

JAN 17 2025

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 will
2 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 will 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
5 and 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 18(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 "Aircraft" shall have the same meaning as defined in
2 section 261-1.

3 "Air navigation facility" shall have the same meaning as
4 defined in 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 "Project labor agreement" means a pre-hire collective
14 bargaining agreement with labor organizations that establishes
15 the terms and conditions of employment for a specific
16 construction project; sets forth effective, immediate, and
17 mutually binding procedures for resolving jurisdictional labor
18 disputes and labor grievances; contains guarantees against
19 strikes, lockouts, or similar actions; and permits the selection
20 of the lowest qualified responsible bidder, without regard to
21 union or non-union status at other construction sites.



1 § -2 **Airports corporation; establishment; board;**
2 **members; chief executive officer.** (a) There is established the
3 Hawaii airports corporation to:

4 (1) Develop and implement management structures, policies,
5 and procedures based on airport industry best
6 practices;

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

9 (3) Administer the provisions of chapters 102, 261, 261D,
10 and 262 that are applicable to airports and
11 aeronautical facilities. The corporation shall be a
12 body politic and corporate, and an instrumentality and
13 agency of the State, placed within the department of
14 transportation for administrative purposes only, and
15 shall enjoy the same sovereign immunity available to
16 the State. The corporation shall not be subject to
17 supervision by the department of transportation or its
18 director and shall be exempt from section 26-35(a)(1),
19 (4), (5), and (6).



1 (b) The powers of the airports corporation shall be vested
2 in and exercised by a board of directors that shall consist of
3 nine voting members; provided that:

4 (1) The members shall be appointed by the governor as
5 provided in section 26-34, except as provided by this
6 section;

7 (2) The members shall include at least one resident each
8 from the city and county of Honolulu and the counties
9 of Hawaii, Kauai, and Maui;

10 (3) Two members shall be appointed by the governor from a
11 list of names submitted for each appointment by the
12 president of the senate, and two members shall be
13 appointed by the governor from a list of names
14 submitted for each appointment by the speaker of the
15 house of representatives; provided that each list of
16 names shall contain at least three names and shall
17 include two names that qualify to fill any county-
18 specific vacancy, as appropriate; and

19 (4) Notwithstanding the state residency provisions of
20 section 78-1(b), there shall be not more than two



1 members who are non-residents of the State on the
2 board at any time.

3 Notwithstanding section 26-34, appointments to the board shall
4 not be subject to the advice and consent of the senate.

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

14 (d) Members shall be appointed by the governor for terms
15 of four years. Notwithstanding section 26-34(a) and (b), all
16 members of the board shall continue in office until their
17 respective successors have been appointed; provided that no
18 member shall serve more than eight consecutive years.

19 (e) No board member appointed under this section shall be
20 an officer or employee of the State or a county.



(f) Each board member shall serve without compensation, but shall be reimbursed for necessary expenses, including travel expenses, incurred in the performance of their duties.

(g) The board of directors of the airports corporation shall appoint a single executive to be known as the chief executive officer of the Hawaii airports corporation, who shall:

- (1) Not be a member of the board;
- (2) Be exempt from chapters 76 and 89; and
- (3) Receive a salary fixed by the board.

(h) The chief executive officer:

- (1) Shall be selected based on criteria approved by the board, including experience in airport management at an executive level at a large-hub or medium-hub airport within the United States, management of large-scale capital programs, and domestic and international air service development;
- (2) Shall be appointed by an affirmative vote of not less than five members of the board;
- (3) Shall be employed subject to a formal contract, the terms of which shall be approved by the board; provided that the terms shall include provisions for



- 1 the removal of the chief executive officer whether
- 2 with or without cause;
- 3 (4) May be removed from office only by a vote of not less
- 4 than five members of the board; provided that the
- 5 basis for removal is consistent with the terms of the
- 6 chief executive officer's employment contract;
- 7 (5) Shall have the powers as described in this chapter and
- 8 the provisions of chapters 102, 261, 261D, and 262
- 9 that are applicable to airports and aeronautical
- 10 facilities, as may be delegated by the board;
- 11 (6) Shall, except when excused by the board, attend all
- 12 meetings of the board, keep a record of the
- 13 proceedings, and maintain and be the custodian of the
- 14 official seal of the corporation and all books,
- 15 records, documents, and papers filed with the
- 16 corporation;
- 17 (7) Shall direct and supervise the corporation's
- 18 administrative and operational affairs in accordance
- 19 with the directives of the board;
- 20 (8) Shall approve all accounts for salaries and allowable
- 21 expenses of the corporation; and



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

(i) Upon the vacancy of the position of the chief executive officer, the board of directors shall designate a deputy executive officer or other employee of the corporation to serve as the chief executive officer of the corporation until the vacancy is filled by the board. This interim chief executive officer shall have all of the powers and responsibilities, and receive the salary, of the chief executive officer.

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

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



- 1 (1) Shall exercise power and control over all airports,
2 air navigation facilities, buildings, and other
3 facilities that the corporation is responsible for
4 managing, operating, or controlling under this chapter
5 and the provisions of chapters 102, 261, 261D, and 262
6 that are applicable to airports and aeronautical
7 facilities;
- 8 (2) Shall provide as appropriate for the landing, taking-
9 off, and servicing of aircraft, and the loading and
10 unloading of passengers and cargo at all airports
11 under the control of the corporation;
- 12 (3) Shall establish performance targets and performance
13 standards for all state airports to achieve the
14 highest levels of customer service;
- 15 (4) Shall ensure that appropriate mission statements,
16 business plans, minimum development standards, and
17 strategic goals are established and that progress
18 towards their accomplishment is regularly assessed and
19 reported;



1 (5) Shall develop an organization and management structure
2 to best accomplish the goals of the Hawaii airport
3 system and the corporation;

4 (6) Shall be subject to the provisions of chapter 103D and
5 chapter 104; provided that any offeror of food and
6 beverage or retail concession services shall have an
7 agreement with any labor organization which represents
8 airport terminal concession employees in this State
9 that is valid and enforceable under title 29 United
10 States Code, section 185(a) and that prohibits any
11 strikes, picketing, or other economic interference
12 with the business of the offeror for the duration of
13 the offeror's contract to operate the concession,
14 including renewal or extension, and binds any
15 successors to an original offeror; provided further
16 that any contractor furnishing construction work on
17 any airport, air navigation facility, building, or
18 other facility that the corporation is responsible for
19 managing, operating, or controlling, including
20 construction work undertaken in or on buildings or



- 1 land owned or leased from the corporation, shall enter
2 into a project labor agreement;
- 3 (7) Shall have an official seal and may alter the official
4 seal at its pleasure;
- 5 (8) May make, execute, or assume contracts, leases, and
6 all other instruments necessary or convenient for the
7 exercise of its powers and functions under this
8 chapter and the provisions of chapters 102, 261, 261D,
9 and 262 that are applicable to airports and
10 aeronautical facilities;
- 11 (9) Shall establish bylaws for its organization and
12 internal management;
- 13 (10) Shall adopt rules pursuant to chapter 91 as necessary
14 to implement this chapter and the provisions of
15 chapters 102, 261, 261D, and 262 that are applicable
16 to airports and aeronautical facilities;
- 17 (11) Shall prepare and adopt the corporation's operating
18 and capital improvement budgets;
- 19 (12) May own, purchase, lease, exchange, or otherwise
20 acquire property, whether real, personal, or mixed,
21 tangible or intangible, and any interest therein, in



