
A BILL FOR AN ACT

RELATING TO AN AIRPORTS CORPORATION.

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

1 SECTION 1. The legislature finds that the well-being of
2 the State is substantially dependent on the efficient
3 administration, development, management, and operation of its
4 airports and air transportation infrastructure. The legislature
5 further finds that responsibility for Hawaii's airport planning,
6 management, marketing, and capital development functions is
7 currently distributed among a number of agencies, including the
8 department of transportation's airports division, Hawaii tourism
9 authority, department of budget and finance, department of human
10 resources development, board of land and natural resources,
11 department of health (with respect to environmental concerns),
12 and office of Hawaiian affairs (with respect to ceded land
13 issues), among others. Distributed responsibility and
14 involvement by multiple agencies, which sometimes have
15 conflicting goals and priorities, results in inefficiency,
16 delayed decision-making, and reduced effectiveness. The
17 legislature believes that coordinated planning and development



1 of the State's air transportation system and infrastructure
2 would be achieved more effectively by establishing and giving a
3 separate state entity overall jurisdiction and responsibility
4 for aeronautics and the State's airports.

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

- 8 (1) Maximizing the contribution of the State's airports to
9 Hawaii's economy;
- 10 (2) Ensuring dedicated expert airport leadership,
11 management continuity, and year-round decision-making,
12 consistent with industry best practices;
- 13 (3) Improving administrative efficiency by streamlining
14 administrative processes;
- 15 (4) Accelerating the planning and implementation of the
16 state airports' capital improvement programs;
- 17 (5) Increasing the financial flexibility and strength of
18 the State's airports;
- 19 (6) Increasing economic opportunities for the State, in
20 collaboration with the Hawaii tourism authority;



- 1 (7) Increasing responsiveness to consumer needs,
2 commercial opportunities, and economic demands; and
3 (8) Maximizing job creation within the State.

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

7 The purpose of this Act is to establish the Hawaii airports
8 corporation, which shall assume all of the authority, powers,
9 functions, duties, and responsibilities of the department of
10 transportation related to aeronautics and airports, including
11 responsibility for the development, management, operation, and
12 maintenance of the State's airports, on and after the transfer
13 completion date announced by the Hawaii airports corporation
14 pursuant to section 14(b) of this Act.

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

18 "CHAPTER

19 HAWAII AIRPORTS CORPORATION

20 PART I. GENERAL PROVISIONS

21 § -1 Definitions. As used in this chapter:



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

3 "Aircraft" shall have the same meaning as defined in
4 section 261-1.

5 "Airport" shall have the same meaning as defined in section
6 261-1.

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

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

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

13 § -2 Airports corporation; establishment; board;
14 members; chief executive officer. (a) There is established the
15 Hawaii airports corporation to:

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

19 (2) Efficiently develop, manage, operate, and maintain the
20 State's airports and aeronautical facilities; and



1 (3) Administer the provisions of chapters 102, 261, 261D,
2 and 262 that are applicable to airports and
3 aeronautical facilities.

4 The corporation shall be a body politic and corporate and an
5 instrumentality and agency of the State, placed within the
6 department of transportation for administrative purposes only,
7 and shall enjoy the same sovereign immunity available to the
8 State. The corporation shall not be subject to supervision by
9 the department of transportation or its director. Further,
10 section 26-35(a)(1), (4), (5), and (6) shall not apply to the
11 airports corporation.

12 (b) The powers of the airports corporation shall be vested
13 in and exercised by a board of directors, which shall consist of
14 nine voting members, who shall be appointed by the governor;
15 provided that three members shall be selected from a list of
16 persons nominated by the speaker of the house of
17 representatives, and three members shall be selected from a list
18 of persons nominated by the president of the senate; and
19 provided further that the counties of Hawaii, Kauai, and Maui,
20 and the city and county of Honolulu shall each be represented by
21 at least one board member who is a resident of the respective



1 county. Senate confirmation of members shall not be required.

2 All members shall be appointed for terms of four years; provided
3 that the governor shall stagger the initial terms pursuant to
4 section 26-34(a).

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

14 (d) The governor may appoint up to two members without
15 regard to the requirement in section 78-1(b) that appointive
16 officers be residents of the State at the time of their
17 appointment; provided that no more than two non-residents shall
18 serve as members of the board at any time.

19 (e) Notwithstanding section 26-34(a) and (b), all members
20 of the board shall continue in office until their respective



1 successors have been appointed; provided that no member shall
2 serve more than eight consecutive years.

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

5 (g) Each board member shall serve without pay and shall be
6 reimbursed for necessary out-of-pocket expenses incurred while
7 attending meetings and otherwise discharging the member's board
8 related responsibilities.

9 (h) The airports corporation shall be headed by a single
10 executive to be known as the chief executive officer of the
11 Hawaii airports corporation, who shall:

12 (1) Not be a member of the board;

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

14 (3) Receive a salary fixed by the board.

15 (i) The chief executive officer:

16 (1) Shall be selected based on criteria approved by the
17 board, including experience in airport management at
18 an executive level at a large-hub or medium-hub
19 airport within the United States, management of large-
20 scale capital programs, and domestic and international
21 air service development;



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

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

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

12 (5) Shall have the powers as described in this chapter and
13 the provisions of chapters 102, 261, 261D, and 262
14 that are applicable to airports and aeronautical
15 facilities, as may be delegated by the board;

16 (6) Except when excused by the board, shall attend all
17 meetings of the board, keep a record of the
18 proceedings, and maintain and be the custodian of the
19 official seal of the corporation and all books,
20 records, documents, and papers filed with the
21 corporation;



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

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

6 (9) Shall serve as chief procurement officer of the
7 corporation; and

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

14 (j) Upon the vacancy of the position of the chief
15 executive officer, the board of directors shall designate a
16 deputy executive officer or other employee of the corporation to
17 serve as the chief executive officer of the corporation until
18 the vacancy is filled by the board. The interim chief executive
19 officer shall have all of the powers and responsibilities and
20 receive the salary of the chief executive officer.



