granted to [~~the corporation or~~]
16 any regional system board may not be used to enter into
17 contractual or business relationships that have the practical
18 effect of allowing or are intended to allow private-sector
19 counterparts to replace existing employee positions or
20 responsibilities [~~within the corporation or~~] in any regional
21 system or its facilities; provided the [~~corporation or~~] regional
22 system boards shall be allowed to enter into such relationships

1 to the extent and for the purposes that the division of
2 community hospitals could have done under collective bargaining
3 contracts that were in effect for the 1995-1996 fiscal year."

4 SECTION 49. Section 323F-3, Hawaii Revised Statutes, is
5 repealed.

6 [~~"§323F-3 Corporation board. (a) The corporation shall~~
7 ~~be governed by a fifteen-member board of directors that shall~~
8 ~~carry out the duties and responsibilities of the corporation~~
9 ~~other than those duties and responsibilities relating to the~~
10 ~~establishment of any captive insurance company pursuant to~~
11 ~~section [323F-7(c)(20)] and the operation thereof.~~

12 ~~(b) Twelve members of the corporation board shall be~~
13 ~~appointed as follows:~~

14 ~~(1) Two members from regional system I who reside in the~~
15 ~~city and county of Honolulu shall be appointed by the~~
16 ~~governor from a list consisting of four individuals,~~
17 ~~two individuals submitted by the speaker of the house~~
18 ~~of representatives and two individuals submitted by~~
19 ~~the president of the senate within fifteen days of~~
20 ~~July 1, 2007; provided that this list shall not~~
21 ~~include physicians;~~

- 1 ~~(2) Two members from regional system II who reside in the~~
2 ~~county of Kauai shall be appointed by the governor~~
3 ~~from a list consisting of four individuals, two~~
4 ~~individuals submitted by the speaker of the house of~~
5 ~~representatives and two individuals submitted by the~~
6 ~~president of the senate within fifteen days of July 1,~~
7 ~~2007; provided that this list shall not include~~
8 ~~physicians;~~
- 9 ~~(3) Two members from regional system III who reside in the~~
10 ~~county of Maui shall be appointed by the governor from~~
11 ~~a list consisting of four individuals, two individuals~~
12 ~~submitted by the speaker of the house of~~
13 ~~representatives and two individuals submitted by the~~
14 ~~president of the senate within fifteen days of July 1,~~
15 ~~2007; provided that this list shall not include~~
16 ~~physicians;~~
- 17 ~~(4) Two members from regional system IV who reside in the~~
18 ~~eastern section of the county of Hawaii shall be~~
19 ~~appointed by the governor from a list consisting of~~
20 ~~four individuals, two individuals submitted by the~~
21 ~~speaker of the house of representatives and two~~
22 ~~individuals submitted by the president of the senate~~

1 ~~within fifteen days of July 1, 2007; provided that~~
2 ~~this list shall not include physicians;~~

3 ~~(5) Two members from regional system V who reside in the~~
4 ~~western section of the county of Hawaii shall be~~
5 ~~appointed by the governor from a list consisting of~~
6 ~~four individuals, two individuals submitted by the~~
7 ~~speaker of the house of representatives and two~~
8 ~~individuals submitted by the president of the senate~~
9 ~~within fifteen days of July 1, 2007; provided that~~
10 ~~this list shall not include physicians; [and]~~

11 ~~(6) Two additional members who reside in the State shall~~
12 ~~be appointed by the governor.~~

13 ~~The thirteenth and fourteenth members, who shall serve as~~
14 ~~voting members, shall be physicians with active medical staff~~
15 ~~privileges at one of the corporation's public health facilities.~~
16 ~~The physician members shall each serve a term of two years. The~~
17 ~~initial physician members shall be from regional system II, and~~
18 ~~subsequent physician members shall come from regional systems~~
19 ~~IV, III, and V respectively. The physician member positions~~
20 ~~shall continue to rotate in this order. The physician members~~
21 ~~shall be appointed to the corporation board by a two-thirds~~
22 ~~majority vote of the corporation board from a list of qualified~~