1 the name of the corporation, and may assign, exchange,
2 transfer, convey, lease, sublease, or encumber the
3 same or any project, improvement, or facility related
4 thereto; provided that the lands to which the
5 corporation holds title shall not be subject to
6 chapter 171; provided further that any sale, gift, or
7 exchange of real property shall be subject to the
8 terms, conditions, and restrictions applicable to the
9 sale, gift, or exchange of public lands in section
10 171-50 and 171-64.7; provided further that any lease,
11 sublease, permit, or other encumbrance for any real
12 property shall be issued in accordance with
13 administrative rules adopted by the corporation
14 pursuant to chapter 91;

15 (13) May procure insurance against any loss in connection
16 with its property and other assets and operations, in
17 amounts and from insurers as it deems desirable; or
18 provide for self-insurance;

19 (14) May accept and receive gifts or grants in any form
20 from any person, public entity, or source; provided



1 that the grants and gifts shall be used for airports
2 corporation purposes;

3 (15) Shall take all actions necessary under emergencies
4 declared by the governor;

5 (16) Shall assume from the department of transportation:

6 (A) That:

7 (i) Certain Certificate of the Director of
8 Transportation Providing for the Issuance of
9 State of Hawaii Airports System Revenue
10 Bonds dated as of May 1, 1969, relating to
11 certain revenue bonds and other obligations;

12 (ii) Certain Indenture of Trust dated as of
13 December 1, 2013, between the department of
14 transportation and U.S. Bank National
15 Association relating to certain certificates
16 of participation; and

17 (iii) Certain Indenture of Trust dated as of
18 August 1, 2014, between the department of
19 transportation and MUFG Union Bank, N.A.,
20 relating to certain customer facility charge



1 revenue bonds, each as supplemented and
2 amended to date; and

3 (B) The bonds, notes, and other obligations of the
4 department of transportation outstanding under,
5 as well as the covenants, restrictions, and other
6 requirements set forth in, those documents;

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

10 (18) Shall fix, impose, prescribe, and collect rates,
11 rentals, fees, or charges for the lease, use, and
12 services of its airport facilities at least sufficient
13 to pay the costs of operation, maintenance, and
14 repair, if any, and the required payments of the
15 principal of and interest on all bonds, notes, or
16 other obligations issued or assumed by the airports
17 corporation and reserves therefor; provided that the
18 rates, rentals, fees, or charges are established at an
19 open meeting subject to the requirements of chapter
20 92;



- 1 (19) Subject to the provisions of the documents assumed by
2 the corporation under paragraph (16)(A), may allot any
3 and all airport revenue and issue revenue bonds,
4 refunding revenue bonds, special facility revenue
5 bonds, bond anticipation notes, and other lawfully
6 authorized obligations of the State in its name and
7 secured by the revenue, or user taxes, or any
8 combination of both, of an undertaking or loan program
9 pursuant to chapter 39, but not in excess of the
10 principal amounts as are necessary for its purposes;
11 (20) May invest and secure its moneys;
12 (21) May exercise the power of eminent domain pursuant to
13 chapter 101 and in accordance with sections 261-31 to
14 261-36, to acquire real property for the corporation
15 with which to carry out this chapter and the
16 provisions of chapters 102, 261, 261D, or 262 that are
17 applicable to airports and aeronautical facilities;
18 (22) Shall establish and maintain an appropriate system of
19 accounts for the corporation; and
20 (23) May do any and all things necessary to exercise the
21 powers and perform the duties conferred upon the



1 corporation by this chapter and the provisions of
2 chapters 102, 261, 261D, and 262 that are applicable
3 to airports and aeronautical facilities.

4 (b) The corporation shall not be subject to chapters 36,
5 37, 37D, 38, and 40, except for section 36-28.5 and as otherwise
6 provided in this chapter and chapter 261.

7 (c) The airports corporation may sue and be sued in its
8 corporate name. Notwithstanding any other law to the contrary,
9 all claims arising out of the acts or omissions of the airports
10 corporation or the members of its board, its officers, or its
11 employees, including claims permitted against the State under
12 chapter 661, part I, and claims for torts permitted against the
13 State under chapter 662, may be brought only pursuant to this
14 section and only against the airports corporation. However, the
15 airports corporation shall be subject to suit only in the manner
16 provided for suits against the State, including section 661-11.
17 All defenses available to the State, as well as all limitations
18 on actions against the State, shall be applicable to the
19 airports corporation.

20 The board of directors, upon the advice of its attorney,
21 may arbitrate, compromise, or settle any claim, action, or suit



1 brought against the airports corporation pursuant to this
2 section. Any claim compromised or settled under this subsection
3 shall be payable solely from the moneys and property of the
4 airports corporation and shall not constitute a general
5 obligation of the State or be secured directly or indirectly by
6 the full faith and credit of the State or the general credit of
7 the State or by any revenue or taxes of the State. Nothing in
8 this subsection shall preclude the board of directors from
9 requesting legislative appropriations to fund the settlement of
10 any claim or judgment against the airports corporation or its
11 officers, employees, or agents.

12 Rights and remedies conferred by this section shall not be
13 construed to authorize any other claim, suit, or action against
14 the State. In addition, a judgment, compromise, or settlement
15 in an action brought against the airports corporation under this
16 section shall constitute a complete bar to any action brought by
17 the claimant, by reason of the same subject matter, against the
18 State or an officer or employee of the airports corporation.

19 (d) The corporation shall be a "jurisdiction" and an
20 "appointing authority" under chapter 76 and an "appointing
21 authority" and an "appropriate authority" for those of its



1 officers and employees who are excluded employees under chapter
2 89C. In addition to its chief executive officer, the
3 corporation may employ executive officers, including a chief
4 procurement officer, appointed by the chief executive officer
5 who are qualified to fill positions established in the bylaws of
6 the corporation adopted by the board of directors, to perform
7 functions and exercise powers assigned by the bylaws or
8 delegated by the board or the chief executive officer. The
9 other executive officers of the corporation, and up
10 to additional specially qualified employees appointed by
11 the chief executive officer shall be exempt from chapters 76 and
12 89. All other persons employed by the corporation shall be
13 subject to chapters 76 and 89, and rules adopted to implement
14 those provisions, unless expressly exempted from the civil
15 service under chapter 76 or excluded from collective bargaining
16 under chapter 89. The officers and personnel of the corporation
17 shall be included in all benefit programs applicable to officers
18 and employees of the State.

19 (e) The corporation and its corporate existence shall
20 continue until terminated by law; provided that no termination
21 shall take effect as long as bonds or other obligations issued



1 or assumed by the corporation are outstanding, unless adequate
2 provision has been made for the payment or satisfaction thereof.
3 Upon termination of the existence of the corporation, all of the
4 rights and properties of the corporation then remaining shall
5 pass to and vest in the State in the manner prescribed by law.

6 **PART II. BUDGET AND FINANCE**

7 **§ -11 Exemptions.** The airport revenue fund, passenger
8 facility charge special fund, and rental motor vehicle customer
9 facility charge special fund shall be exempt from chapters 36,
10 37, 37D and 40.

11 **§ -12 Fiscal provisions.** (a) The corporation's board
12 of directors shall establish guidelines for preparing the
13 corporation's annual operating and capital improvement budget
14 proposals that take into account anticipated receipts,
15 surpluses, reserves, and funds from any other source, on deposit
16 in or available for deposit into the airport revenue fund, the
17 passenger facility charge special fund, the rental motor vehicle
18 customer facility charge special fund, or any other special or
19 revolving fund that the legislature may establish for the
20 corporation.



