

STAND. COM. REP. NO.

243

Honolulu, Hawaii

FEB 18 2015

RE: S.B. No. 165
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Government Operations, to which was
referred S.B. No. 165 entitled:

"A BILL FOR AN ACT RELATING TO STATE FACILITIES,"

begs leave to report as follows:

The purpose and intent of this measure is to establish the
Department of Accounting and General Services as the department
responsible for negotiating and processing leases for state
departments.

Your Committee received testimony in support of this measure
from the Chamber of Commerce Hawaii and Building Industry
Association Hawaii. Your Committee received testimony in
opposition to this measure from the Department of Accounting and
General Services, Department of Land and Natural Resources,
Department of Transportation, and University of Hawaii System.

Your Committee finds that leadership among state departments
is necessary to effectuate proper planning, development, and use
of state property. A broad perspective that takes into account
state properties controlled by various departments and agencies is
vital to thoughtful and effective development. Such planning is
especially needed in the area of transit-oriented development, as
the State is the largest owner of land along the rail line. With
its experience in certain lease negotiations, the Department of
Accounting and General Services is an appropriate agency to take
the lead in coordinating leases of state property controlled by
all state agencies and departments.



Your Committee further finds that the intent of this measure is that no state land upon which a facility rests be sold to a private investor.

Your Committee has amended this measure by:

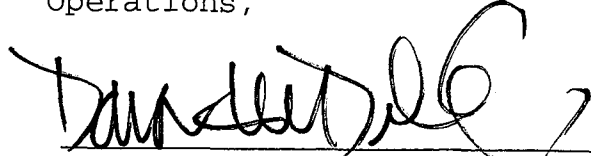
- (1) Deleting the words "private real property" from language requiring the Department of Accounting and General Services to be responsible for leases for departments and agencies of the State;
- (2) Adding language requiring the Department of Accounting and General Services to facilitate facility agreements between the State and private investors, and further requiring that the agreements include the following requirements:
 - (A) The State shall sell the facility to the private investor, who shall renovate, improve, or construct a facility for the State, maintain the facility, and lease the facility to the State, pursuant to a building lease; and
 - (B) The State shall have the option of purchasing the facility from the private investor for the remaining balance of the debt service costs incurred by the private investor at any time;
- (3) Adding necessary definitions;
- (4) Authorizing the Department of Accounting and General Services to adopt rules pursuant to chapter 91, Hawaii Revised Statutes, for the implementation of facility agreements;
- (5) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of



S.B. No. 165, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 165, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Government
Operations,


DONOVAN M. DELA CRUZ, Chair

Record of Votes
Committee on Government Operations
GVO

*Only one measure per Record of Votes