1 ~~nominees submitted by the public health facility management~~
2 ~~advisory committees or by any regional system board. If for any~~
3 ~~reason a physician member is unable to serve a full term, the~~
4 ~~remainder of that term shall be filled by a physician from the~~
5 ~~same regional system.~~

6 ~~The fifteenth member shall be the director of health or the~~
7 ~~director's designee, who shall serve as an ex officio, voting~~
8 ~~member.~~

9 ~~Appointments to the corporation board, with the exception~~
10 ~~of the chairperson of the executive public health facility~~
11 ~~management advisory committee and the regional physician member,~~
12 ~~shall be made by the governor, subject to confirmation by the~~
13 ~~senate pursuant to section 26-34.~~

14 ~~The appointed board members shall serve for a term of four~~
15 ~~years; provided that the first member appointed from each~~
16 ~~regional system shall be appointed for a term of two years.~~

17 ~~Any vacancy shall be filled in the same manner provided for~~
18 ~~the original appointments. The corporation board shall elect~~
19 ~~its own chair from among its members. Appointments to the~~
20 ~~corporation board shall be as representative as possible of the~~
21 ~~system's stakeholders as outlined in this subsection.~~

1 ~~(c) The selection, appointment, and confirmation of any~~
2 ~~nominee shall be based on ensuring that board members have~~
3 ~~diverse and beneficial perspectives and experiences and that~~
4 ~~they include, to the extent possible, representatives of the~~
5 ~~medical, business, management, law, finance, and health sectors,~~
6 ~~and patients or consumers. Members of the board shall serve~~
7 ~~without compensation but may be reimbursed for actual expenses,~~
8 ~~including travel expenses incurred in the performance of their~~
9 ~~duties.~~

10 ~~(d) Any member of the board may be removed for cause by~~
11 ~~the governor or for cause by vote of a two-thirds majority of~~
12 ~~the board's members then in office. For purposes of this~~
13 ~~section, cause shall include without limitation:~~

- 14 ~~(1) Malfeasance in office;~~
15 ~~(2) Failure to attend regularly called meetings;~~
16 ~~(3) Sentencing for conviction of a felony, to the extent~~
17 ~~allowed by section 831-2; or~~
18 ~~(4) Any other cause that may render a member incapable or~~
19 ~~unfit to discharge the duties required under this~~
20 ~~chapter.~~

21 ~~Filing nomination papers for elective office or appointment to~~
22 ~~elective office, or conviction of a felony consistent with~~

1 ~~section 831-3.1, shall automatically and immediately disqualify~~
2 ~~a board member from office."]~~

3 SECTION 50. Section 323F-7.5, Hawaii Revised Statutes, is
4 repealed.

5 [~~"§323F-7.5 Regional system boards; delegated authority.~~
6 ~~If the Hawaii health systems corporation board is unable to act~~
7 ~~on important transactions in as timely a manner as the~~
8 ~~chairperson of the corporation board deems reasonable, the~~
9 ~~chairperson of the corporation board may further delegate~~
10 ~~authority to the regional system boards to take action on~~
11 ~~specific matters."]~~

12 SECTION 51. Section 323F-8, Hawaii Revised Statutes, is
13 repealed.

14 [~~"§323F-8 Chief executive officer; exempt positions. (a)~~
15 ~~The corporation board may appoint, exempt from chapter 76 and~~
16 ~~section 26-35(a)(4), a chief executive officer of the~~
17 ~~corporation whose salary shall be set by the corporation board.~~
18 ~~The chief executive officer may also appoint up to eighteen~~
19 ~~other personnel, exempt from chapters 76 and 89, to work~~
20 ~~directly for the chief executive officer and the corporate~~
21 ~~board.~~

1 ~~(b) The corporation board or its designee may discharge~~
2 ~~its exempt personnel with or without cause; provided that~~
3 ~~removal without cause shall not prejudice any contract rights of~~
4 ~~personnel.~~