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

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

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

§ -13 **Budget oversight.** The corporation's operating and capital improvement budgets shall be subject to review or approval by the governor or any agency of the executive branch, except where state general funds are requested.

§ -14 **Accounts; depositories.** (a) Appropriations for the corporation shall not be subject to any allotment system or



1 requirements. The director of finance shall notify the
2 corporation and comptroller that all of the appropriations for
3 the corporation for the fiscal year have been allotted and are
4 available for expenditure as soon as possible, and in no event
5 more than three business days, after the general or supplemental
6 appropriations act is effective.

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

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



1 § **-16 Issuance of bonds.** On an annual basis, and upon
2 request of the corporation, the legislature may authorize one
3 lump sum for each means or source of funds for each of the
4 following types of bonds to be issued by the corporation:
5 revenue bonds, refunding revenue bonds, and special facility
6 revenue bonds.

7 § **-17 Audits.** The state auditor shall conduct
8 management and financial audits of the corporation for fiscal
9 year 2026 and every second year thereafter.

10 § **-18 Rate-setting; methodology.** The corporation shall
11 use the residual method when determining overall costs and
12 assigning rates and charges."

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

15 "**§26-19 Department of transportation.** (a) The department
16 of transportation shall be headed by a single executive to be
17 known as the director of transportation. The department shall
18 establish, maintain, and operate transportation facilities of
19 the State, including highways, ~~[airports,~~ harbors, and any
20 other transportation facilities and activities, other than
21 airports and aeronautics, as may be authorized by law.



1 (b) The department shall plan, develop, promote, and
2 coordinate various transportation systems management programs
3 that shall include but not be limited to alternate work and
4 school hours programs, bicycling programs, and ridesharing
5 programs.

6 (c) The department shall develop and promote ridesharing
7 programs that shall include but not be limited to carpool and
8 vanpool programs, and may assist organizations interested in
9 promoting similar programs, arrange for contracts with private
10 organizations to manage and operate these programs, and assist
11 in the formulation of ridesharing arrangements. Ridesharing
12 programs include informal arrangements in which two or more
13 persons ride together in a motor vehicle.

14 ~~[(d) The functions and authority heretofore exercised by~~
15 ~~the department of public works with respect to highways are~~
16 ~~transferred to the department of transportation established by~~
17 ~~this chapter.~~

18 ~~(e) On July 1, 1961, the Hawaii aeronautics commission,~~
19 ~~the board of harbor commissioners and the highway commission~~
20 ~~shall be abolished and their remaining functions, duties, and~~



1 ~~powers shall be transferred to the department of~~
2 ~~transportation.] "~~

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

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

6 "(a) No department of the State other than the attorney
7 general may employ or retain any attorney, by contract or
8 otherwise, for the purpose of representing the State or the
9 department in any litigation, rendering legal counsel to the
10 department, or drafting legal documents for the department;
11 provided that the foregoing provision shall not apply to the
12 employment or retention of attorneys:

13 (1) By the public utilities commission, the labor and
14 industrial relations appeals board, and the Hawaii
15 labor relations board;

16 (2) By any court or judicial or legislative office of the
17 State; provided that if the attorney general is
18 requested to provide representation to a court or
19 judicial office by the chief justice or the chief
20 justice's designee, or to a legislative office by the
21 speaker of the house of representatives and the



1 president of the senate jointly, and the attorney
2 general declines to provide [~~such~~] representation on
3 the grounds of conflict of interest, the attorney
4 general shall retain an attorney for the court,
5 judicial, or legislative office, subject to approval
6 by the court, judicial, or legislative office;

7 (3) By the legislative reference bureau;

8 (4) By any compilation commission that may be constituted
9 from time to time;

10 (5) By the real estate commission for any action involving
11 the real estate recovery fund;

12 (6) By the contractors license board for any action
13 involving the contractors recovery fund;

14 (7) By the office of Hawaiian affairs;

15 (8) By the department of commerce and consumer affairs for
16 the enforcement of violations of chapters 480 and
17 485A;

18 (9) As grand jury counsel;

19 (10) By the Hawaii health systems corporation, or its
20 regional system boards, or any of their facilities;

21 (11) By the auditor;



- 1 (12) By the office of ombudsman;
- 2 (13) By the insurance division;
- 3 (14) By the [~~University~~] university of Hawaii;
- 4 (15) By the Kahoolawe island reserve commission;
- 5 (16) By the division of consumer advocacy;
- 6 (17) By the office of elections;
- 7 (18) By the campaign spending commission;
- 8 (19) By the Hawaii tourism authority, as provided in
- 9 section 201B-2.5;
- 10 (20) By the division of financial institutions;
- 11 (21) By the office of information practices;
- 12 (22) By the school facilities authority;
- 13 (23) By the Mauna Kea stewardship and oversight authority;
- 14 [~~or~~]
- 15 (24) By the Hawaii airports corporation; or
- 16 [~~(24)~~] (25) By a department, if the attorney general, for
- 17 reasons deemed by the attorney general to be good and
- 18 sufficient, declines to employ or retain an attorney
- 19 for a department; provided that the governor waives
- 20 the provision of this section."
- 21 2. By amending subsection (c) to read:



1 "(c) Every attorney employed by any department on a full-
2 time basis, except an attorney employed by the public utilities
3 commission, the labor and industrial relations appeals board,
4 the Hawaii labor relations board, the office of Hawaiian
5 affairs, the Hawaii health systems corporation or its regional
6 system boards, the department of commerce and consumer affairs
7 in prosecution of consumer complaints, insurance division, the
8 division of consumer advocacy, the [~~University~~] university of
9 Hawaii, the Hawaii tourism authority as provided in section
10 201B-2.5, the Mauna Kea stewardship and oversight authority, the
11 office of information practices, the Hawaii airports
12 corporation, or as grand jury counsel, shall be a deputy
13 attorney general."

14 SECTION 5. Section 36-27, Hawaii Revised Statutes, is
15 amended by amending subsection (a) to read as follows:

16 "(a) Except as provided in this section, and
17 notwithstanding any other law to the contrary, from time to
18 time, the director of finance, for the purpose of defraying the
19 prorated estimate of central service expenses of government in
20 relation to all special funds, except the:



- 1 (1) Special out-of-school time instructional program fund
- 2 under section 302A-1310;
- 3 (2) School cafeteria special funds of the department of
- 4 education;
- 5 (3) Special funds of the [~~University~~] university of
- 6 Hawaii;
- 7 (4) Convention center enterprise special fund under
- 8 section 201B-8;
- 9 (5) Special funds established by section 206E-6;
- 10 (6) Aloha Tower fund created by section 206J-17;
- 11 (7) Funds of the employees' retirement system created by
- 12 section 88-109;
- 13 (8) Hawaii hurricane relief fund established under chapter
- 14 431P;
- 15 (9) Hawaii health systems corporation special funds and
- 16 the subaccounts of its regional system boards;
- 17 (10) Universal service fund established under section
- 18 269-42;
- 19 (11) Emergency and budget reserve fund under section
- 20 328L-3;