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

6 § -3 Powers; generally. (a) The Hawaii airports
7 corporation, by and through its board of directors:

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

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

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



- 1 (4) Shall ensure that appropriate mission statements,
2 business plans, minimum development standards, and
3 strategic goals are established and that progress
4 towards their accomplishment is regularly assessed and
5 reported;
- 6 (5) Shall develop an organization and management structure
7 to best accomplish the goals of the Hawaii airport
8 system and the corporation;
- 9 (6) Shall have an official seal and may alter the official
10 seal at its pleasure;
- 11 (7) May make, execute, or assume contracts, leases, and
12 all other instruments necessary or convenient for the
13 exercise of its powers and functions under this
14 chapter and the provisions of chapters 102, 261, 261D,
15 and 262 that are applicable to airports and
16 aeronautical facilities;
- 17 (8) Shall establish bylaws for its organization and
18 internal management;
- 19 (9) Shall adopt rules pursuant to chapter 91 as necessary
20 to implement this chapter and the provisions of



1 chapters 102, 261, 261D, and 262 that are applicable
2 to airports and aeronautical facilities;

3 (10) Shall prepare and adopt the corporation's operating
4 and capital budgets;

5 (11) May own, purchase, lease, exchange, or otherwise
6 acquire property, whether real, personal, or mixed,
7 tangible or intangible, and any interest therein, in
8 the name of the corporation, and may assign, exchange,
9 transfer, convey, lease, sublease, or encumber the
10 same or any project, improvement, or facility related
11 thereto; provided that the lands to which the
12 corporation holds title shall not be subject to
13 chapter 171; provided further that any sale, gift, or
14 exchange of real property shall be subject to the
15 terms, conditions, and restrictions applicable to the
16 sale, gift, or exchange of public lands in section
17 171-50 and 171-64.7; and provided further that any
18 lease, sublease permit, or other encumbrance for any
19 real property shall be issued in accordance with
20 administrative rules adopted by the corporation
21 pursuant to chapter 91;



1 (12) May procure insurance against any loss in connection
2 with its property and other assets and operations, in
3 amounts and from insurers as it deems desirable; or
4 provide for self-insurance;

5 (13) May accept and receive gifts or grants in any form
6 from any person, public entity, or source; provided
7 that the grants and gifts shall be used for airports
8 corporation purposes;

9 (14) Shall take all actions necessary under emergencies
10 declared by the governor;

11 (15) Shall assume from the department of transportation:

12 (A) That:

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

18 (ii) Certain Indenture of Trust dated as of
19 December 1, 2013, between the department of
20 transportation and U.S. Bank National



1 Association relating to certain certificates
2 of participation; and

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

9 (B) The bonds, notes, and other obligations of the
10 department of transportation outstanding under,
11 as well as the covenants, restrictions, and other
12 requirements set forth in, those documents;

13 (16) Shall adopt policies and procedures designed to ensure
14 continuing compliance with the terms of the documents
15 in paragraph (15) for so long as they are applicable;

16 (17) Shall fix, impose, prescribe, and collect rates,
17 rentals, fees, or charges for the lease, use, and
18 services of its airport facilities at least sufficient
19 to pay the costs of operation, maintenance, and
20 repair, if any, and the required payments of the
21 principal of and interest on all bonds, notes, or



1 other obligations issued or assumed by the airports
2 corporation and reserves therefor; provided that the
3 rates, rentals, fees, or charges are established at an
4 open meeting subject to the requirements of chapter
5 92;

6 (18) Subject to the provisions of the documents assumed by
7 the corporation under paragraph (15)(A), may allot any
8 and all airport revenue and issue revenue bonds,
9 refunding revenue bonds, special facility revenue
10 bonds, bond anticipation notes, and other lawfully
11 authorized obligations of the State in its name and
12 secured by the revenue, or user taxes, or any
13 combination of both, of an undertaking or loan program
14 pursuant to chapter 39, but not in excess of the
15 principal amounts as are necessary for its purposes;

16 (19) May invest and secure its moneys;

17 (20) May exercise the power of eminent domain pursuant to
18 chapter 101 and in accordance with sections 261-31 to
19 261-36, to acquire real property for the corporation
20 with which to carry out this chapter and the



1 provisions of chapters 102, 261, 261D, or 262 that are
2 applicable to airports and aeronautical facilities;

3 (21) Shall establish and maintain an appropriate system of
4 accounts for the corporation; and

5 (22) May do any and all things necessary to exercise the
6 powers and perform the duties conferred upon the
7 corporation by this chapter and the provisions of
8 chapters 102, 261, 261D, and 262 that are applicable
9 to airports and aeronautical facilities.

10 (b) The corporation shall not be subject to chapters 36,
11 37, 38, and 40, except for section 36-28.5 and as otherwise
12 provided in this chapter and chapter 261.

13 (c) The airports corporation may sue and be sued in its
14 corporate name. Notwithstanding any other law to the contrary,
15 all claims arising out of the acts or omissions of the airports
16 corporation or the members of its board, its officers, or its
17 employees, including claims permitted against the State under
18 chapter 661, part I, and claims for torts permitted against the
19 State under chapter 662, may be brought only pursuant to this
20 section and only against the airports corporation. However, the
21 airports corporation shall be subject to suit only in the manner



1 provided for suits against the State, including section 661-11.
2 All defenses available to the State, as well as all limitations
3 on actions against the State, shall be applicable to the
4 airports corporation.

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

18 Rights and remedies conferred by this section shall not be
19 construed to authorize any other claim, suit, or action against
20 the State. In addition, a judgment, compromise, or settlement
21 in an action brought against the airports corporation under this



1 section shall constitute a complete bar to any action brought by
2 the claimant, by reason of the same subject matter, against the
3 State or an officer or employee of the airports corporation.

4 (d) The corporation shall be a "jurisdiction" and an
5 "appointing authority" under chapter 76, and an "appointing
6 authority" and an "appropriate authority" for those of its
7 officers and employees who are excluded employees under chapter
8 89C. In addition to its chief executive officer, the
9 corporation may employ executive officers and a chief
10 procurement officer appointed by the chief executive officer who
11 are qualified to fill positions established in the bylaws of the
12 corporation adopted by the board of directors, to perform
13 functions and exercise powers assigned by the bylaws or
14 delegated by the board or the chief executive officer. The
15 other executive officers of the corporation and up
16 to additional specially qualified employees appointed by
17 the chief executive officer shall be exempt from chapters 76 and
18 89. All other persons employed by the corporation shall be
19 subject to chapters 76 and 89, and rules adopted to implement
20 those provisions, unless expressly exempted from the civil
21 service under chapter 76 or excluded from collective bargaining



1 under chapter 89. The officers and personnel of the corporation
2 shall be included in all benefit programs applicable to officers
3 and employees of the State.