5 ~~(c) The corporation's chief executive officer or the chief~~
6 ~~executive officer's designee may appoint, exempt from chapters~~
7 ~~76 and 89, hospital administrators, assistant administrators,~~
8 ~~directors of nursing, medical directors, and staff physicians,~~
9 ~~to facilitate the management of facilities within the~~
10 ~~corporation; provided that directors of nursing appointed before~~
11 ~~July 1, 1998, may maintain their civil service status as~~
12 ~~provided in chapter 76 by so communicating in writing to the~~
13 ~~chief executive officer by October 31, 1998. Hospital~~
14 ~~administrators and assistant administrators appointed before~~
15 ~~July 1, 1983, may maintain their permanent civil service status~~
16 ~~as provided in chapter 76.~~

17 ~~(d) Hiring, firing, compensation packages, and other~~
18 ~~personnel actions with respect to employees not covered by~~
19 ~~chapter 76 and 89 shall be governed by policies and guidelines~~
20 ~~established by the corporation, except as otherwise provided in~~
21 ~~this chapter.~~

1 ~~(c) Upon the establishment of a regional system board, the~~
2 ~~authority to appoint regional hospital administrators, assistant~~
3 ~~administrators, directors of nursing, medical directors, and~~
4 ~~staff physicians under subsection (c) shall be superseded by~~
5 ~~section 323F-8.5 for that regional system. No incumbent~~
6 ~~personnel shall lose a position without specific action taken by~~
7 ~~the regional system board."]~~

8 SECTION 52. On July 1, 2009, all assets of the Hawaii
9 health systems corporation located in each respective regional
10 health care system pursuant to section 323F-2, Hawaii Revised
11 Statutes, shall be transferred to the respective regional health
12 care system.

13 PART XIV

14 SECTION 53. The purpose of this part is to transfer the
15 film industry branch within the department of business, economic
16 development, and tourism to the Hawaii tourism authority.

17 SECTION 54. Chapter 201B, Hawaii Revised Statutes, is
18 amended by adding a new part to be appropriately designated and
19 to read as follows:

20 "PART . HAWAII TELEVISION AND FILM DEVELOPMENT

21 §201B-A Definitions. As used in this part:

1 "Applicant" means a person applying for a grant or venture
2 capital investment from the authority under this part.

3 "Board" means the Hawaii television and film development
4 board.

5 "Eligible Hawaii project" or "project" means an
6 entertainment project in which at least seventy-five per cent of
7 the budget for the production costs, excluding salaries and
8 costs for the producer, director, writer, screenplay, and actors
9 in the project, is dedicated for the purchase or lease of goods
10 or services from a vendor or supplier who is located and doing
11 business in the State.

12 "Fund" means the Hawaii television and film development
13 special fund.

14 "Venture capital investment" means any of the following
15 investments in a project:

- 16 (1) Common or preferred stock and equity securities
17 without a repurchase requirement for at least five
18 years;
- 19 (2) A right to purchase stock or equity securities;
- 20 (3) Any debenture, whether or not convertible or having
21 stock purchase rights, which is subordinated, together
22 with security interests against the assets of the

1 borrower, by their terms to all borrowings of the
2 borrower from other institutional lenders, and that is
3 for a term of not less than three years, and that has
4 no part amortized during the first three years; and
5 (4) General or limited partnership interests.

6 **§201B-B Hawaii television and film development board.** (a)

7 There is established the Hawaii television and film development
8 board. The board shall be attached to the Hawaii tourism
9 authority for administrative purposes only. The board shall
10 administer the grant and venture capital investment programs and
11 the Hawaii television and film development special fund
12 established under this part. The board shall also assess and
13 consider the overall viability and development of the television
14 and film industries and make recommendations to appropriate
15 state or county agencies.

16 (b) The board shall be composed of nine members, four of
17 whom shall be appointed by the governor pursuant to section
18 26-34, and all of whom shall serve four-year staggered terms.
19 One of the governor's appointments shall be made from a list of
20 nominees submitted by the president of the senate and another
21 appointment shall be made from a list of nominees submitted by
22 the speaker of the house of representatives. The four appointed

1 members shall possess a current working knowledge of the film,
2 television, or entertainment industry. The executive director
3 of the Hawaii tourism authority and the chairs of the four
4 county film commissions, or their equivalent, shall serve as ex
5 officio voting members, who may be represented on the board by
6 designees.