- 1 (12) Public schools special fees and charges fund under
- 2 section 302A-1130;
- 3 (13) Sport fish special fund under section 187A-9.5;
- 4 (14) Neurotrauma special fund under section 321H-4;
- 5 (15) Glass advance disposal fee established by section
- 6 342G-82;
- 7 (16) Center for nursing special fund under section
- 8 304A-2163;
- 9 (17) Passenger facility charge special fund established by
- 10 section 261-5.5;
- 11 (18) Solicitation of funds for charitable purposes special
- 12 fund established by section 467B-15;
- 13 (19) Land conservation fund established by section 173A-5;
- 14 (20) Court interpreting services revolving fund under
- 15 section 607-1.5;
- 16 (21) Trauma system special fund under section 321-22.5;
- 17 (22) Hawaii cancer research special fund;
- 18 (23) Community health centers special fund;
- 19 (24) Emergency medical services special fund;
- 20 (25) Rental motor vehicle customer facility charge special
- 21 fund established under section 261-5.6;



(26) Shared services technology special fund under section 27-43;

(27) Automated victim information and notification system special fund established under section 353-136;

(28) Deposit beverage container deposit special fund under section 342G-104;

(29) Hospital sustainability program special fund under section 346G-4;

(30) Nursing facility sustainability program special fund under section 346F-4;

(31) Hawaii 3R's school improvement fund under section 302A-1502.4;

(32) After-school plus program revolving fund under section 302A-1149.5;

(33) Civil monetary penalty special fund under section 321-30.2; ~~and~~

~~+~~ (34) ~~+~~ Stadium development special fund under section 109-3.5~~[-]~~; and

(35) Airport revenue fund,

shall deduct five per cent of all receipts of all other special funds, which deduction shall be transferred to the general fund



1 of the State and become general realizations of the State. All
2 officers of the State and other persons having power to allocate
3 or disburse any special funds shall cooperate with the director
4 in effecting these transfers. To determine the proper revenue
5 base upon which the central service assessment is to be
6 calculated, the director shall adopt rules pursuant to chapter
7 91 for the purpose of suspending or limiting the application of
8 the central service assessment of any fund. No later than
9 twenty days prior to the convening of each regular session of
10 the legislature, the director shall report all central service
11 assessments made during the preceding fiscal year."

12 SECTION 6. Section 36-30, Hawaii Revised Statutes, is
13 amended by amending subsection (a) to read as follows:

14 "(a) Each special fund, except the:

15 (1) Special out-of-school time instructional program fund
16 under section 302A-1310;

17 (2) School cafeteria special funds of the department of
18 education;

19 (3) Special funds of the [~~University~~] university of
20 Hawaii;

21 (4) Special funds established by section 206E-6;



- 1 (5) Aloha Tower fund created by section 206J-17;
- 2 (6) Funds of the employees' retirement system created by
- 3 section 88-109;
- 4 (7) Hawaii hurricane relief fund established under chapter
- 5 431P;
- 6 (8) Convention center enterprise special fund established
- 7 under section 201B-8;
- 8 (9) Hawaii health systems corporation special funds and
- 9 the subaccounts of its regional system boards;
- 10 (10) Universal service fund established under section
- 11 269-42;
- 12 (11) Emergency and budget reserve fund under section
- 13 328L-3;
- 14 (12) Public schools special fees and charges fund under
- 15 section 302A-1130;
- 16 (13) Sport fish special fund under section 187A-9.5;
- 17 (14) Neurotrauma special fund under section 321H-4;
- 18 (15) Center for nursing special fund under section
- 19 304A-2163;
- 20 (16) Passenger facility charge special fund established by
- 21 section 261-5.5;



- 1 (17) Court interpreting services revolving fund under
2 section 607-1.5;
- 3 (18) Trauma system special fund under section 321-22.5;
- 4 (19) Hawaii cancer research special fund;
- 5 (20) Community health centers special fund;
- 6 (21) Emergency medical services special fund;
- 7 (22) Rental motor vehicle customer facility charge special
8 fund established under section 261-5.6;
- 9 (23) Shared services technology special fund under section
10 27-43;
- 11 (24) Nursing facility sustainability program special fund
12 established pursuant to section 346F-4;
- 13 (25) Automated victim information and notification system
14 special fund established under section 353-136;
- 15 (26) Hospital sustainability program special fund under
16 section 346G-4;
- 17 (27) Civil monetary penalty special fund under section
18 321-30.2; ~~and~~
- 19 ~~+~~ (28) ~~+~~ Stadium development special fund under section
20 109-3.5~~[-]~~; and
- 21 (29) Airport revenue fund;



1 shall be responsible for its pro rata share of the
2 administrative expenses incurred by the department responsible
3 for the operations supported by the special fund concerned."

4 SECTION 7. Section 41D-2, Hawaii Revised Statutes, is
5 amended by amending subsection (b) to read as follows:

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

15 SECTION 8. Section 76-11, Hawaii Revised Statutes, is
16 amended by amending the definition of "jurisdiction" to read as
17 follows:

18 "'Jurisdiction" means the State, the city and county of
19 Honolulu, the county of Hawaii, the county of Maui, the county
20 of Kauai, the judiciary, the department of education, the



1 ~~[University]~~ university of Hawaii, the Hawaii airports
2 corporation, and the Hawaii health systems corporation."

3 SECTION 9. Section 76-16, Hawaii Revised Statutes, is
4 amended by amending subsection (b) to read as follows:

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

9 (1) Commissioned and enlisted personnel of the Hawaii
10 National Guard and positions in the Hawaii National
11 Guard that are required by state or federal laws or
12 regulations or orders of the National Guard to be
13 filled from those commissioned or enlisted personnel;

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



- 1 (3) Positions that must be filled without delay to comply
2 with a court order or decree if the director
3 determines that recruitment through normal recruitment
4 civil service procedures would result in delay or
5 noncompliance, such as the Felix-Cayetano consent
6 decree;
- 7 (4) Positions filled by the legislature or by either house
8 or any committee thereof;
- 9 (5) Employees in the office of the governor and office of
10 the lieutenant governor, and household employees at
11 Washington Place;
- 12 (6) Positions filled by popular vote;
- 13 (7) Department heads, officers, and members of any board,
14 commission, or other state agency whose appointments
15 are made by the governor or are required by law to be
16 confirmed by the senate;
- 17 (8) Judges, referees, receivers, masters, jurors, notaries
18 public, land court examiners, court commissioners, and
19 attorneys appointed by a state court for a special
20 temporary service;



1 (9) One bailiff for the chief justice of the supreme court
2 who shall have the powers and duties of a court
3 officer and bailiff under section 606-14; one
4 secretary or clerk for each justice of the supreme
5 court, each judge of the intermediate appellate court,
6 and each judge of the circuit court; one secretary for
7 the judicial council; one deputy administrative
8 director of the courts; three law clerks for the chief
9 justice of the supreme court, two law clerks for each
10 associate justice of the supreme court and each judge
11 of the intermediate appellate court, one law clerk for
12 each judge of the circuit court, two additional law
13 clerks for the civil administrative judge of the
14 circuit court of the first circuit, two additional law
15 clerks for the criminal administrative judge of the
16 circuit court of the first circuit, one additional law
17 clerk for the senior judge of the family court of the
18 first circuit, two additional law clerks for the civil
19 motions judge of the circuit court of the first
20 circuit, two additional law clerks for the criminal
21 motions judge of the circuit court of the first



