

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE

COMMITTEE ON GOVERNMENT OPERATIONS
COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS

FEBRUARY 10, 2026 3:05 P.M.
CONFERENCE ROOM 225 AND VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 2543

RELATING TO STATE CONSTRUCTION PROJECTS

Chairs McKelvey and Wakai, Vice Chairs Gabbard and Chang, and members of the Committees, thank you for the opportunity to submit testimony on S.B. 2543.

The Department of Accounting and General Services (DAGS) provides comments on S.B. 2543 which establishes a new Office of the State Construction Manager and amends Chapter 46 of the Hawaii Revised Statutes to exempt state construction projects from county building permit requirements.

DAGS is reviewing the language of this measure and will be offering recommendations for consideration by the committee that address some of the concerns we have regarding reporting, risk, structure, and governance. We would ask that the committee consider making the following modifications:

1. The measure should be introduced as a pilot project. We believe the best approach to novel ideas, such as this one, is to first perform a pilot to determine if the program should be expanded and made permanent. We would urge the committee to consider a 5-year pilot project
2. The measure should change the appointment and reporting structure. We would urge the committee to consider having the State Construction Manager be placed in the Comptroller's Office, be hired by the Comptroller, and be managed by the Comptroller.
3. The measure should not transfer risk from consultants to the State. We would recommend that the State Construction Manager provide guidance and recommendations but not be the final signoff on state projects. The risk needs to remain with the hired consultant(s) rather than with the state. Removing the requirement that the State Construction Manager approve designs would ensure that the designer of record remains liable for errors and omissions or acts of gross negligence incorporated into the design documents
4. The measure should consider adding positions that would be embedded with the City and County of Honolulu's Department of Planning and Permitting (DPP) and have the sole responsibility of reviewing and approving State permits. These state-funded positions would be City employees but their funding would come from the state and their work assignments would be limited to state projects.
5. The measure should limit the scope of departments that would participate in the pilot project. We would recommend that the departments be limited to DAGS and perhaps the DOE to serve as test departments for this program. The CIP

agencies currently have internal design review processes similar to those addressed in this measure, and it is likely that those internal reviews would be required to continue to be conducted prior to submitting for the Construction Manager's review. Limiting the review to two departments that conduct similar types of CIP would address the concern of needing a broad understanding of various types of construction.

6. The State Construction Manager would also need the necessary staff to manage assigned responsibilities. At this time, we are not able to accurately determine the appropriate size of a limited scope pilot project but we would anticipate needing architects, engineers, construction managers, project managers, and administrative staff likely to be in the 15-20 positions range. In addition, we would require adequate funding for operations which is also undetermined at this time. We would recommend that funding for this concept not be through General Obligation Bonds but, instead, be through General Funds.
7. The measure should keep compliance with "applicable building codes or county, national, or international prescriptive construction standards, including construction, electrical, energy-conservation, plumbing, and sidewalk standards, as applicable," with the respective county and not transfer that responsibility to the state.

We look forward to working with the committee and stakeholders to modify the language of this measure. Thank you for the opportunity to provide testimony on this measure.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
Senate Committee on Government Operations
and
Senate Committee on Energy and Intergovernmental Affairs
February 10, 2026 at 3:05 p.m.
By
Jan Gouveia
Vice President for Administration
University of Hawai'i System
and
Luis P. Salaveria
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SB 2543 – RELATING TO STATE CONSTRUCTION PROJECTS

Chairs McKelvey and Wakai, Vice Chairs Gabbard and Chang, and Members of the Committees.

The University of Hawai'i (University) appreciates the opportunity to provide comments on SB 2543, which establishes the Office of the State Construction Manager to oversee the design review of all state construction projects and issue design approvals before any state construction project commences.

In 2000, the University was granted constitutional autonomy, succeeding the statutory authority previously established by Act 115 (Session Laws of Hawaii 1998). The University has its own procurement authority, under Hawai'i Revised Statutes Section 103D-203, with the Chief Financial Officer for the University serving as the Chief Procurement Officer of the University. It also has the statutory authority to enter into contracts in its own name. To ensure consistency with the established framework, the University respectfully requests an exemption from the provisions set forth in Section I of the measure.

The University appreciates the Committee's consideration of its comments.