7 The chairperson and vice chairperson of the board shall be
8 selected by the board by majority vote. Five members shall
9 constitute a quorum, whose affirmative vote shall be necessary
10 for all actions by the board. The members shall serve without
11 compensation but shall be reimbursed for expenses, including
12 travel expenses, necessary for the performance of their duties.

13 (c) The film industry branch development manager shall
14 serve as the executive secretary of the board.

15 (d) The board may adopt rules pursuant to chapter 91 to
16 effectuate the purposes of this part.

17 **§201B-C Hawaii television and film development special**

18 **fund.** (a) There is established in the state treasury the
19 Hawaii television and film development special fund into which
20 shall be deposited:

21 (1) Appropriations by the legislature;

- 1 (2) Donations and contributions made by private
2 individuals or organizations for deposit into the
3 fund;
- 4 (3) Grants provided by governmental agencies or any other
5 source; and
- 6 (4) Any profits or other amounts received from venture
7 capital investments.
- 8 (b) The fund shall be used by the board to assist in, and
9 provide incentives for, the production of eligible Hawaii
10 projects that are in compliance with criteria and standards
11 established by the board in accordance with rules adopted by the
12 board pursuant to chapter 91. In particular, the board shall
13 adopt rules to provide for the implementation of the following
14 programs:
- 15 (1) A grant program. The board shall adopt rules pursuant
16 to chapter 91 to provide conditions and qualifications
17 for grants. Applications for grants shall be made to
18 the board and shall contain such information as the
19 board shall require by rules adopted pursuant to
20 chapter 91. At a minimum, the applicant shall agree
21 to the following conditions:

- 1 (A) The grant shall be used exclusively for eligible
2 Hawaii projects;
- 3 (B) The applicant shall have applied for or received
4 all applicable licenses and permits;
- 5 (C) The applicant shall comply with applicable
6 federal and state laws prohibiting discrimination
7 against any person on the basis of race, color,
8 national origin, religion, creed, sex, age, or
9 physical handicap;
- 10 (D) The applicant shall comply with other
11 requirements as the board may prescribe;
- 12 (E) All activities undertaken with funds received
13 shall comply with all applicable federal, state,
14 and county statutes and ordinances;
- 15 (F) The applicant shall indemnify and save harmless
16 the State of Hawaii and its officers, agents, and
17 employees from and against any and all claims
18 arising out of or resulting from activities
19 carried out or projects undertaken with funds
20 provided hereunder, and procure sufficient
21 insurance to provide this indemnification if
22 requested to do so by the department;

1 (G) The applicant shall make available to the board
2 all records the applicant may have relating to
3 the project, to allow the board to monitor the
4 applicant's compliance with the purpose of this
5 chapter; and

6 (H) The applicant, to the satisfaction of the board,
7 shall establish that sufficient funds are
8 available for the completion of the project for
9 the purpose for which the grant is awarded; and

10 (2) A venture capital program. The board shall adopt
11 rules pursuant to chapter 91 to provide conditions and
12 qualifications for venture capital investments in
13 eligible Hawaii projects. The program may include a
14 written agreement between the borrower and the board,
15 as the representative of the State, that as
16 consideration for the venture capital investment made
17 under this part, the borrower shall share any
18 royalties, licenses, titles, rights, or any other
19 monetary benefits that may accrue to the borrower
20 pursuant to terms and conditions established by the
21 board by rule pursuant to chapter 91. Venture capital
22 investments may be made on such terms and conditions

1 as the board shall determine to be reasonable,
2 appropriate, and consistent with the purposes and
3 objectives of this part.

4 **§201B-D Inspection of premises and records.** The board
5 shall have the right to inspect, at reasonable hours, the plant,
6 physical facilities, equipment, premises, books, and records of
7 any applicant in connection with the processing of a grant to
8 the applicant."