1 circuit, and two law clerks for the administrative
2 judge of the district court of the first circuit; and
3 one private secretary for the administrative director
4 of the courts, the deputy administrative director of
5 the courts, each department head, each deputy or first
6 assistant, and each additional deputy, or assistant
7 deputy, or assistant defined in paragraph (16);

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

15 (11) (A) Teachers, principals, vice-principals, complex
16 area superintendents, deputy and assistant
17 superintendents, other certificated personnel,
18 and ~~[ne]~~ not more than twenty noncertificated
19 administrative, professional, and technical
20 personnel not engaged in instructional work;



1 (B) Effective July 1, 2003, teaching assistants,
2 educational assistants, bilingual or bicultural
3 school-home assistants, school psychologists,
4 psychological examiners, speech pathologists,
5 athletic health care trainers, alternative school
6 work study assistants, alternative school
7 educational or supportive services specialists,
8 alternative school project coordinators, and
9 communications aides in the department of
10 education;

11 (C) The special assistant to the state librarian and
12 one secretary for the special assistant to the
13 state librarian; and

14 (D) Members of the faculty of the [~~University~~]
15 university of Hawaii, including research workers,
16 extension agents, personnel engaged in
17 instructional work, and administrative,
18 professional, and technical personnel of the
19 university;

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



- 1 (13) (A) Positions filled by inmates, patients of state
2 institutions, and persons with severe physical or
3 mental disabilities participating in the work
4 experience training programs;
- 5 (B) Positions filled with students in accordance with
6 guidelines for established state employment
7 programs; and
- 8 (C) Positions that provide work experience training
9 or temporary public service employment that are
10 filled by persons entering the workforce or
11 persons transitioning into other careers under
12 programs such as the federal Workforce Investment
13 Act of 1998, as amended, or the Senior Community
14 Service Employment Program of the Employment and
15 Training Administration of the United States
16 Department of Labor, or under other similar state
17 programs;
- 18 (14) A custodian or guide at Iolani Palace, the Royal
19 Mausoleum, and Hulihee Palace;
- 20 (15) Positions filled by persons employed on a fee,
21 contract, or piecework basis, who may lawfully perform



1 their duties concurrently with their private business
2 or profession or other private employment and whose
3 duties require only a portion of their time, if it is
4 impracticable to ascertain or anticipate the portion
5 of time to be devoted to the service of the State;

6 (16) Positions of first deputies or first assistants of
7 each department head appointed under or in the manner
8 provided in section 6, article V, of the Hawaii State
9 Constitution; [~~three~~] two additional deputies or
10 assistants either in charge of the highways[~~7~~] and
11 harbors[~~7, and airports~~] divisions or other functions
12 within the department of transportation as may be
13 assigned by the director of transportation, with the
14 approval of the governor; one additional deputy in the
15 department of human services either in charge of
16 welfare or other functions within the department as
17 may be assigned by the director of human services;
18 four additional deputies in the department of health,
19 each in charge of one of the following: behavioral.
20 health, environmental health, hospitals, and health
21 resources administration, including other functions



1 within the department as may be assigned by the
2 director of health, with the approval of the governor;
3 two additional deputies in charge of the law
4 enforcement programs, administration, or other
5 functions within the department of law enforcement as
6 may be assigned by the director of law enforcement,
7 with the approval of the governor; three additional
8 deputies each in charge of the correctional
9 institutions, rehabilitation services and programs,
10 and administration or other functions within the
11 department of corrections and rehabilitation as may be
12 assigned by the director of corrections and
13 rehabilitation, with the approval of the governor; two
14 administrative assistants to the state librarian; and
15 an administrative assistant to the superintendent of
16 education;

17 (17) Positions specifically exempted from this part by any
18 other law; provided that:

19 (A) Any exemption created after July 1, 2014, shall
20 expire three years after its enactment unless



1 affirmatively extended by an act of the
2 legislature; and

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

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

10 (19) Household employees at the official residence of the
11 president of the [~~University~~] university of Hawaii;

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

17 (21) Employees hired under the tenant hire program of the
18 Hawaii public housing authority; provided that no more
19 than twenty-six per cent of the authority's workforce
20 in any housing project maintained or operated by the



- 1 authority shall be hired under the tenant hire
- 2 program;
- 3 (22) Positions of the federally funded expanded food and
- 4 nutrition program of the [~~University~~] university of
- 5 Hawaii that require the hiring of nutrition program
- 6 assistants who live in the areas they serve;
- 7 (23) Positions filled by persons with severe disabilities
- 8 who are certified by the state vocational
- 9 rehabilitation office that they are able to perform
- 10 safely the duties of the positions;
- 11 (24) The sheriff;
- 12 (25) A gender and other fairness coordinator hired by the
- 13 judiciary;
- 14 (26) Positions in the Hawaii National Guard youth and adult
- 15 education programs;
- 16 (27) In the Hawaii state energy office in the department of
- 17 business, economic development, and tourism, all
- 18 energy program managers, energy program specialists,
- 19 energy program assistants, and energy analysts;
- 20 (28) Administrative appeals hearing officers in the
- 21 department of human services;



1 (29) In the Med-QUEST division of the department of human
2 services, the division administrator, finance officer,
3 health care services branch administrator, medical
4 director, and clinical standards administrator;

5 (30) In the director's office of the department of human
6 services, the enterprise officer, information security
7 and privacy compliance officer, security and privacy
8 compliance engineer, security and privacy compliance
9 analyst, information technology implementation
10 manager, assistant information technology
11 implementation manager, resource manager, community or
12 project development director, policy director, special
13 assistant to the director, and limited English
14 proficiency project manager or coordinator;

15 (31) The Alzheimer's disease and related dementia services
16 coordinator in the executive office on aging;

17 (32) In the Hawaii emergency management agency, the
18 executive officer, public information officer, civil
19 defense administrative officer, branch chiefs, and
20 emergency operations center state warning point
21 personnel; provided that for state warning point



- 1 personnel, the director shall determine that
2 recruitment through normal civil service recruitment
3 procedures would result in delay or noncompliance;
- 4 (33) The executive director and seven full-time
5 administrative positions of the school facilities
6 authority;
- 7 (34) Positions in the Mauna Kea stewardship and oversight
8 authority;
- 9 (35) In the office of homeland security of the department
10 of law enforcement, the statewide interoperable
11 communications coordinator;
- 12 (36) In the social services division of the department of
13 human services, the business technology analyst;
- 14 (37) The executive director and staff of the 911 board;
- 15 [+] (38) [+] Senior software developers in the department of
16 taxation;
- 17 [+] (39) [+] In the department of law enforcement, five Commission
18 on Accreditation for Law Enforcement Agencies, Inc.,
19 coordinator positions;
- 20 [+] (40) [+] The state fire marshal; ~~and~~



1 ~~+~~(41)~~+~~The administrator for the law enforcement standards

2 board~~[-]~~; and

3 (42) The chief executive officer of the Hawaii airports

4 corporation, all other executive officers the chief

5 executive officer may appoint pursuant to

6 section -3(d), and positions that the chief

7 executive officer is authorized to fill by appointing

8 specially qualified personnel pursuant to

9 section -3(d).