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

12 (f) The corporation shall be subject to chapter 103D;
13 provided that the chief executive officer shall serve as chief
14 procurement officer pursuant to sections -2(i)(9) and 103D-
15 203.

16 PART II. BUDGET AND FINANCE

17 § -11 Exemptions. The airport revenue fund, passenger
18 facility charge special fund, and rental motor vehicle customer
19 facility charge special fund shall be exempt from chapters 36,
20 37, and 40.



1 § -12 **Fiscal provisions.** (a) The corporation's board
2 of directors shall establish guidelines for preparing the
3 corporation's annual operating and capital budget proposals that
4 take into account anticipated receipts, surpluses, reserves, and
5 funds from any other source, on deposit in or available for
6 deposit into the airport revenue fund, the passenger facility
7 charge special fund, the rental motor vehicle customer facility
8 charge special fund, or any other special or revolving fund that
9 the legislature may establish for the corporation.

10 (b) The corporation shall submit its biennium and
11 supplemental operating and capital budget proposals to the
12 department of transportation, which shall transmit those budget
13 proposals to the governor.

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



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

4 (e) Notwithstanding sections 37-71 and 37-72, the governor
5 shall include in the executive budget one lump sum for each
6 means or source of funds for the corporation's operating and
7 capital budget proposals in the amounts specified in the budget
8 proposals transmitted to the governor by the department of
9 transportation pursuant to subsection (b).

10 (f) The legislature shall appropriate one lump sum for
11 each means or source of funding for the corporation's operating
12 budget and for the corporation's capital budget.

13 § -13 **Budget oversight.** The corporation's operating and
14 capital budgets shall not be subject to review or approval by
15 the governor or any agency of the executive branch, except where
16 state general funds are requested.

17 § -14 **Accounts; depositories.** (a) Appropriations for
18 the corporation shall not be subject to any allotment system or
19 requirements. The director of finance shall notify the
20 corporation and the comptroller that all of the appropriations
21 for the corporation for the fiscal year have been allotted and



1 are available for expenditure as soon as possible, and in no
2 event more than three business days, after the general or
3 supplemental appropriations act is effective.

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

12 § -15 **Expenditures in excess of appropriations.** If in
13 any fiscal year, the amount of revenues deposited into the
14 airport revenue fund exceeds the amount appropriated from that
15 fund for that year, the board of directors of the corporation
16 may approve expenditures in excess of the amount appropriated,
17 up to the amount by which revenues for that fund exceed the
18 appropriations from that fund for a fiscal year.

19 § -16 **Issuance of bonds.** On an annual basis, and upon
20 request of the corporation, the legislature shall authorize one
21 lump sum for each means or source of funds for each of the



1 following types of bonds to be issued by the corporation:
2 revenue bonds, refunding revenue bonds, and special facility
3 revenue bonds.

4 § -17 Audits. The auditor shall conduct management and
5 financial audits of the corporation for fiscal year 2022 and
6 every second year thereafter."

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

9 "§26-19 Department of transportation. The department of
10 transportation shall be headed by a single executive to be known
11 as the director of transportation. The department shall
12 establish, maintain, and operate transportation facilities of
13 the State, including highways, ~~[airports,]~~ harbors, and such
14 other transportation facilities and activities, other than
15 airports and aeronautics, as may be authorized by law.

16 The department shall plan, develop, promote, and coordinate
17 various transportation systems management programs that shall
18 include, but not be limited to, alternate work and school hours
19 programs, bicycling programs, and ridesharing programs.

20 The department shall develop and promote ridesharing
21 programs which shall include but not be limited to, carpool and



1 vanpool programs, and may assist organizations interested in
2 promoting similar programs, arrange for contracts with private
3 organizations to manage and operate these programs, and assist
4 in the formulation of ridesharing arrangements. Ridesharing
5 programs include informal arrangements in which two or more
6 persons ride together in a motor vehicle.

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

11 ~~On July 1, 1961, the Hawaii aeronautics commission, the~~
12 ~~board of harbor commissioners and the highway commission shall~~
13 ~~be abolished and their remaining functions, duties, and powers~~
14 ~~shall be transferred to the department of transportation.] "~~

15 SECTION 4. Section 28-8.3, Hawaii Revised Statutes, is
16 amended as follows:

17 1. By amending subsection (a) to read:

18 "(a) No department of the State other than the attorney
19 general may employ or retain any attorney, by contract or
20 otherwise, for the purpose of representing the State or the
21 department in any litigation, rendering legal counsel to the



1 department, or drafting legal documents for the department;
2 provided that the foregoing provision shall not apply to the
3 employment or retention of attorneys:

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

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

19 (3) By the legislative reference bureau;

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



- 1 (5) By the real estate commission for any action involving
- 2 the real estate recovery fund;
- 3 (6) By the contractors license board for any action
- 4 involving the contractors recovery fund;
- 5 (7) By the office of Hawaiian affairs;
- 6 (8) By the department of commerce and consumer affairs for
- 7 the enforcement of violations of chapters 480 and
- 8 485A;
- 9 (9) As grand jury counsel;
- 10 (10) By the Hawaii health systems corporation, or its
- 11 regional system boards, or any of their facilities;
- 12 (11) By the auditor;
- 13 (12) By the office of ombudsman;
- 14 (13) By the insurance division;
- 15 (14) By the University of Hawaii;
- 16 (15) By the Kahoolawe island reserve commission;
- 17 (16) By the division of consumer advocacy;
- 18 (17) By the office of elections;
- 19 (18) By the campaign spending commission;
- 20 (19) By the Hawaii tourism authority, as provided in
- 21 section 201B-2.5;



1 (20) By the division of financial institutions;

2 (21) By the office of information practices; [~~or~~]

3 (22) By the Hawaii airports corporation; or

4 [~~(22)~~] (23) By a department, if the attorney general, for
5 reasons deemed by the attorney general to be good and
6 sufficient, declines to employ or retain an attorney
7 for a department; provided that the governor waives
8 the provision of this section."