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

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Testimony of
RYAN K.P. KANAKA'OLE
Acting Chairperson

Before the Senate Committees on
GOVERNMENT OPERATIONS
and
ENERGY AND INTERGOVERNMENTAL AFFAIRS

Tuesday, February 10, 2026
3:05 PM
State Capitol, Conference Room 225

In consideration of
SENATE BILL 2543
RELATING TO STATE CONSTRUCTION PROJECTS

Senate Bill 2543 proposes to establish an Office of the State Construction Manager within the Department of Accounting and General Services, overseen by the State Construction Manager, to organize, manage, and oversee design review of, and issuance of design approvals for, State construction projects. The bill also proposes to exempt State construction projects from county building permits, inspection, and certificate of occupancy requirements under certain circumstances, as determined by the State Construction Manager. **The Department of Land and Natural Resources (Department) acknowledges the intent of this measure and offers the following comments.**

The State and counties are participating communities in the National Flood Insurance Program (NFIP) and are subject to compliance with federal regulations set forth under the National Flood Insurance Act of 1968 (42 U.S.C. §§4001). Pursuant to 44 CFR § 60.3, all proposed development and subdivisions encroaching within Special Flood Hazard Areas (SFHA) identified as "A" or "V" type flood zones on the Federal Emergency Management Agency's Flood Insurance Rate Maps must be reviewed for floodplain management compliance and issued a building and/or development permit prior to construction by the applicable community official.

The establishment of an Office of the State Construction Manager would help to support the State's requirements for participation and continued eligibility in the NFIP, provided that the duties of the State Construction Manager include oversight of floodplain development compliance of State construction projects.

Therefore, the Department recommends the following amendments to subparagraph (a) on page 3, lines 8 – 12:

(2) Ensure conformance with all building codes or county, national, or international prescriptive construction standards, including floodplain management, construction, electrical, energy-conservation, plumbing, and sidewalk standards, as applicable;

And the following amendments to section 3, pages 9 – 10:

SECTION 3. Chapter 46, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§46- County building permit, inspection, and certificate of occupancy requirements; exemption; state construction projects. (a) Notwithstanding any other law to the contrary, state construction projects not located within a Special Flood Hazard Area as identified on the current Federal Emergency Managements Agency's Flood Insurance Rate Maps, shall be exempt from county building permit, inspection, and certificate of occupancy requirements if the projects comply with applicable building codes or county, national, or international prescriptive construction standards, including construction, electrical, energy-conservation, plumbing, and sidewalk standards, as applicable, as determined by the state construction manager pursuant to chapter .

Mahalo for the opportunity to comment on this measure.

February 4, 2026

Senator Angus L.K. McKelvey, Chair
Senator Mike Gabbard, Vice Chair
Members of the Senate Committee on Government
Operations

Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair
Members of the Senate Committee on Energy and
Intergovernmental Affairs

Thirty-Third Legislature, Regular Session of 2026

RE: **STRONG SUPPORT** for SB 2543 – Relating to State Construction Projects

Hearing Date: February 10, 2026, at 3:05 PM

Aloha Chair McKelvey, Chair Wakai and Members of the Committees,

Mahalo for the opportunity to submit testimony on behalf of the Hawaii Iron Worker’s Stabilization Fund in **STRONG SUPPORT** of SB 2543. This bill takes an important step toward improving the efficiency and fiscal discipline of state construction projects by establishing a centralized State Construction Manager.

From the perspective of construction workers who build state projects every day, one of the largest sources of public waste is not labor or materials — it is poor budgeting, inconsistent oversight, and avoidable project delays. Too often, state construction projects move forward without clear accountability for schedules, sequencing, constructability, or coordination among agencies, designers, and contractors. When no single entity is responsible for managing the construction process holistically, inefficiencies compound and costs escalate.

SB 2543 directly addresses this problem by creating a State Construction Manager whose role is focused on managing projects from a construction standpoint, not just on paper. A dedicated construction manager brings practical, real-world understanding of how projects are built — ensuring that timelines are realistic, scopes are coordinated, and construction issues are identified early on.

Centralized construction management reduces waste by minimizing change orders, work stoppages, and rework caused by miscommunication or poor sequencing. When

construction is properly managed, labor and materials are used efficiently, and projects are far less likely to experience costly delays that burden taxpayers. This approach promotes smarter use of public funds without sacrificing quality or safety.

The bill's emphasis on reporting and transparency further strengthens accountability. By requiring regular reporting on project performance, SB 2543 allows policymakers to better understand where delays and cost overruns occur and how future projects can be improved. This level of oversight helps ensure that state construction dollars are spent as intended and that systemic problems are corrected rather than repeated.