10 The director shall determine the applicability of this
11 section to specific positions.

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

14 SECTION 10. Section 84-17, Hawaii Revised Statutes, is
15 amended by amending subsection (d) to read as follows:

16 "(d) The financial disclosure statements of the following
17 persons shall be public records and available for inspection and
18 duplication:

19 (1) The governor, lieutenant governor, members of the
20 legislature, candidates for and delegates to the
21 constitutional convention, trustees of the office of



1 Hawaiian affairs, and candidates for state elective
2 offices;

3 (2) The directors of the state departments and their
4 deputies, regardless of the titles by which the
5 foregoing persons are designated; provided that with
6 respect to the department of the attorney general, the
7 foregoing shall apply only to the attorney general and
8 the first deputy attorney general;

9 (3) The administrative director of the State;

10 (4) The president, vice presidents, assistant vice
11 presidents, chancellors, members of the board of
12 regents, and provosts of the [~~University~~] university
13 of Hawaii;

14 (5) The members of the board of education, superintendent,
15 deputy superintendent, state librarian, and deputy
16 state librarian of the department of education;

17 (6) The administrative director and deputy director of the
18 courts;

19 (7) The administrator and assistant administrator of the
20 office of Hawaiian affairs; and



(8) The members of the following state boards,
commissions, and agencies:

(A) The board of directors of the agribusiness
development corporation established under section
163D-3;

(B) The board of agriculture established under
section 26-16;

(C) The state ethics commission established under
section 84-21;

(D) The Hawaii community development authority
established under section 206E-3;

(E) The Hawaiian homes commission established under
the Hawaiian Homes Commission Act of 1920, as
amended, and section 26-17;

(F) The board of directors of the Hawaii housing
finance and development corporation established
under section 201H-3;

(G) The board of land and natural resources
established under section 171-4;

(H) The state land use commission established under
section 205-1;



- 1 (I) The legacy land conservation commission
2 established under section 173A-2.4;
- 3 (J) The natural area reserves system commission
4 established under section 195-6;
- 5 (K) The board of directors of the natural energy
6 laboratory of Hawaii authority established under
7 section 227D-2;
- 8 (L) The board of directors of the Hawaii public
9 housing authority established under section
10 356D-3;
- 11 (M) The public utilities commission established under
12 section 269-2;
- 13 (N) The commission on water resource management
14 established under section 174C-7; ~~and~~
- 15 (O) The stadium authority established under section
16 109-1~~[-]~~; and
- 17 (P) The board of directors and chief executive
18 officer of the Hawaii airports corporation
19 established under section -2."



1 SECTION 11. Section 89C-1.5, Hawaii Revised Statutes, is
2 amended by amending the definition of "appropriate authority" to
3 read as follows:

4 ""Appropriate authority" means the governor, the respective
5 mayors, the chief justice of the supreme court, the board of
6 education, the board of regents, the state public charter school
7 commission, the Hawaii health systems corporation board, the
8 auditor, the ombudsman, the board of directors of the Hawaii
9 airports corporation, and the director of the legislative
10 reference bureau. These individuals or boards may make
11 adjustments for their respective excluded employees."

12 SECTION 12. Section 171-2, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "**§171-2 Definition of public lands.** "Public lands" means
15 all lands or interest therein in the State classed as government
16 or crown lands previous to August 15, 1895, or acquired or
17 reserved by the government upon or subsequent to that date by
18 purchase, exchange, escheat, or the exercise of the right of
19 eminent domain, or in any other manner; including lands accreted
20 after May 20, 2003, and not otherwise awarded, submerged lands,
21 and lands beneath tidal waters that are suitable for



1 reclamation, together with reclaimed lands that have been given
2 the status of public lands under this chapter, except:

3 (1) Lands designated in section 203 of the Hawaiian Homes
4 Commission Act, 1920, as amended;

5 (2) Lands set aside pursuant to law for the use of the
6 United States;

7 (3) Lands being used for roads and streets;

8 (4) Lands to which the United States relinquished the
9 absolute fee and ownership under section 91 of the
10 Hawaiian Organic Act before the admission of Hawaii as
11 a state of the United States unless subsequently
12 placed under the control of the board of land and
13 natural resources and given the status of public lands
14 in accordance with the state constitution, the
15 Hawaiian Homes Commission Act, 1920, as amended, or
16 other laws;

17 (5) Lands to which the [~~University~~] university of Hawaii
18 holds title;

19 (6) Non-ceded lands set aside by the governor to the
20 Hawaii housing finance and development corporation or
21 lands to which the Hawaii housing finance and



- 1 development corporation in its corporate capacity
- 2 holds title;
- 3 (7) Lands to which the Hawaii community development
- 4 authority in its corporate capacity holds title;
- 5 (8) Lands set aside by the governor to the Hawaii public
- 6 housing authority or lands to which the Hawaii public
- 7 housing authority in its corporate capacity holds
- 8 title;
- 9 (9) Lands to which the department of agriculture holds
- 10 title by way of foreclosure, voluntary surrender, or
- 11 otherwise, to recover moneys loaned or to recover
- 12 debts otherwise owed the department under chapter 167;
- 13 (10) Lands that are set aside by the governor to the Aloha
- 14 Tower development corporation, lands leased to the
- 15 Aloha Tower development corporation by any department
- 16 or agency of the State, or lands to which the Aloha
- 17 Tower development corporation holds title in its
- 18 corporate capacity;
- 19 (11) Lands that are set aside by the governor to the
- 20 agribusiness development corporation, lands leased to
- 21 the agribusiness development corporation by any



department or agency of the State, or lands to which the agribusiness development corporation in its corporate capacity holds title;

(12) Lands to which the Hawaii technology development corporation in its corporate capacity holds title;

(13) Lands to which the department of education holds title;

(14) Lands to which the stadium authority holds title;

(15) Lands to which the school facilities authority holds title; ~~and~~

(16) Lands that are set aside by the governor to the department of transportation, lands leased to the department of transportation by any department or agency of the State, or lands to which the department of transportation holds title; and

(17) Lands to which the Hawaii airports corporation holds title;

provided that, except as otherwise limited under federal law and except for state land used as an airport as defined in section 262-1, public lands shall include the air rights over any portion of state land upon which a county mass transit project



1 is developed after July 11, 2005; provided further that if the
2 lands pursuant to paragraph (6) are no longer needed for housing
3 finance and development purposes, the lands shall be returned to
4 the agency from which they were obtained; provided further that
5 if the lands pursuant to paragraph (14) are no longer needed for
6 the stadium development district or related purposes, the lands
7 shall be returned to the public land trust administered by the
8 department[-]; provided further that lands to which the Hawaii
9 airports corporation holds title shall be considered "public
10 lands" for the purpose of accounting of all receipts from lands
11 that are described in section 5(f) of the Admission Act, Public
12 Law 86-3, for the prior fiscal year, pursuant to section 5 of
13 Act 178, Session Laws of Hawaii 2006."

14 SECTION 13. Section 261-7, Hawaii Revised Statutes, is
15 amended by adding two new definitions to be appropriately
16 inserted and to read as follows:

17 "Chief executive officer" means the chief executive
18 officer of the Hawaii airports corporation.

19 "Corporation" means the Hawaii airports corporation."