9 2. By amending subsection (c) to read:

10 "(c) Every attorney employed by any department on a full-
11 time basis, except an attorney employed by the public utilities
12 commission, the labor and industrial relations appeals board,
13 the Hawaii labor relations board, the office of Hawaiian
14 affairs, the Hawaii health systems corporation or its regional
15 system boards, the department of commerce and consumer affairs
16 in prosecution of consumer complaints, insurance division, the
17 division of consumer advocacy, the University of Hawaii, the
18 Hawaii tourism authority as provided in section 201B-2.5, the
19 office of information practices, the Hawaii airports
20 corporation, or as grand jury counsel, shall be a deputy
21 attorney general."



1 SECTION 5. Section 41D-2, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 "(b) Any provision in this section to the contrary
4 notwithstanding, the Hawaii airports corporation, the University
5 of Hawaii (as to casualty insurance risks only), the Research
6 Corporation of the University of Hawaii (as to casualty
7 insurance risks only), the public health facilities of the
8 department of health (with respect to medical malpractice risks
9 only), and the Hawaii health systems corporation and its
10 regional system boards shall be exempt from the requirements of
11 this chapter."

12 SECTION 6. Section 76-11, Hawaii Revised Statutes, is
13 amended by amending the definition of "jurisdiction" to read as
14 follows:

15 "\"Jurisdiction" means the State, the city and county of
16 Honolulu, the county of Hawaii, the county of Maui, the county
17 of Kauai, the judiciary, the department of education, the
18 University of Hawaii, the Hawaii airports corporation, and the
19 Hawaii health systems corporation."

20 SECTION 7. Section 76-16, Hawaii Revised Statutes, is
21 amended by amending subsection (b) to read as follows:



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

5 (1) Commissioned and enlisted personnel of the Hawaii
6 National Guard as such, and positions in the Hawaii
7 National Guard that are required by state or federal
8 laws or regulations or orders of the National Guard to
9 be filled from those commissioned or enlisted
10 personnel;

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

19 (3) Positions that must be filled without delay to comply
20 with a court order or decree if the director
21 determines that recruitment through normal recruitment



1 civil service procedures would result in delay or
2 noncompliance, such as the Felix-Cayetano consent
3 decree;

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

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

9 (6) Positions filled by popular vote;

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

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

18 (9) One bailiff for the chief justice of the supreme court
19 who shall have the powers and duties of a court
20 officer and bailiff under section 606-14; one
21 secretary or clerk for each justice of the supreme



1 court, each judge of the intermediate appellate court,
2 and each judge of the circuit court; one secretary for
3 the judicial council; one deputy administrative
4 director of the courts; three law clerks for the chief
5 justice of the supreme court, two law clerks for each
6 associate justice of the supreme court and each judge
7 of the intermediate appellate court, one law clerk for
8 each judge of the circuit court, two additional law
9 clerks for the civil administrative judge of the
10 circuit court of the first circuit, two additional law
11 clerks for the criminal administrative judge of the
12 circuit court of the first circuit, one additional law
13 clerk for the senior judge of the family court of the
14 first circuit, two additional law clerks for the civil
15 motions judge of the circuit court of the first
16 circuit, two additional law clerks for the criminal
17 motions judge of the circuit court of the first
18 circuit, and two law clerks for the administrative
19 judge of the district court of the first circuit; and
20 one private secretary for the administrative director
21 of the courts, the deputy administrative director of



1 the courts, each department head, each deputy or first
2 assistant, and each additional deputy, or assistant
3 deputy, or assistant defined in paragraph (16);

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

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

17 (B) Effective July 1, 2003, teaching assistants,
18 educational assistants, bilingual/bicultural
19 school-home assistants, school psychologists,
20 psychological examiners, speech pathologists,
21 athletic health care trainers, alternative school



1 work study assistants, alternative school
2 educational/supportive services specialists,
3 alternative school project coordinators, and
4 communications aides in the department of
5 education;

6 (C) The special assistant to the state librarian and
7 one secretary for the special assistant to the
8 state librarian; and

9 (D) Members of the faculty of the University of
10 Hawaii, including research workers, extension
11 agents, personnel engaged in instructional work,
12 and administrative, professional, and technical
13 personnel of the university;

14 (12) Employees engaged in special, research, or
15 demonstration projects approved by the governor;

16 (13) (A) Positions filled by inmates, patients of state
17 institutions, persons with severe physical or
18 mental disabilities participating in the work
19 experience training programs;



1 (B) Positions filled with students in accordance with
2 guidelines for established state employment
3 programs; and

4 (C) Positions that provide work experience training
5 or temporary public service employment that are
6 filled by persons entering the workforce or
7 persons transitioning into other careers under
8 programs such as the federal Workforce Investment
9 Act of 1998, as amended, or the Senior Community
10 Service Employment Program of the Employment and
11 Training Administration of the United States
12 Department of Labor, or under other similar state
13 programs;

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

16 (15) Positions filled by persons employed on a fee,
17 contract, or piecework basis, who may lawfully perform
18 their duties concurrently with their private business
19 or profession or other private employment and whose
20 duties require only a portion of their time, if it is



1 impracticable to ascertain or anticipate the portion
2 of time to be devoted to the service of the State;

- 3 (16) Positions of first deputies or first assistants of
4 each department head appointed under or in the manner
5 provided in section 6, article V, of the Hawaii State
6 Constitution; [~~three~~] two additional deputies or
7 assistants either in charge of the highways[~~7~~] and
8 harbors[~~7~~ and airports] divisions or other functions
9 within the department of transportation as may be
10 assigned by the director of transportation, with the
11 approval of the governor; four additional deputies in
12 the department of health, each in charge of one of the
13 following: behavioral health, environmental health,
14 hospitals, and health resources administration,
15 including other functions within the department as may
16 be assigned by the director of health, with the
17 approval of the governor; an administrative assistant
18 to the state librarian; and an administrative
19 assistant to the superintendent of education;
- 20 (17) Positions specifically exempted from this part by any
21 other law; provided that:



1 (A) Any exemption created after July 1, 2014, shall
2 expire three years after its enactment unless
3 affirmatively extended by an act of the
4 legislature; and

5 (B) All of the positions defined by paragraph (9)
6 shall be included in the position classification
7 plan;

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

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

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

19 (21) Employees hired under the tenant hire program of the
20 Hawaii public housing authority; provided that not
21 more than twenty-six per cent of the authority's



1 workforce in any housing project maintained or
2 operated by the authority shall be hired under the
3 tenant hire program;

4 (22) Positions of the federally funded expanded food and
5 nutrition program of the University of Hawaii that
6 require the hiring of nutrition program assistants who
7 live in the areas they serve;

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

12 (24) The sheriff;

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

15 (26) Positions in the Hawaii National Guard youth and adult
16 education programs; [and]

17 (27) In the state energy office in the department of
18 business, economic development, and tourism, all
19 energy program managers, energy program specialists,
20 energy program assistants, and energy analysts[-]; and



1 (28) The chief executive officer of the Hawaii airports
2 corporation, all other executive officers the chief
3 executive officer may appoint pursuant to section
4 -3(d), and positions that the chief
5 executive officer is authorized to fill by appointing
6 specially qualified personnel pursuant to
7 section -3(d).

8 The director shall determine the applicability of this
9 section to specific positions.

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

12 SECTION 8. Section 89C-1.5, Hawaii Revised Statutes, is
13 amended by amending the definition of "appropriate authority" to
14 read as follows:

15 "'Appropriate authority" means the governor, the respective
16 mayors, the chief justice of the supreme court, the board of
17 education, the board of regents, the state public charter school
18 commission, the Hawaii health systems corporation board, the
19 auditor, the ombudsman, the board of directors of the Hawaii
20 airports corporation, and the director of the legislative



1 reference bureau. These individuals or boards may make
2 adjustments for their respective excluded employees."

3 SECTION 9. Section 103D-203, Hawaii Revised Statutes, is
4 amended as follow:

5 1. By amending subsection (a) to read as follows:

6 "(a) The chief procurement officer for each of the
7 following state entities shall be:

8 (1) The judiciary--the administrative director of the
9 courts;

10 (2) The senate--the president of the senate;

11 (3) The house of representatives--the speaker of the house
12 of representatives;

13 (4) The office of Hawaiian affairs--the chairperson of the
14 board;

15 (5) The University of Hawaii--the president of the
16 University of Hawaii; provided that, except as
17 specified in section 304A-2672(2), for contracts for
18 construction and professional services furnished by
19 licensees under chapter 464, the administrator of the
20 state procurement office of the department of



1 accounting and general services shall serve as the
2 chief procurement officer;

3 (6) The department of education, excluding the Hawaii
4 public library system--the superintendent of
5 education;

6 (7) The Hawaii health systems corporation--the chief
7 executive officer of the Hawaii health systems
8 corporation; [and]

9 (8) The Hawaii airports corporation--the chief executive
10 officer of the Hawaii airports corporation; and

11 ~~[-(8)-]~~ (9) The remaining departments of the executive branch
12 of the State and all governmental bodies
13 administratively attached to them--the administrator
14 of the state procurement office of the department of
15 accounting and general services."

16 2. By amending subsection (c) to read as follows:

17 "(c) For purposes of applying this chapter to the
18 judiciary, houses of the legislature, office of Hawaiian
19 affairs, University of Hawaii, department of education, Hawaii
20 airports corporation, remaining departments of the executive
21 branch and all governmental bodies administratively attached to



1 them, and the several counties, unless otherwise expressly
2 provided, "State" shall mean "judiciary", "state senate", "state
3 house of representatives", "office of Hawaiian affairs",
4 "University of Hawaii", "department of education", "Hawaii
5 airports corporation", "executive branch", "county", "board of
6 water supply" or "department of water supply", and "semi-
7 autonomous public transit agency", respectively."

8 SECTION 10. Section 171-2, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "§171-2 Definition of public lands. "Public lands" means
11 all lands or interest therein in the State classed as government
12 or crown lands previous to August 15, 1895, or acquired or
13 reserved by the government upon or subsequent to that date by
14 purchase, exchange, escheat, or the exercise of the right of
15 eminent domain, or in any other manner; including lands accreted
16 after May 20, 2003, and not otherwise awarded, submerged lands,
17 and lands beneath tidal waters that are suitable for
18 reclamation, together with reclaimed lands that have been given
19 the status of public lands under this chapter, except:

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



- 1 (2) Lands set aside pursuant to law for the use of the
2 United States;
- 3 (3) Lands being used for roads and streets;
- 4 (4) Lands to which the United States relinquished the
5 absolute fee and ownership under section 91 of the
6 Hawaiian Organic Act prior to the admission of Hawaii
7 as a state of the United States unless subsequently
8 placed under the control of the board of land and
9 natural resources and given the status of public lands
10 in accordance with the state constitution, the
11 Hawaiian Homes Commission Act, 1920, as amended, or
12 other laws;
- 13 (5) Lands to which the University of Hawaii holds title;
- 14 (6) Lands to which the Hawaii housing finance and
15 development corporation in its corporate capacity
16 holds title;
- 17 (7) Lands to which the Hawaii community development
18 authority in its corporate capacity holds title;
- 19 (8) Lands to which the department of agriculture holds
20 title by way of foreclosure, voluntary surrender, or



1 otherwise, to recover moneys loaned or to recover
2 debts otherwise owed the department under chapter 167;

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

9 (10) Lands that are set aside by the governor to the
10 agribusiness development corporation; lands leased to
11 the agribusiness development corporation by any
12 department or agency of the State; or lands to which
13 the agribusiness development corporation in its
14 corporate capacity holds title; [and]

15 (11) Lands to which the Hawaii airports corporation holds
16 title; and

17 [~~(11)~~] (12) Lands to which the Hawaii technology development
18 corporation in its corporate capacity holds title;

19 provided that, except as otherwise limited under federal law and
20 except for state land used as an airport as defined in section
21 262-1, public lands shall include the air rights over any



1 portion of state land upon which a county mass transit project
2 is developed after July 11, 2005[-]; provided further that lands
3 to which the Hawaii airports corporation holds title shall be
4 considered "public lands" for the purpose of accounting of all
5 receipts from lands that are described in section 5(f) of the
6 Admission Act, Public Law 86-3, for the prior fiscal year,
7 pursuant to section 5 of Act 178, Session Laws of Hawaii 2006."

