

A Bill for an Act Relating to Capital Improvement Projects.

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

SECTION 1. The legislature finds that an efficient and fiscally responsible process for the allotment of capital improvement project funds is even more critical during periods of economic instability, such as Hawaii is now experiencing. Capital improvement projects provide needed infrastructure, directly benefiting the residents of the state and contributing to an improved economy through jobs, purchases of goods and services, and other “trickle down” effects of the moneys expended.

The legislature further finds that the allotment process for state capital improvement projects is governed by part II of chapter 37, Hawaii Revised Statutes. Currently, the department of education and the department of budget and finance follow the allotment requirements through a memorandum of understanding to establish procedures to improve the flow of information and operations between the departments governing fiscal operations. Through the memorandum of understanding, both parties are committed to improving transparency, understanding, and knowledge between the departments for fiscal operations.

The purpose of this Act is to direct the legislative reference bureau to review the memorandum of understanding between the department of education and the department of budget and finance for the allotment of capital improvement projects, with the goal of replicating the processes of the memorandum of understanding for use by other state agencies with many capital improvement projects that are predominantly funded by general obligation bonds.

SECTION 2. (a) The legislative reference bureau shall review the memorandum of understanding between the department of education and the department of budget and finance for the allotment of capital improvement projects, with the goal of replicating the processes of the memorandum of understanding for use by other state agencies with many capital improvement projects that are predominantly funded by general obligation bonds, including:

- (1) Concerns or recommendations for changes that either the department of education or the department of budget and finance have regarding the terms of the current memorandum of understanding;
 - (2) Changes that would be required in adapting the memorandum of understanding procedures for use by other state agencies and the department of budget and finance, including statutory amendments; and
 - (3) Recommendations and a proposed timetable for adoption of the processes of the memorandum of understanding for use by other state agencies and the department of budget and finance.
- (b) The review shall include an analysis of pertinent issues, including:
- (1) The terms of understanding, in particular the:
 - (A) Capital improvement projects allotment process;
 - (B) Procedures for deposits of funds;
 - (C) Debt service calculations;
 - (D) Federal funds; and
 - (E) Other fiscal issues;
 - (2) The period of agreement and other terms; and
 - (3) Any other issues that may arise during the review.

(c) The legislative reference bureau shall consult with, at a minimum, the department of budget and finance, the department of education, and other government agencies as deemed appropriate by the legislative reference bureau and legislators.

(d) The legislative reference bureau shall submit a report of its findings, recommendations, and any proposed legislation to the legislature no later than twenty days prior to the convening of the regular session of 2010.

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

(Approved June 16, 2009.)