20 SECTION 14. Section 261-7, Hawaii Revised Statutes, is
21 amended by amending subsection (e) to read as follows:



1 "(e) ~~[The department may fix and regulate, from time to~~
2 ~~time, reasonable landing fees for aircraft, including the~~
3 ~~imposition of landing surcharges or differential landing fees,~~
4 ~~and other reasonable charges for the use and enjoyment of the~~
5 ~~airports and the services and facilities furnished by the~~
6 ~~department in connection therewith, including the establishment~~
7 ~~of a statewide system of airports landing fees, a statewide~~
8 ~~system of airports support charges, and joint use charges for~~
9 ~~the use of space shared by users, which fees and charges may~~
10 ~~vary among different classes of users such as foreign carriers,~~
11 ~~domestic carriers, inter-island carriers, air taxi operators,~~
12 ~~helicopters, and such other classes as may be determined by the~~
13 ~~director, for the purpose of meeting the expenditures of the~~
14 ~~statewide system of airports set forth in section 261-5(a),~~
15 ~~which includes expenditures for capital improvement projects~~
16 ~~approved by the legislature.]~~ The corporation shall fix, impose,
17 prescribe, and collect rates, rentals, fees, or charges for the
18 lease, use, and services of its airport facilities in amounts
19 sufficient to pay the costs of the operation, maintenance, and
20 repair, if any, and the required payments of the principal of,



1 and interest on, all bonds issued or assumed by the corporation
2 and reserves therefor.

3 In setting airports rates and charges, including landing
4 fees, the [~~director~~] chief executive officer may enter into
5 contracts, leases, licenses, and other agreements with
6 aeronautical users of the statewide system of airports
7 containing such terms, conditions, and provisions as the
8 [~~director~~] chief executive officer deems advisable.

9 If the [~~director~~] chief executive officer has not entered
10 into contracts, leases, licenses, and other agreements with any
11 or fewer than all of the aeronautical users of the statewide
12 system of airports prior to the expiration of an existing
13 contract, lease, license, or agreement, the [~~director~~] chief
14 executive officer shall set and impose rates, rentals, fees, and
15 charges pursuant to this subsection without regard to the
16 requirements of chapter 91; provided that a public informational
17 hearing shall be held on the rates, rentals, fees, and charges.

18 The [~~director~~] chief executive officer shall develop rates,
19 rentals, fees, and charges in accordance with a residual
20 methodology so that the statewide system of airports shall be,
21 and always remain, self-sustaining. The rates, rentals, fees,



1 and charges shall be set at [~~such~~] levels as to produce revenues
2 [~~which,~~] that, together with aviation fuel taxes, shall be at
3 least sufficient to meet the expenditures of the statewide
4 system of airports set forth in section 261-5(a), including
5 expenditures for capital improvement projects approved by the
6 legislature, and to comply with covenants and agreements with
7 holders of airport revenue bonds.

8 The [~~director~~] chief executive officer may develop and
9 formulate methodology in setting the various rates, rentals,
10 fees, and charges imposed and may determine usage of space,
11 estimate landed weights, and apply [~~such~~] the portion of
12 nonaeronautical revenue deemed appropriate in determining the
13 rates, rentals, fees, and charges applicable to aeronautical
14 users of the statewide system of airports.

15 The rates, rentals, fees, and charges determined by the
16 [~~director~~] chief executive officer in the manner set forth in
17 this subsection shall be those charges payable by the
18 aeronautical users for the periods immediately following the
19 date of expiration of the existing contract, lease, license, or
20 agreement. If fees are established pursuant to this section,
21 the [~~department~~] corporation shall prepare a detailed report on



1 the circumstances and rates and charges that have been
2 established, and shall submit the report to the legislature no
3 later than twenty days prior to the convening of the next
4 regular session.

5 If a schedule of rates, rentals, fees, and charges
6 developed by the [~~director~~] chief executive officer in
7 accordance with this section is projected by the [~~department~~]
8 corporation to produce revenues [~~which,~~] that, together with
9 aviation fuel taxes, will be in excess of the amount required to
10 meet the expenditures of the statewide system of airports set
11 forth in section 261-5(a), including expenditures for capital
12 improvement projects approved by the legislature, and to comply
13 with covenants and agreements with holders of airport revenue
14 bonds, the [~~department~~] corporation shall submit the schedule of
15 rates, rentals, fees, and charges to the legislature prior to
16 the convening of the next regular session of the legislature.
17 Within forty-five days after the convening of the regular
18 session, the legislature may disapprove any schedule of rates,
19 rentals, fees, and charges required to be submitted to it by
20 this section by concurrent resolution. If no action is taken by
21 the legislature within the forty-five-day period the schedule of



1 rates, rentals, fees, and charges shall be deemed approved. If
2 the legislature disapproves, the schedule within the forty-five-
3 day period, the [~~director~~] chief executive officer shall develop
4 a new schedule of rates, rentals, fees, and charges in
5 accordance with this section within seventy-five days of the
6 disapproval. Pending the development of a new schedule of
7 rates, rentals, fees, and charges, the schedule submitted to the
8 legislature shall remain in force and effect.

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

13 (1) The governor declares a state of emergency; and

14 (2) The [~~department~~] corporation determines that the
15 waiver of landing fees and other charges for the
16 aircraft is consistent with assisting in the delivery
17 of humanitarian relief to disaster-stricken areas of
18 the State."

19 SECTION 15. Section 262-1, Hawaii Revised Statutes, is
20 amended by adding two new definitions to be appropriately
21 inserted and to read as follows:



1 "Chief executive officer" means the chief executive
2 officer of the Hawaii airports corporation.

3 "Corporation" means the Hawaii airports corporation."

4 SECTION 16. On and after the transfer completion date
5 established by the Hawaii airports corporation in section 18(b)
6 of this Act, and until the revisor of statutes makes the
7 amendments to applicable provisions in chapters 102, 261, 261D,
8 and 262, Hawaii Revised Statutes, described in this section,
9 every reference to the department of transportation or
10 "department" or its role in awarding concessions in chapters
11 102, 261, 261D, and 262, Hawaii Revised Statutes, shall be a
12 reference to the Hawaii airports corporation, and every
13 reference to the director of transportation or "director" or the
14 director's role in awarding concessions in chapters 102, 261,
15 261D, and 262, Hawaii Revised Statutes, shall be a reference to
16 the chief executive officer of the Hawaii airports corporation.
17 After the transfer completion date but no later than when the
18 subsequent supplements to the Hawaii Revised Statutes are
19 prepared, the revisor of statutes shall make appropriate
20 changes, including, without limitation:



(1) Substituting the term "chief executive officer" for the terms "director" or "director of transportation", the term "Hawaii airports corporation" for the term "department of transportation", and the term "corporation" for the term "department";

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

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

SECTION 17. The Hawaii airports corporation shall succeed to the jurisdiction, powers, and responsibilities of the department of transportation over aeronautics and airports, including all of the functions relating to airports and aeronautics performed by the department and its airports division, on the transfer completion date published by the Hawaii airports corporation pursuant to section 18(b) of this Act, which date shall be no later than December 31, 2028.

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

(1) That:



1 (A) Certain Certificate of the Director of
2 Transportation Providing for the Issuance of
3 State of Hawaii Airports System Revenue Bonds
4 dated as of May 1, 1969, relating to certain
5 revenue bonds and other obligations;

6 (B) Certain Indenture of Trust dated as of
7 December 1, 2013, between the department of
8 transportation and U.S. Bank National Association
9 relating to certain certificates of
10 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 18. (a) Within ninety days of the effective date
6 of this Act, the governor shall designate a representative who
7 shall facilitate the corporation's orderly succession to the
8 jurisdiction, powers, functions, rights, benefits, obligations,
9 assets, liabilities, funds, accounts, contracts, and all other
10 things currently held, used, incurred, or performed by the
11 department of transportation, its director and staff, and its
12 airports division, in administering and exercising the authority
13 and fulfilling the responsibilities authorized or conferred upon
14 the department of transportation and the director of
15 transportation, by chapters 102, 261, 261D, and 262, Hawaii
16 Revised Statutes.