For construction workers, effective project management means safer job sites, clearer direction, and more predictable work schedules. For the public, it means schools, hospitals, and infrastructure projects that are delivered on time and within budget. SB 2543 aligns these interests by focusing on construction management as a tool to prevent waste before it happens, rather than reacting after costs have already ballooned.

For these reasons, we strongly urge this committee to pass SB 2543 in support of Hawai'i's working men and women.

Mahalo,

A handwritten signature in black ink, appearing to read "Michael L. Iosua". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael L. Iosua



Iron Workers Stabilization Fund

T. George Paris
Managing Director

February 4, 2026

Chair Angus L.K. McKelvey
Vice Chair Mike Gabbard
Senate Committee on Government Operations

Chair Glenn Wakai
Vice Chair Stanley Chang
Senate Committee on Energy and
Intergovernmental Affairs
Thirty-Third Legislature, Regular Session of 2026

RE: **STRONG SUPPORT** for SB 2543 – RELATING TO STATE CONSTRUCTION PROJECTS

Hearing Date: February 10, 2026 at 3:05 PM

Aloha Chair McKelvey, Chair Wakai and Members of the Committees,

Mahalo for the opportunity to submit testimony on behalf of the Hawaii Iron Workers Stabilization Fund in **STRONG SUPPORT** of SB 2543 – RELATING TO STATE CONSTRUCTION PROJECTS. This legislation would establish a state construction manager tasked with organizing, managing, and overseeing all state construction projects. This bill represents a commonsense reform that will improve state project delivery and reduce waste on taxpayer-funded construction work.

Hawaii's public construction projects have consistently experienced delays, cost overruns, and change orders resulting from fragmented oversight. Mistakes in design and insufficient manpower for continued review of projects in the process often result in wasted time, materials, disputes, and contested claims that ultimately increase costs — sometimes dramatically — at the expense of Hawaii's residents and businesses. A unified oversight framework, led by a central state construction manager with professional experience, will help prevent inefficiencies before and during construction and prevent continuous change orders.



Iron Workers Stabilization Fund

By centralizing design oversight, SB 2543 will promote:

- **Consistency and Quality Control** – A state construction manager with expertise in planning, supervising projects and construction budgets will ensure that all state projects meet consistent standards and compliance with bidding.
- **Transparency and Accountability** – The state construction manager will assist in ensuring one central point of communication between architects, engineers and workers to ensure accountability. The annual report required by the bill will provide the Legislature and the public with insight into how state projects are performing, helping to inform better budgeting and planning.
- **Better Use of Skilled Labor** – When state projects are well designed and coordinated, union craftworkers can work efficiently and safely, maximizing productivity and minimizing idle time caused by design conflicts or changes.

Hawaii's taxpayers deserve assurance that state construction dollars are spent wisely. SB 2543's establishment of a professional state construction manager is a proactive step toward reducing waste on public projects and ensuring that the final product reflects thoughtful planning and stewardship of public funds. At the same time, this reform supports quality workmanship and good union jobs by decreasing unnecessary disruptions and improving project predictability.

For these reasons, we respectfully ask the committees to pass SB 2543. Mahalo for the opportunity to testify.

Sincerely,

T. George Paris
Managing Director



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-Third Legislature, State of Hawaii
The Senate
Committee on Government Operations
Committee on Energy and Intergovernmental Affairs

Testimony by
Hawaii Government Employees Association

February 10, 2026

S.B. 2543 – RELATING TO STATE CONSTRUCTION PROJECTS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes **S.B. 2543 as written, specifically page 3 lines 18 through 21**, which allows the state construction manager to employ or contract with qualified architect and engineers without regard to Hawaii Revised Statutes Chapter 76.

While we have no objection to the creation of the Office of the State Construction Manager, we are concerned with the proposal to grant the State Construction Manager the authority to unilaterally hire architects and engineers without regard to civil service law – effectively opening the door to create exempt positions within this proposed office, and generally, more exempt positions within state government. Over these past few years, we have seen an increase in the use of exempt positions, which in large part is due to an inefficient hiring process and the State's unwillingness to increase civil service pay to a competitive market rate. Additionally, it is apparent that more State managers seek to assert more control over their employees by hiring individuals that have not applied via the civil service.