8 SECTION 11. Section 261-7, Hawaii Revised Statutes, is
9 amended by amending subsection (e) to read as follows:

10 "(e) ~~[The department may fix and regulate, from time to~~
11 ~~time, reasonable landing fees for aircraft, including the~~
12 ~~imposition of landing surcharges or differential landing fees,~~
13 ~~and other reasonable charges for the use and enjoyment of the~~
14 ~~airports and the services and facilities furnished by the~~
15 ~~department in connection therewith, including the establishment~~
16 ~~of a statewide system of airports landing fees, a statewide~~
17 ~~system of airports support charges, and joint use charges for~~
18 ~~the use of space shared by users, which fees and charges may~~
19 ~~vary among different classes of users such as foreign carriers,~~
20 ~~domestic carriers, inter-island carriers, air taxi operators,~~
21 ~~helicopters, and such other classes as may be determined by the~~



1 ~~director, for the purpose of meeting the expenditures of the~~
2 ~~statewide system of airports set forth in section 261-5(a),~~
3 ~~which includes expenditures for capital improvement projects~~
4 ~~approved by the legislature.]~~ The corporation shall fix, impose,
5 prescribe, and collect rates, rentals, fees, or charges for the
6 lease, use, and services of its airport facilities in amounts
7 sufficient to pay the costs of the operation, maintenance, and
8 repair, if any, and the required payments of the principal of,
9 and interest on, all bonds issued or assumed by the corporation
10 and reserves therefor.

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

17 If the [~~director~~] chief executive officer has not entered
18 into contracts, leases, licenses, and other agreements with any
19 or fewer than all of the aeronautical users of the statewide
20 system of airports prior to the expiration of an existing
21 contract, lease, license, or agreement, the [~~director~~] chief



1 executive officer shall set and impose rates, rentals, fees, and
2 charges pursuant to this subsection without regard to the
3 requirements of chapter 91; provided that a public informational
4 hearing shall be held on the rates, rentals, fees, and charges.

5 The ~~[director]~~ chief executive officer shall develop rates,
6 rentals, fees, and charges in accordance with a residual
7 methodology so that the statewide system of airports shall be,
8 and always remain, self-sustaining. The rates, rentals, fees,
9 and charges shall be set at [such] levels as to produce revenues
10 ~~[which,]~~ that, together with aviation fuel taxes, shall be at
11 least sufficient to meet the expenditures of the statewide
12 system of airports set forth in section 261-5(a), including
13 expenditures for capital improvement projects approved by the
14 legislature, and to comply with covenants and agreements with
15 holders of airport revenue bonds.

16 The ~~[director]~~ chief executive officer may develop and
17 formulate methodology in setting the various rates, rentals,
18 fees, and charges imposed and may determine usage of space,
19 estimate landed weights, and apply [such] the portion of
20 nonaeronautical revenue deemed appropriate in determining the



1 rates, rentals, fees, and charges applicable to aeronautical
2 users of the statewide system of airports.

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

14 If a schedule of rates, rentals, fees, and charges
15 developed by the ~~[director]~~ chief executive officer in
16 accordance with this section is projected by the ~~[department]~~
17 corporation to produce revenues ~~[which,]~~ that, together with
18 aviation fuel taxes, will be in excess of the amount required to
19 meet the expenditures of the statewide system of airports set
20 forth in section 261-5(a), including expenditures for capital
21 improvement projects approved by the legislature, and to comply



1 with covenants and agreements with holders of airport revenue
2 bonds, the [~~department~~] corporation shall submit the schedule of
3 rates, rentals, fees, and charges to the legislature prior to
4 the convening of the next regular session of the legislature.
5 Within forty-five days after the convening of the regular
6 session, the legislature may disapprove any schedule of rates,
7 rentals, fees, and charges required to be submitted to it by
8 this section by concurrent resolution. If no action is taken by
9 the legislature within the forty-five-day period the schedule of
10 rates, rentals, fees, and charges shall be deemed approved. If
11 the legislature disapproves the schedule within the forty-five-
12 day period, the [~~director~~] chief executive officer shall develop
13 a new schedule of rates, rentals, fees, and charges in
14 accordance with this section within seventy-five days of the
15 disapproval. Pending the development of a new schedule of
16 rates, rentals, fees, and charges, the schedule submitted to the
17 legislature shall remain in force and effect.

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



- 1 (1) The governor declares a state of emergency; and
- 2 (2) The [~~department~~] corporation determines that the
- 3 waiver of landing fees and other charges for the
- 4 aircraft is consistent with assisting in the delivery
- 5 of humanitarian relief to disaster-stricken areas of
- 6 the State."

7 SECTION 12. On and after the transfer completion date

8 established by the Hawaii airports corporation in section 14(b)

9 of this Act, and until the revisor of statutes makes the

10 amendments to applicable provisions in chapters 102, 261, 261D,

11 and 262, Hawaii Revised Statutes, described in this section,

12 every reference to the department of transportation or

13 "department" or its role in awarding concessions in chapters

14 102, 261, 261D, and 262, Hawaii Revised Statutes, shall be a

15 reference to the Hawaii airports corporation, and every

16 reference to the director of transportation or "director" or the

17 director's role in awarding concessions in chapters 102, 261,

18 261D, and 262, Hawaii Revised Statutes, shall be a reference to

19 the chief executive officer of the Hawaii airports corporation.

20 After the transfer completion date but no later than when the

21 subsequent supplements to the Hawaii Revised Statutes are



1 prepared, the revisor of statutes shall make appropriate
2 changes, including, without limitation:

3 (1) Substituting the phrase "chief executive officer" for
4 the terms "director" or "director of transportation",
5 the term "Hawaii airports corporation" for the term
6 "department of transportation", and the term
7 "corporation" for the term "department";

8 (2) Deleting the definition of "director" in chapters 261,
9 261D, and 262, Hawaii Revised Statutes; and

10 (3) Deleting the definition of "department" in sections
11 261-1 and 262-1, Hawaii Revised Statutes.