17 Within one hundred eighty days of the effective date of
18 this Act, 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), the department of
3 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 shall, if requested by the corporation, 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 22 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 conferred upon the department of transportation and
16 the director of transportation by chapters 102, 261,
17 261D, and 262, Hawaii Revised Statutes;

18 (7) Assign and transfer:

19 (A) That certain Certificate of the Director of
20 Transportation Providing for the Issuance of
21 State of Hawaii Airports System Revenue Bonds



1 dated as of May 1, 1969, relating to certain
2 revenue bonds and other obligations;

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

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

19 (8) Reimburse each cooperating department or agency for
20 the cost of services provided under the memorandum of
21 understanding.



1 (b) As soon as feasible, the Hawaii airports corporation,
2 with the concurrence of the director of transportation and the
3 governor, shall establish the transfer completion date, which
4 shall be no later than December 31, 2028, and publish notice of
5 the transfer completion date by:

6 (1) Publishing the notice in a daily publication of
7 statewide circulation pursuant to section 1-28.5,
8 Hawaii Revised Statutes;

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

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

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

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



1 SECTION 19. It is the intent of this Act not to jeopardize
2 the receipt of any federal aid nor to impair any existing
3 federal income tax exemption to, security interest of, or
4 obligation of the State or any agency thereof to the holders of
5 any bonds or other obligations issued by the State or by any
6 department or agency of the State, and to the extent, and only
7 to the extent necessary to effectuate this intent, the governor
8 may modify the strict provisions of this Act but shall promptly
9 report any modification with reasons therefor to the legislature
10 at its next session thereafter for review by the legislature.

11 SECTION 20. This Act does not affect rights and duties
12 that matured, penalties that were incurred, and proceedings that
13 were begun before its effective date.

14 The department of transportation shall be responsible for
15 any and all obligations incurred by the department or its
16 airports division in connection with the department's exercise
17 of the authority and performance of the duties and
18 responsibilities conferred upon it and its director by chapters
19 102, 261, 261D, and 262, Hawaii Revised Statutes, until the time
20 that the obligations, including any accounts payable, accrued
21 paid time off, debt, capital leases, and other obligations



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



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



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

11 SECTION 22. The Hawaii airports corporation shall
12 recognize all bargaining units and collective bargaining
13 agreements existing at the time of transfer to the corporation.
14 All employees who are subject to chapter 76, Hawaii Revised
15 Statutes, and occupy civil service positions and whose functions
16 are transferred to the Hawaii airports corporation by this Act
17 shall retain their civil service status, whether permanent or
18 temporary. The employees shall be transferred to the Hawaii
19 airports corporation without loss of salary, seniority (except
20 as prescribed by applicable collective bargaining agreements),
21 retention points, prior service credits, any vacation and sick



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

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

9 Any employee who, prior to this Act, is exempt from civil
10 service and is transferred to the Hawaii airports corporation as
11 a consequence of this Act may retain the employee's exempt
12 status, but shall not be appointed to a civil service position
13 as a consequence of this Act. An exempt employee who is
14 transferred by this Act shall not suffer any loss of prior
15 service credit, vacation or sick leave credits previously
16 earned, or other employee benefits or privileges as a
17 consequence of this Act. The chief executive officer of the
18 Hawaii airports corporation may prescribe the duties and
19 qualifications of these employees and fix their salaries without
20 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 The department of transportation and the Hawaii airports
5 corporation shall require every employer doing business at the
6 airports pursuant to a concession contract or subcontract
7 entered into with the airports corporation after the effective
8 date of this section to retain as its employees for a minimum
9 period of one hundred twenty days, during which they may be
10 terminated only for cause, workers who are employed by the
11 previous concessionaire or who were employed at the end of that
12 concessionaire's contract and who have been displaced. The
13 employer shall retain such workers in the same equivalent job
14 classifications as they held under the previous concessionaire
15 and if more workers are eligible for retention than there are
16 positions in the new or expanded concession, the employer shall
17 give such workers preference for future employment in order of
18 their seniority, as determined by their total length of service
19 at the airports under one or more concessionaires.

20 SECTION 23. On or no more than ninety days after the
21 transfer completion date, all appropriations, records,



1 equipment, machines, files, supplies, contracts, books, papers,
2 documents, maps, and other personal property heretofore made,
3 used, acquired, or held by the department of transportation
4 relating to the functions transferred to the Hawaii airports
5 corporation shall be transferred with the functions to which
6 they relate.

7 SECTION 24. All rules, policies, procedures, guidelines,
8 and other material adopted or developed by the department of
9 transportation to implement provisions of the Hawaii Revised
10 Statutes that are reenacted or made applicable to the Hawaii
11 airports corporation by this Act shall remain in full force and
12 effect on and after the transfer completion date established
13 pursuant to section 18(b) of this Act, until amended or repealed
14 by the Hawaii airports corporation pursuant to chapter 91,
15 Hawaii Revised Statutes. In the interim, every reference to the
16 department of transportation or director of transportation in
17 those rules, policies, procedures, guidelines, and other
18 material is amended to refer to the Hawaii airports corporation
19 or chief executive officer of the Hawaii airports corporation,
20 as appropriate.



1 SECTION 25. All deeds, executive orders, leases,
2 contracts, loans, agreements, permits, or other documents
3 executed or entered into by or on behalf of the department of
4 transportation, pursuant to the provisions of the Hawaii Revised
5 Statutes, that are reenacted or made applicable to the Hawaii
6 airports corporation by this Act shall remain in full force and
7 effect. On the transfer completion date established pursuant to
8 section 18(b) of this Act, every reference to the department of
9 transportation in those deeds, executive orders, leases,
10 contracts, loans, agreements, permits or other documents shall
11 be construed as a reference to the Hawaii airports corporation
12 or the board of directors of the airports corporation.

13 SECTION 26. There is appropriated out of the airport
14 revenue fund the sum of \$3,000,000 or so much thereof as may be
15 necessary for fiscal year 2025-2026 and the same sum or so much
16 thereof as may be necessary for fiscal year 2026-2027 to effect
17 the transfer of functions from the department of transportation
18 to the Hawaii airports corporation required by this Act.

19 The sums appropriated shall be expended by the Hawaii
20 airports corporation to implement the provisions of this Act.



1 SECTION 27. If any provision of this Act, or the
2 application thereof to any person or circumstance, is held
3 invalid, the invalidity does not affect other provisions or
4 applications of the Act that can be given effect without the
5 invalid provision or application, and to this end the provisions
6 of this Act are severable.

7 SECTION 28. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 29. This Act shall take effect on July 1, 2025;
10 provided that section 14 of this Act shall take effect upon the
11 satisfaction and discharge of:

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

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



S.B. NO. 1081

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

3

INTRODUCED BY: *Josmarie R. Amaya*



S.B. NO. 1087

Report Title:

DOT; Hawaii Airports Corporation; Establishment; Transfer; Appropriations

Description:

Establishes the Hawaii Airports Corporation (HAC) to assume the authority, functions, and duties of the Department of Transportation related to airports and aeronautics. Makes HAC subject to chapters 103D and 104, HRS. Provides for project labor agreements. Appropriates funds for the transfer of functions from DOT to HAC.

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

