



THE QUEEN'S HEALTH SYSTEMS

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February 3, 2012

Representative Ryan Yamane, Chair
House Committee on Health

Friday, February 3; 9:00 AM
State Capitol, Conference Room 329

**Re: HB 2097 - RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE
BONDS TO ASSIST NOT-FOR-PROFIT CORPORATIONS THAT PROVIDE
HEALTH CARE FACILITIES TO THE GENERAL PUBLIC**

Chair Yamane, Vice Chair Morikawa, and Members of the Committee:

My name is John Nitao, Vice President and General Counsel for The Queen's Health Systems, **testifying in support of HB 2097**. The bill extends the lapse date of the special purpose revenue bonds authorized to assist The Queen's Health Systems in Act 176, Session Laws of Hawaii 2003, and as amended by Act 86, Session Laws of Hawaii 2007. The SPRBs will finance the costs of construction, improvements, and equipment at The Queen's Medical Center.

The 2003 Legislature recognized the vital role that The Queen's Medical Center plays in the care of Hawaii's people, and passed legislation authorizing the issuance of SPRBs for the benefit of The Queen's Health Systems and The Queen's Medical Center (collectively, "Queen's"). Under the SPRBs, The Queen's Health Systems will be the borrower, but all loan proceeds will be utilized by The Queen's Medical Center to enhance patient care. In the past, Queen's utilized this important funding mechanism to finance (1) the replacement of old equipment with state of the art equipment, (2) the building of new facilities, (3) the renovation of existing facilities, and (4) the purchase of new medical technology.

Since 1859, Queen's has been committed to providing quality health care services to the people of Hawaii. The extension of the sunset date will allow Queen's to further invest in its infrastructure and equipment to continue to do so, and to meet the health care needs of the community. Queen's believes that the provisions in HB 2097 will aid it in meeting its mission and respectfully requests that you pass this measure.

Thank you for the opportunity to testify.



HOUSE COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair

Conference Room 329
February 3, 2012 at 9:00 a.m.

**Supporting HB 2097: Relating to the Issuance of Special Purpose Revenue Bonds
to Assist Not-For-Profit Corporations that Provide Health
Care Facilities to the General Public**

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 40,000 people. Thank you for this opportunity to testify in support of HB 2097, which extends the existing authorization to issue special purpose revenue bonds (SPRBs) for The Queen's Health Systems from 2013 to 2018.

State law authorizes the Department of Budget and Finance to issue SPRBs for certain types of projects that benefit the community. These projects include health care facilities that are provided to the general public by not-for-profit corporations.

SPRBs are attractive to corporations because they reduce the cost of financing capital projects. At the same time, they are attractive to investors because the interest income derived from them is exempt from State taxes.

It should be noted that the issuance of SPRBs does not involve any appropriation or expenditure of State funds, and it does not affect the financial liability of the State. The bonds are backed by the revenue from the particular project funded by the non-profit corporation.

The Queen's Health Systems intends to use the SPRBs as a means of financing health care facilities. In providing financial support to The Queen's Health Systems, this bill will improve access to health care for Hawaii's residents.

For the foregoing reasons, the Healthcare Association supports HB 2097.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Twenty-Sixth Legislature, State of Hawaii
House of Representatives
Committee on Health

Testimony by
Hawaii Government Employees Association
February 3, 2012

H.B. 2097 – RELATING TO THE ISSUANCE OF
SPECIAL PURPOSE REVENUE BONDS TO
ASSIST NOT-FOR-PROFIT
CORPORATIONS THAT PROVIDE HEALTH
CARE FACILITIES TO THE GENERAL PUBLIC

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of H.B. 2097, which extends the lapse date of the Special Purpose Revenue Bonds authorized to assist the Queen's Health Systems through Act 176, SLH 2003 and Act 86, SLH 2007 from June 30, 2013 to June 30, 2018.

The original bill in 2003 authorized the issuance of up to \$200 million in special purpose revenue bonds. The bond revenue is being used by the Queen's Medical Center, a nonprofit Queen's Health Systems affiliate, for purposes that include renovation of existing health care facilities, construction of new health care facilities, and acquisition of equipment, land and information technology.

Extending the lapse date of the special purpose revenue bonds will enable the Queen's Medical Center to provide an improved level of vital health care services to the community.

Thank you for the opportunity to testify in support of H.B. 2097.

Respectfully submitted,

Randy Perreira
Executive Director