

ACT 44

S.B. NO. 1448

A Bill for an Act Making an Emergency Appropriation to the Department of Health for Construction Defect Remediation at the Hawaii State Hospital.

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

SECTION 1. This Act is recommended by the governor for immediate passage in accordance with article VII, section 9, of the Constitution of the State of Hawaii.

SECTION 2. In January 2018, the State awarded a \$140,000,000 contract for a design-build delivery construction for the Hale Ho'ola Building project located at Hawaii state hospital. After the project's acceptance, and a warranty period of two years, the State encountered various issues, many stemming from latent defects due to poor design and construction. Investigations into the root causes are still ongoing. The department of accounting and general services has been holding the contractor accountable for these issues, but with limited success.

A major concern is the occurrence of water leaks in both the building's exterior and plumbing systems and mold growth. Immediate action is necessary to address these issues to enable Hawaii state hospital to deliver quality care to patients who live in the building year around.

Additionally, the department of health has received grievances from staff regarding violations of article 21 of their contract, covering safety and health, and the public employees' collective bargaining agreement, citing an unsafe working environment.

Due to insufficient funds to fix these issues, the department of health is requesting an emergency appropriation to address mold growth and leaks in the Hale Ho'ola Building.

Accordingly, the purpose of this Act is to make an emergency appropriation to the department of health for construction defect remediation at the Hawaii state hospital.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$10,660,000 or so much thereof as may be necessary for fiscal year 2024-2025 to fund construction defect remediation, including the payment of legal fees and costs of special deputy attorneys general, at the Hawaii state hospital; provided that any civil fines accrued from litigious suits, damages, and settlements awarded shall be deposited into the general fund.

The sum appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 4. The appropriation made for the construction defect remediation authorized by this Act shall not lapse at the end of the fiscal biennium for which the appropriation is made; provided that all moneys from the appropriation unencumbered as of June 30, 2026, shall lapse as of that date.

SECTION 5. In accordance with section 9 of article VII of the Constitution of the State of Hawaii and sections 37-91 and 37-93, Hawaii Revised Statutes, the legislature has determined that at the beginning of the regular session of 2025, the general fund expenditure ceiling for fiscal year 2024-2025 was exceeded by \$8,551,795, or one per cent. The appropriations contained in Act 1, Session Laws of Hawaii 2025, caused the general fund expenditure ceiling for fiscal year 2024-2025 to be further exceeded by an additional \$30,334,159. Therefore, the general fund expenditure ceiling for fiscal year 2024-2025 has already been exceeded by \$38,885,954, or one per cent.

The appropriations contained in this Act will cause the general fund expenditure ceiling for fiscal year 2024-2025 to be further exceeded by \$10,660,000, or one per cent. This declaration takes into account the additional general fund appropriation authorized for fiscal year 2024-2025 in this Act only. The reasons for exceeding the general fund expenditure ceiling are that the appropriation made in this Act is necessary to serve the public interest and to meet the needs addressed by this Act.

SECTION 6. With the approval of the governor, the department of health may delegate to other state agencies the implementation of projects related to this Act if it is determined to be advantageous to do so by both the department of health and the agency to which expending authority is to be delegated.

SECTION 7. This Act shall take effect upon its approval.

(Approved May 14, 2025.)