9 SECTION 55. Part IX of chapter 201, Hawaii Revised
10 Statutes, is repealed.

11 PART XV

12 SECTION 56. The purpose of this part is to conform various
13 sections of the Hawaii Revised Statutes to the amendments made
14 under more than one of the previous parts.

15 SECTION 57. Section 26-18, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "**§26-18 Department of business, economic development, and**
18 **tourism.** [~~a~~] The department of business, economic
19 development, and tourism shall be headed by a single executive
20 to be known as the director of business, economic development,
21 and tourism.

1 The department shall undertake statewide business and
2 economic development activities, undertake energy development
3 and management, [~~provide economic research and analysis,~~] plan
4 for the use of Hawaii's ocean resources, and encourage the
5 development and promotion of industry and international commerce
6 through programs established by law.

7 [~~(b)~~] The following are placed in the department of
8 business, economic development, and tourism for administrative
9 purposes as defined by section 26-35: [~~Aloha Tower development~~
10 ~~corporation,~~] Hawaii community development authority, Hawaii
11 housing finance and development corporation, [~~high technology~~
12 ~~development corporation, land use commission, natural energy~~
13 ~~laboratory of Hawaii authority,~~] and any other boards and
14 commissions as shall be provided by law.

15 [~~The department of business, economic development, and~~
16 ~~tourism shall be empowered to establish, modify, or abolish~~
17 ~~statistical boundaries for cities, towns, or villages in the~~
18 ~~State and shall publish, as expeditiously as possible, an up-to-~~
19 ~~date list of cities, towns, and villages after changes to~~
20 ~~statistical boundaries have been made.]"~~

21 SECTION 58. Section 201-2, Hawaii Revised Statutes, is
22 amended to read as follows:

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1 "**§201-2 General objective, functions, and duties of**
2 **department.** It shall be the objective of the department of
3 business, economic development, and tourism to make broad policy
4 determinations with respect to economic development in the State
5 and to stimulate through research and demonstration projects
6 those industrial and economic development efforts that offer the
7 most immediate promise of expanding the economy of the State.
8 The department shall endeavor to gain an understanding of those
9 functions and activities of other governmental agencies and of
10 private agencies that relate to the field of economic
11 development. [~~It shall,~~] The department, at all times, shall
12 encourage initiative and creative thinking in harmony with the
13 objectives of the department.

14 ~~[The department of business, economic development, and~~
15 ~~tourism shall have sole jurisdiction over the land use~~
16 ~~commission under chapter 205, state planning under chapter 225M,~~
17 ~~and the Hawaii State Planning Act under chapter 226. Due to the~~
18 ~~inherently interdependent functions of development, planning,~~
19 ~~and land use, these functions shall not be transferred by~~
20 ~~executive order, directive, or memorandum, to any other~~
21 ~~department, nor shall these functions be subject to review or~~
22 ~~approval by any other department.]"~~

1 SECTION 59. Section 201-3, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"§201-3 Specific research and promotional functions of the**
4 **department.** Without prejudice to its general functions and
5 duties the department of business, economic development, and
6 tourism shall have specific functions in the following areas:

7 (1) Industrial development. The department shall
8 determine through technical and economic surveys the
9 profit potential of new or expanded industrial
10 undertakings; develop through research projects and
11 other means new and improved industrial products and
12 processes; promote studies and surveys to determine
13 consumer preference as to design and quality and to
14 determine the best methods of packaging, transporting,
15 and marketing the State's industrial products;
16 disseminate information to assist the present
17 industries of the State, to attract new industries to
18 the State, and to encourage capital investment in
19 present and new industries in the State; assist
20 associations of producers and distributors of
21 industrial products to introduce these products to

1 consumers; and make grants or contracts as may be
2 necessary or advisable to accomplish the foregoing;