12 SECTION 13. The Hawaii airports corporation shall succeed
13 to the jurisdiction, powers, and responsibilities of the
14 department of transportation over aeronautics and airports,
15 including all of the functions relating to airports and
16 aeronautics performed by the department and its airports
17 division, on the transfer completion date published by the
18 Hawaii airports corporation pursuant to section 14(b) of this
19 Act, which date shall be no later than December 31, 2021.

20 On the transfer completion date, the Hawaii airports
21 corporation shall assume from the department of transportation:



1 (1) That:

- 2 (A) Certain Certificate of the Director of
3 Transportation Providing for the Issuance of
4 State of Hawaii Airports System Revenue Bonds
5 dated as of May 1, 1969, relating to certain
6 revenue bonds and other obligations;
- 7 (B) Certain Indenture of Trust dated as of December
8 1, 2013, between the department of transportation
9 and U.S. Bank National Association relating to
10 certain certificates of participation; and
- 11 (C) Certain Indenture of Trust dated as of August 1,
12 2014, between the department of transportation
13 and MUFG Union Bank, N.A., relating to certain
14 customer facility charge revenue bonds, each as
15 supplemented and amended to date; and

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

20 Thereafter, to the extent that the Hawaii airports
21 corporation is authorized under this Act to exercise powers and



1 duties that are also granted to other departments, offices, or
2 boards of the State, with respect to airports and aeronautical
3 facilities, the Hawaii airports corporation shall exclusively
4 exercise those powers and perform those duties.

5 SECTION 14. (a) Not prior to January 1, 2019, but no
6 later than September 30, 2019, the governor shall designate a
7 representative who shall facilitate the corporation's orderly
8 succession to the jurisdiction, powers, functions, rights,
9 benefits, obligations, assets, liabilities, funds, accounts,
10 contracts, and all other things currently held, used, incurred,
11 or performed by the department of transportation, its director
12 and staff, and its airports division, in administering and
13 exercising the authority and fulfilling the responsibilities
14 authorized or conferred upon the department of transportation
15 and the director of transportation, by chapters 102, 261, 261D,
16 and 262, Hawaii Revised Statutes.

17 Not prior to October 1, 2019, but no later than December
18 31, 2019, the governor shall appoint the members of the board of
19 directors of the Hawaii airports corporation.

20 To facilitate the corporation's timely assumption of the
21 department of transportation's authority and responsibilities,



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

8 (1) Provide administrative support services for the
9 corporation pending the transfer of employees from the
10 department of transportation to the Hawaii airports
11 corporation pursuant to section 18 of this Act;

12 (2) Develop a policy and set of robust procurement
13 procedures that foster accountability, transparency
14 and oversight of contracts, to include compliance with
15 federal procurement requirements;

16 (3) Assist the corporation with the organization of its
17 human resources development functions, including
18 establishing:

19 (A) A human resources office;

20 (B) The corporation's civil service and civil service
21 positions, and the classification system, merit



1. appeals board, recruitment system, performance
2. appraisal system, and the administrative rules,
3. policies, standards, and procedures, including
4. internal complaint procedures, adopted to support
5. its civil service; and

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

10. (4) Assist the corporation in establishing its accounting,
11. budgeting, fund management, and communication and
12. electronic information systems, and creating
13. appropriate interfaces between the corporation's
14. accounting, budgeting, fund management, communication
15. and electronic information systems, and those of the
16. department of transportation, and other state
17. agencies;

18. (5) Assist the corporation in identifying the plans and
19. reports that departments and agencies administratively
20. attached to a department are required to prepare for
21. the governor, the legislature, or another state



1 department or agency with respect to aeronautics or
2 the State's airport system; determining whether those
3 plans and reports have been prepared and will be
4 transferred to the corporation on the transfer
5 completion date; and preparing the same for the
6 corporation, if they do not exist;

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

19 (7) Assign and transfer:

20 (A) That certain Certificate of the Director of
21 Transportation Providing for the Issuance of



1 State of Hawaii Airports System Revenue Bonds
2 dated as of May 1, 1969, relating to certain
3 revenue bonds and other obligations;

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

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



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

4 (b) As soon as feasible, the Hawaii airports corporation,
5 with the concurrence of the director of transportation and the
6 governor, shall establish the transfer completion date, which
7 shall be no later than December 31, 2021, and publish notice of
8 the transfer completion date by:

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

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

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

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



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

3 SECTION 15. It is the intent of this Act not to jeopardize
4 the receipt of any federal aid nor to impair any existing
5 federal income tax exemption to, security interest of, or
6 obligation of the State or any agency thereof to the holders of
7 any bonds or other obligations issued by the State or by any
8 department or agency of the State, and to the extent, and only
9 to the extent necessary to effectuate this intent, the governor
10 may modify the strict provisions of this Act, but shall promptly
11 report any modification with reasons therefor to the legislature
12 at its next session thereafter for review by the legislature.

13 SECTION 16. This Act does not affect rights and duties
14 that matured, penalties that were incurred, and proceedings that
15 were begun before its effective date. The department of
16 transportation shall be responsible for any and all obligations
17 incurred by the department or its airports division in
18 connection with the department's exercise of the authority and
19 performance of the duties and responsibilities conferred upon it
20 and its director by chapters 261, 261D, and 262, Hawaii Revised
21 Statutes, until the time that the obligations, including any



1 accounts payable, accrued paid time off, debt, capital leases,
2 and other obligations incurred before the transfer completion
3 date, have been assumed by the Hawaii airports corporation,
4 which shall not occur prior to the transfer completion date.
5 All collective bargaining disputes or claims against the
6 department grounded in an act or omission, or an event that
7 occurred prior to the transfer completion date shall remain the
8 responsibility of the department of transportation. All
9 liabilities arising out of the Hawaii airports corporation's
10 exercise of the authority and performance of the duties and
11 responsibilities conferred upon it and its chief executive
12 officer by chapters 102, 261, 261D, and 262, Hawaii Revised
13 Statutes, after the transfer completion date shall be the
14 responsibility of the corporation. The assumption by the
15 airports corporation of the bonds, notes, or other obligations
16 of the department of transportation relating to the State's
17 airports system shall be subject to the terms and provisions of
18 any certificate, indenture, or resolution securing those bonds,
19 notes, or other obligations. On the transfer completion date,
20 the Hawaii airports corporation shall assume responsibility for



1 all rights, duties, penalties, and proceedings of the department
2 of transportation related to the State's airports system.

