

ACT 158

S.B. NO. 424

A Bill for an Act Relating to Education.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that the demand for additional classrooms and support facilities within our public school system has outpaced our ability to construct the necessary facilities, and thus there is an ever increasing backlog in the school construction program. The legislature further finds that one innovative approach which has been used in other states is to authorize school districts to enter into lease agreements with private developers and landowners.

Several measures introduced during the 1995 regular session have attempted to provide the proper authority to the department of education to proceed with the implementation of lease agreements. However, testimony on these measures by the department of education, while supportive of the concept, expressed concern about the department's lack of authority to negotiate leases on behalf of the State, which presently rests with the department of land and natural resources. Additional concerns were expressed about the potential effects on the State's bond rating and other fiscal impacts.

The purpose of this Act is to establish an interim study group composed of the appropriate state agencies to address such concerns and develop legislation which will allow the department of education to proceed pursuant to law.

SECTION 2. There is established an interim study group to review the concept of providing authority to the department of education to enter into lease

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agreements for the acquisition of, including land for, public school facilities. The study group shall be composed of representatives from the departments of budget and finance, attorney general, land and natural resources, education, and accounting and general services.

The department of budget and finance shall serve as the lead agency to conduct meetings and shall convene the study group no later than sixty days after the effective date of this Act. The departments shall designate at least one representative to serve as liaison to the group and provide such technical expertise as is necessary and appropriate within the purview of each agency.

The scope of the study group shall include, but not be limited to a review of the following:

- (1) How to facilitate lease agreements for school acquisition, given the fragmentation of responsibility between several state agencies for school site selection and construction;
- (2) The cost-effectiveness of using lease agreements in the school construction program;
- (3) The fiscal impacts of using lease agreements upon the State's bond rating and ability to issue bonds; and
- (4) How state funds can be appropriated or authorized for lease agreements, given the concerns regarding encumbering future legislatures.

The department of budget and finance shall submit, on behalf of the study group, a report of findings and recommendations, including proposed legislation, to the legislature at least twenty days prior to the convening of the 1996 regular session.

SECTION 3. This Act shall take effect upon its approval.

(Approved June 14, 1995.)