3 ~~[(2) Land development. The department shall encourage the~~
4 ~~most productive use of all land in the State in~~
5 ~~accordance with a general plan developed by the~~
6 ~~department; encourage the improvement of land tenure~~
7 ~~practices on leased private lands; promote an~~
8 ~~informational program directed to landowners,~~
9 ~~producers of agricultural and industrial commodities,~~
10 ~~and the general public regarding the most efficient~~
11 ~~and most productive use of the lands in the State; and~~
12 ~~make grants or contracts as may be necessary or~~
13 ~~advisable to accomplish the foregoing;~~

14 ~~(3)]~~ (2) Credit development. The department shall conduct
15 a continuing study of agricultural and industrial
16 credit needs; encourage the development of additional
17 private and public credit sources for agricultural and
18 industrial enterprises; promote an informational
19 program to acquaint financial institutions with
20 agricultural and industrial credit needs and the
21 potential for agricultural and industrial expansion,
22 and inform producers of agricultural and industrial

1 products as to the manner in which to qualify for
2 loans; and make grants or contracts as may be
3 necessary or advisable to accomplish the foregoing;
4 and

5 ~~[-(4)]~~ (3) Promotion. The department shall disseminate
6 information developed for or by the department
7 pertaining to economic development to assist present
8 industry in the State, attract new industry and
9 investments to the State, and assist new and emerging
10 industry with good growth potential or prospects in
11 jobs, exports, and new products. The industrial and
12 economic promotional activities of the department may
13 include the use of literature, advertising,
14 demonstrations, displays, market testing, lectures,
15 travel, motion picture and slide films, and other
16 promotional and publicity devices as may be
17 appropriate[~~7~~

18 ~~-(5) Tourism research and statistics. The department shall~~
19 ~~maintain a program of research and statistics for the~~
20 ~~purpose of:~~

21 ~~-(A) Measuring and analyzing tourism trends;~~

- 1 ~~(B) Providing information and research to assist in~~
2 ~~the development and implementation of state~~
3 ~~tourism policy;~~
- 4 ~~(C) Encouraging and arranging for the conduct of~~
5 ~~tourism research and information development~~
6 ~~through voluntary means or through contractual~~
7 ~~services with qualified agencies, firms, or~~
8 ~~persons; and~~
- 9 ~~(D) Providing tourism information to policy makers,~~
10 ~~the public, and the visitor industry. This~~
11 ~~includes:~~
- 12 ~~(i) Collecting and publishing visitor-related~~
13 ~~data including visitor arrivals, visitor~~
14 ~~characteristics and expenditures;~~
- 15 ~~(ii) Collecting and publishing hotel-related~~
16 ~~statistics including the number of units~~
17 ~~available, occupancy rates, and room rates;~~
- 18 ~~(iii) Collecting and publishing airline-related~~
19 ~~data including seat capacity and number of~~
20 ~~flights;~~

- 1 ~~(iv) Collecting information and conducting~~
2 ~~analyses of the economic, social, and~~
3 ~~physical impacts of tourism on the State;~~
- 4 ~~(v) Conducting periodic studies of the impact of~~
5 ~~ongoing marketing programs of the Hawaii~~
6 ~~tourism authority on Hawaii's tourism~~
7 ~~industry, employment in Hawaii, state taxes,~~
8 ~~and the State's lesser known and~~
9 ~~underutilized destinations; and~~
- 10 ~~(vi) Cooperate with the Hawaii tourism authority~~
11 ~~and provide it with the above information in~~
12 ~~a timely manner; and~~
- 13 ~~(6) Self-sufficiency standard. The department shall~~
14 ~~establish and update biennially a self-sufficiency~~
15 ~~standard that shall incorporate existing methods of~~
16 ~~calculation, and shall reflect, at a minimum, costs~~
17 ~~relating to housing, food, child care, transportation,~~
18 ~~health care, clothing and household expenses, federal~~
19 ~~and state tax obligations, family size, children's~~
20 ~~ages, geography, and the number of household wage~~
21 ~~earners. The department shall report to the~~
22 ~~legislature concerning the self-sufficiency standard~~

1 ~~no later than twenty days prior to the convening of~~
2 ~~the regular session of 2009, and every odd-numbered~~
3 ~~year thereafter. The recommendations shall address,~~
4 ~~among other things, the utilization of any federal~~
5 ~~funding that may be available for the purposes of~~
6 ~~establishing and updating the self-sufficiency~~
7 ~~standard.~~

8 ~~The department shall be the central agency to coordinate~~
9 ~~film permit activities in the State]."~~

10 PART XVI

11 SECTION 60. The purpose of this part is to provide for the
12 transition of various state agencies and programs that are
13 transferred under parts II, IV, V, VI, VII, VIII, IX, X, XI,
14 XII, XIII, and XIV of this Act.

