



# THE QUEEN'S HEALTH SYSTEMS

1301 Punchbowl Street • Honolulu, Hawaii 96813 • Phone (808) 691-5900

March 16, 2012

Representative Ryan Yamane, Chair  
House Committee on Health

March 16, 2012; 9:30 AM  
State Capitol, Conference Room 329

**Re: SB 2383 SD1 - 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 strong support of SB2383, SD1, with the incorporation of amendments to the current measure.**

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.

**We respectfully request the following amendments:**

- 1) **Section 5: Deletion of the following language: "Notwithstanding the five-year bond authorization limitation of section 39A-37(a), Hawaii Revised Statutes, the..."**

We appreciate the Senate Committee on Ways and Means wisdom in seeking to ensure the validity and continuity of the authorization, past the statutory limitation of five-years. We recognize that this measure is being presented to the Legislature for consideration one-year prior to the statutory lapse of the 2007 re-authorization of June 30, 2013, which was done in an abundance of precaution, as the SPRB authorization is critical to QHS's future plans. However, we respectfully suggest that this can be remedied by amending the effective date of SB2383, SD1 to July 1, 2013.

- 2) **Amend the effective date to July 1, 2013:** The current re-authorization of the SPRBs, as authorized in 2007, remains in effect until June 30, 2013. In discussions with the Department of Budget and Finance, it has been recommended that the new authorization contained in SB2383, SD1 be crafted to allow for the enactment of the re-authorization next year, at the expiration of the current authorization. This will effectively ensure the seamless continuity of the SPRB authorization.

*The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.*

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 SB2383, SD1 will aid it in meeting its mission and respectfully requests that you pass this measure with an effective date of July 1, 2013.

Thank you for this opportunity to provide testimony in strong support of this measure.



HOUSE COMMITTEE ON HEALTH  
Rep. Ryan Yamane, Chair

Conference Room 329  
March 16, 2012 at 9:30 a.m.

**Supporting SB 2383 SD 1:**  
**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 comment in support of SB 2383 SD 1, 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 System 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 SB 2383 SD 1.