#### A BILL FOR AN ACT

RELATING TO FINANCING FOR A NEW HOSPITAL IN NORTH KONA.

#### BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1	PART I
2	SECTION 1. The legislature finds that Kona Community
3	Hospital, a facility of the Hawaii health systems corporation,
4	is inadequate to meet the needs of its community. The existing
5	facility was built decades ago, when the local economy was based
6	primarily around sugar plantations. Since that time,
7	acceleration and shifting of economic and population growth in
8	West Hawaii has created a regional urban core far from the
9	existing hospital and with a population too large to be
10	accommodated by its ninety-four bed facility. The legislature
11	finds that long-time community demand for a larger and more
12	accessible hospital in West Hawaii has led Kona Community
13	Hospital to begin the preplanning process for a new, adequate
14	facility.
15	The legislature further finds that neighbor island tourism,
16	particularly in West Hawaii, has rapidly increased over the last
17	several years. The Kona area's particular economic reliance on

- 1 tourism taxes its local essential infrastructure, including
- 2 hospitals, to a greater degree than would resident population
- 3 alone. Therefore, the legislature finds that it is appropriate
- 4 for the visitor industry to contribute to supporting the
- 5 community's infrastructure burden.
- 6 The purpose of this measure is to assist with the financing
- 7 of a new hospital facility for the West Hawaii community by
- 8 authorizing the issuance of general obligation bonds for that
- 9 purpose and allocating a portion of the transient accommodations
- 10 tax to offset costs related to the bond issuance, including
- 11 interest and debt service.
- 12 PART II
- 13 SECTION 2. The director of finance is authorized to issue
- 14 general obligation bonds in the sum of \$ or so much
- 15 thereof as may be necessary and the same sum or so much thereof
- 16 as may be necessary is appropriated for fiscal year 2015-2016
- 17 for the purpose of financing and refinancing all or any part of
- 18 the cost of planning, designing, improving, acquiring,
- 19 constructing, equipping, or furnishing a new hospital in North
- 20 Kona, to be developed by regional system V of the Hawaii health
- 21 systems corporation.



T	The sum appropriated by this Act shall be expended by
2	regional system V of the Hawaii health systems corporation.
3	SECTION 3. The appropriation made for the capital
4	improvement project authorized by this Act shall not lapse at
5	the end of the fiscal biennium for which the appropriation is
6	made; provided that all moneys from the appropriation
7	unencumbered as of June 30, 2018, shall lapse as of that date.
8	PART III
9	SECTION 4. Section 237D-6.5, Hawaii Revised Statutes, is
10	amended by amending subsection (b) to read as follows:
11	"(b) Revenues collected under this chapter shall be
12	distributed as follows, with the excess revenues to be deposited
13	into the general fund:
14	(1) \$26,500,000 shall be allocated to the convention
15	center enterprise special fund established under
16	section 201B-8;
17	(2) \$82,000,000 shall be allocated to the tourism special
18	fund established under section 201B-11; provided that:
19	(A) Beginning on July 1, 2012, and ending on June 30,
20	2015, \$2,000,000 shall be expended from the
21	tourism special fund for development and

•	imprementation of initiatives to take advantage
2	of expanded visa programs and increased travel
3	opportunities for international visitors to
4	Hawaii;
5	(B) Of the \$82,000,000 allocated:
6	(i) \$1,000,000 shall be allocated for the
7	operation of a Hawaiian center and the
8	museum of Hawaiian music and dance at the
9	Hawaii convention center; and
10	(ii) 0.5 per cent of the \$82,000,000 shall be
11	transferred to a sub-account in the tourism
12	special fund to provide funding for a safety
13	and security budget, in accordance with the
14	Hawaii tourism strategic plan 2005-2015; and
15	(C) Of the revenues remaining in the tourism special
16	fund after revenues have been deposited as
17	provided in this paragraph and except for any sum
18	authorized by the legislature for expenditure
19	from revenues subject to this paragraph,
20	beginning July 1, 2007, funds shall be deposited
21	into the tourism emergency trust fund,

1		established in section 201B-10, in a manner
2		sufficient to maintain a fund balance of
3		\$5,000,000 in the tourism emergency trust fund;
4	(3)	\$103,000,000 for fiscal year 2014-2015, \$103,000,000
5		for fiscal year 2015-2016, and \$93,000,000 for each
6		fiscal year thereafter shall be allocated as follows:
7		Kauai county shall receive 14.5 per cent, Hawaii
8		county shall receive 18.6 per cent, city and county of
9		Honolulu shall receive 44.1 per cent, and Maui county
10		shall receive 22.8 per cent; provided that commencing
11		with fiscal year 2018-2019, a sum that represents the
12		difference between a county public employer's annual
13		required contribution for the separate trust fund
14		established under section 87A-42 and the amount of the
15		county public employer's contributions into that trust
16		fund shall be retained by the state director of
17		finance and deposited to the credit of the county
18		public employer's annual required contribution into
19		that trust fund in each fiscal year, as provided in
20		section 87A-42, if the respective county fails to

1		remit the total amount of the county's required annual
2		contributions, as required under section 87A-43;
3	(4)	\$3,000,000 shall be allocated to the Turtle Bay
4		conservation easement special fund established under
5		section 201B-8.6 for the payment of debt service on
6		revenue bonds, the proceeds of which were used to
7		acquire the conservation easement in Turtle Bay, Oahu,
8		until the bonds are fully amortized; [and]
9	(5)	Of the excess revenues deposited into the general fund
10		pursuant to this subsection, \$3,000,000 shall be
11		allocated subject to the mutual agreement of the board
12		of land and natural resources and the board of
13		directors of the Hawaii tourism authority in
14		accordance with the Hawaii tourism authority strategic
15		plan for:
16		(A) The protection, preservation, and enhancement of
17		natural resources important to the visitor
18		industry;
19		(B) Planning, construction, and repair of facilities;
20		and

I	(C) Operation and maintenance costs of public lands
2	connected with enhancing the visitor
3	experience [-]; and
4	(6) Of the excess revenues deposited into the general fund
5	pursuant to this subsection, \$ shall be
6	allocated to the department of budget and finance for
7	the payment of expenses, including interest and debt
8	service, related to the issuance of general obligation
9	bonds to finance the cost of planning, designing,
10	improving, acquiring, constructing, equipping, or
11	furnishing a new hospital in North Kona pursuant to
12	Act , Session Laws of Hawaii 2015.
13	All transient accommodations taxes shall be paid into the
14	state treasury each month within ten days after collection and
15	shall be kept by the state director of finance in special
16	accounts for distribution as provided in this subsection.
17	As used in this subsection, "fiscal year" means the twelve-
18	month period beginning on July 1 of a calendar year and ending
19	on June 30 of the following calendar year."

1	PART IV
2	SECTION 5. Statutory material to be repealed is bracketed
3	and stricken. New statutory material is underscored.
4	SECTION 6. This Act shall take effect on July 1, 2015.
5	INTRODUCED BY: Richard larger  City Evens  Musle E. R.  Agua, a putti
	JAN 2 3 2015

#### Report Title:

General Obligation Bonds; HHSC; Transient Accommodations Tax

#### Description:

Authorizes the issuance of general obligation bonds to develop a new HHSC hospital in North Kona. Allocates a portion of the Transient Accommodations Tax to fund the bond issuance.

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