15 SECTION 61. (a) All rights, powers, functions, and duties
16 of the agencies, divisions, or programs transferred under parts
17 II, IV, V, VI, VII, VIII, IX, X, XI, XII, XIII, and XIV are
18 transferred to the successor agencies as provided under those
19 parts.

20 (b) All officers and employees whose functions are
21 transferred by this Act shall be transferred with their
22 functions and shall continue to perform their regular duties

1 upon their transfer, subject to the state personnel laws and
2 this Act; except that an officer or employee whose position is
3 no longer authorized under the General Appropriations Act of
4 2009 shall not be transferred.

5 (c) No officer or employee who has been transferred
6 pursuant to subsection (b) and who has tenure shall suffer any
7 loss of salary, seniority, prior service credit, vacation, sick
8 leave, or other employee benefit or privilege as a consequence
9 of this Act.

10 (d) If a position held by an officer or employee having
11 tenure is no longer authorized under the General Appropriations
12 Act of 2009, the movement of an officer or employee to another
13 position shall be subject to the appropriate collective
14 bargaining agreement.

15 SECTION 62. All rules, policies, procedures, guidelines,
16 and other material adopted or developed by an agency, division,
17 or program transferred under parts II, IV, V, VI, VII, VIII, IX,
18 X, XI, XII, XIII, and XIV shall be transferred to the successor
19 agency and shall remain in full force and effect until amended
20 or repealed by the successor agency.

21 SECTION 63. All records, equipment, machines, files,
22 supplies, contracts, books, papers, documents, maps, and other

1 personal property heretofore made, used, or acquired or held by
2 an agency, division, or program transferred under parts II, IV,
3 V, VI, VII, VIII, IX, X, XI, XII, XIII, and XIV shall be
4 transferred to the successor agency.

5 SECTION 64. (a) Unless specifically required by this Act,
6 this Act shall not affect the membership or term of any
7 appointed member of a board or other policy-making or advisory
8 body transferred under parts II, IV, V, VI, VII, VIII, IX, X,
9 XI, XII, XIII, and XIV. Such a member shall continue to serve
10 on the board or other body for the member's term without
11 necessity of reappointment.

12 (b) Subsection (a) shall not apply to any change made by
13 parts II and VII to the ex officio membership of the board of
14 the Aloha tower development corporation and high technology
15 development corporation.

16 SECTION 65. The legislative reference bureau shall review
17 this Act for the purpose of making recommendations as to the
18 appropriate placement of parts or chapters of the Hawaii Revised
19 Statutes affected by this Act. The legislative reference bureau
20 shall submit its findings and recommendations, accompanied by
21 any necessary proposed legislation, to the legislature by
22 January 1, 2010.

1 SECTION 66. This Act does not affect rights and duties
2 that matured, penalties that were incurred, and proceedings that
3 were begun before its effective date.

4 PART XVII

5 SECTION 67. In codifying the new sections added by section
6 54 of this Act, the revisor of statutes shall substitute
7 appropriate section numbers for the letters used in designating
8 the new sections in this Act.

9 SECTION 68. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 69. This Act shall take effect on July 1, 2009.

H.B. NO. 1260
H.D. 1
S.D. 1
Proposed

Report Title:

Executive Branch Reorganization

Description:

Reorganizes certain executive branch agencies by abolishing or transferring various agencies and programs to correspond with H.B. No. 200, H.D. 1, the general appropriations act of 2009.
(SD1)

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