Exempt employees do not have the same rights as do civil service employees as they are considered "at-will" by the employer. Exempt employees do not go through a merit-based hiring process which increases the likelihood that unqualified individuals could be hired. Additionally, the creation of more exempt positions can lead to more patronage hires or hiring that may be in violation of our state ethics law. The negative impacts of patronage hiring are currently on display in our federal government, with bad consequences for all concerned. Increasing the hiring non-Civil Servants can be equally problematic and should not be blindly allowed.

Thank you for the opportunity to testify and to oppose S.B. 2543.

Respectfully submitted,

Randy Perreira
Executive Director



February 9, 2026

TO: Honorable Angus McKelvey, Chair
Honorable Mike Gabbard, Vice Chair
Senate Committee on Government Operations

Honorable Glenn Wakai, Chair
Honorable Stanley Chang, Vice Chair
Senate Committee on Intergovernmental Affairs

Hawaii State Council
A Chapter of the
American Institute of Architects

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1.1.19 ver.

FROM: Legislative Advocacy Committee
American Institute of Architects, Hawai'i State Council

Aloha Chair, Vice Chair, and Members of the Committees,

Mahalo for the opportunity to provide testimony on **SB 2543**, which would establish the Office of the State Construction Manager within the DAGS and assign that office responsibility to organize, manage, and oversee design review and issue design approvals for *all* state construction projects.

We are concerned that the bill entrusts design review and approval authority to a construction manager — a role that under Hawaii law and industry standards is *not a licensed design professional*, and typically does not have the professional qualifications or statutory authority to conduct or certify architectural or engineering design reviews.

Design review is a specialized function involving interpretation of building codes, egress, life safety, structural systems, accessibility, and other technical disciplines that **by law require a licensed architect or engineer**. Allowing a construction manager — whose expertise is in project coordination, cost/schedule management, and contractor oversight — to perform design review and approval could undermine public safety, expose the State to liability, or lead to incorrect application of code requirements.

We respectfully request that the Committee:

1. Clarify or remove the bill language assigning “design review” and “design approvals” to the state construction manager, or
2. Specify that those duties must be performed by qualified, licensed architects or engineers, and that the construction manager’s role be limited to coordination, compliance tracking, and project delivery support.

This amendment would ensure that design review remains within the scope of professionals legally and ethically responsible for protecting public health, safety, and welfare.

We support efforts to improve construction delivery and project oversight but believe that conflating project management with design review authority could create confusion and risk in state construction projects.

Mahalo for your consideration.

Respectfully submitted,

Melanie Islam, AIA
President
AIA Hawai'i

SB-2543

Submitted on: 2/5/2026 12:44:58 PM

Testimony for GVO on 2/10/2026 3:05:00 PM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Support	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry Support

TO INCLUDE FOLLOWING FUNDS BEING USED APPROPRIATELY.

2543 SB RELATING TO STATE CONSTRUCTION PROJECTS.

OCG LLC

Onipa'a Consulting Group 3535 Maluhia Street * Honolulu, Hawaii 96816 * Phone (808) 808*381*9529

February 9, 2026

Chair Angus L. K. McKelvey
Vice Chair Mike Gabbard
Senate Committee on Government Operations

LATE

Chair Glenn Wakai
Vice Chair Stanley Chang
Senate Committee on Energy and Intergovernmental Affairs

RE: SB 2543 Relating to State Construction Projects

Aloha Chair, McKelvey and Wakai, Vice Chairs Gabbard and Chang and members of the Committees.

Mahalo for the opportunity to submit testimony on behalf of the Hawaii Iron Worker's Stabilization Fund in **Support** of HB 2543. In summary, the bill is intended to centralize State construction projects under the responsibility of the State Construction Manager to promote efficiency, consistency, transparency and fiscal accountability.

Currently many state projects are developed and managed in silos throughout many individual State Departments which often lack the expertise to properly develop and manage complex projects. Departments may have expertise in engineering and design, however, lack project management and fiscal oversight or vice versa leading to project time delays and cost overruns.

We recognize that staffing shortages among the Departments also contribute to ineffective project implementations. Many of the staffing shortages are results of vacant positions being unfunded or unfilled. Many of the positions required for the Office of the State Construction Manager already exist within Departments and consolidation into one central agency will leverage resources without dramatically increasing costs, promoting consistency and efficiency.

It is not unreasonable for taxpayers to ask for projects to be delivered on a timely and cost-effective basis, and HB 2543 is working in the right direction. For these reasons, we strongly support Bill 2543 and we ask the committee to pass HB 2543. Thank you for the opportunity to testify.

Mahalo,



Gary T. Kurokawa