3 SECTION 17. The State of Hawaii pledges to and agrees with
4 the holders of the bonds, notes, or other obligations of the
5 department of transportation being assumed by the airports
6 corporation on the transfer completion date and the holders of
7 the bonds, notes, or other obligations of the airports
8 corporation issued pursuant to chapters 37D or 39, Hawaii
9 Revised Statutes, that the State shall not limit or alter the
10 rights and powers vested in the Hawaii airports corporation so
11 as to impair the terms of any contract made or assumed by the
12 airports corporation with holders or in any way impair the
13 rights and remedies of holders until bonds, notes, or other
14 obligations, together with interest thereon, with interest on
15 any unpaid installments of interest, and all costs and expenses
16 in connection with any action or proceedings by or on behalf of
17 holders, are fully met and discharged. In addition, the State
18 pledges to and agrees with the holders of the bonds, notes, or
19 other obligations of the department of transportation being
20 assumed by the airports corporation on the transfer completion
21 date and the holders of the bonds, notes, or other obligations



1 of the airports corporation issued pursuant to chapter 37D or
2 39, Hawaii Revised Statutes, that the State shall not limit or
3 alter the basis on which the revenues or user taxes securing any
4 such bonds, notes, or other obligations issued or assumed by the
5 airports corporation are to be received by the airports
6 corporation, or the rights of the airports corporation to the
7 use of the funds, so as to impair the terms of any contract
8 securing the same. The airports corporation is authorized to
9 include these pledges and agreements of the State in any
10 contract with the holders of bonds, notes, or other obligations
11 issued pursuant to chapter 37D or 39, Hawaii Revised Statutes.

12 SECTION 18. The Hawaii airports corporation shall
13 recognize all bargaining units and collective bargaining
14 agreements existing at the time of transfer to the corporation.
15 All employees who are subject to chapter 76, Hawaii Revised
16 Statutes, and occupy civil service positions and whose functions
17 are transferred to the Hawaii airports corporation by this Act
18 shall retain their civil service status, whether permanent or
19 temporary. The employees shall be transferred to the
20 corporation without loss of salary, seniority (except as
21 prescribed by applicable collective bargaining agreements),



1 retention points, prior service credits, any vacation and sick
2 leave credits previously earned, and other rights, benefits, and
3 privileges, in accordance with state personnel laws and this
4 Act; provided that the employees meet applicable requirements
5 for the class or position to which transferred or appointed, as
6 applicable.

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

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



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

4 SECTION 19. On or no more than ninety days after the
5 transfer completion date, all appropriations, records,
6 equipment, machines, files, supplies, contracts, books, papers,
7 documents, maps, and other personal property heretofore made,
8 used, acquired, or held by the department of transportation
9 relating to the functions transferred to the Hawaii airports
10 corporation shall be transferred with the functions to which
11 they relate.

12 SECTION 20. All rules, policies, procedures, guidelines,
13 and other material adopted or developed by the department of
14 transportation to implement provisions of the Hawaii Revised
15 Statutes that are reenacted or made applicable to the Hawaii
16 airports corporation by this Act shall remain in full force and
17 effect on and after the transfer completion date established
18 pursuant to section 14(b) of this Act, until amended or repealed
19 by the Hawaii airports corporation pursuant to chapter 91,
20 Hawaii Revised Statutes. In the interim, every reference to the
21 department of transportation or director of transportation in



1 those rules, policies, procedures, guidelines, and other
2 material is amended to refer to the Hawaii airports corporation
3 or chief executive officer of the corporation, as appropriate.

4 SECTION 21. All deeds, executive orders, leases,
5 contracts, loans, agreements, permits, or other documents
6 executed or entered into by or on behalf of the department of
7 transportation, pursuant to the provisions of the Hawaii Revised
8 Statutes, that are reenacted or made applicable to the Hawaii
9 airports corporation by this Act shall remain in full force and
10 effect. On the transfer completion date established pursuant to
11 section 14(b) of this Act, every reference to the department of
12 transportation in those deeds, executive orders, leases,
13 contracts, loans, agreements, permits or other documents shall
14 be construed as a reference to the Hawaii airports corporation
15 or the board of directors of the corporation.

16 SECTION 22. There is appropriated out of the airport
17 revenue fund the sum of \$ or so much thereof as may be
18 necessary for fiscal year 2019-2020 to effect the transfer of
19 functions from the department of transportation to the Hawaii
20 airports corporation required by this Act.



1 The sum appropriated shall be expended by the Hawaii
2 airports corporation to implement the provisions of this Act.

3 SECTION 23. If any provision of this Act, or the
4 application thereof to any person or circumstance, is held
5 invalid, the invalidity does not affect other provisions or
6 applications of the Act that can be given effect without the
7 invalid provision or application, and to this end the provisions
8 of this Act are severable.

9 SECTION 24. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 25. This Act shall take effect on July 1, 2050;
12 provided that section 11 shall take effect upon the satisfaction
13 and discharge of:

14 (1) That certain Certificate of the Director of
15 Transportation Providing for the Issuance of the State
16 of Hawaii Airports System Revenue Bonds dated as of
17 May 1, 1969;

18 (2) That certain Indenture of Trust dated as of
19 December 1, 2013, between the department of
20 transportation and U.S. Bank National Association; and



- 1 (3) All obligations issued and outstanding under the
- 2 Certificate and Indenture.



Report Title:

Tourism; Transportation; Aeronautics; Hawaii Airports
Corporation; Establishment; Appropriation

Description:

Authorizes establishment of the Hawaii Airports Corporation within the Department of Transportation for administrative purposes. Sets out appointment of members to the board of directors and powers and duties of the Hawaii Airports Corporation. Transfers aeronautics functions of the Department of Transportation to the Hawaii Airports Corporation by the established transfer completion date agreed upon by the Hawaii Airports Corporation, the Director of Transportation, and the Governor, which shall be no later than 12/31/2021. Effective 7/1/2050. (HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

