

STAND. COM. REP. NO.

1294

Honolulu, Hawaii

MAR 23 2023

RE: H.B. No. 660
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Health and Human Services, to which was referred H.B. No. 660, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR NOT-FOR-PROFIT CORPORATIONS THAT PROVIDE HEALTH CARE FACILITIES TO THE GENERAL PUBLIC,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the issuance of special purpose revenue bonds in a total amount not to exceed \$240,000,000, in one or more series, to assist Hawai'i Pacific Health and one or more of its nonprofit affiliates in financing the costs of the construction of, improvements to, and equipping of their health care facilities at Straub Medical Center.

Your Committee received testimony in support of this measure from Hawai'i Pacific Health. Your Committee received comments on this measure from the Department of Budget and Finance and Disability and Communication Access Board.

Your Committee finds that the Department of Budget and Finance is authorized to issue special purpose revenue bonds to finance projects for not-for-profit corporations that provide health care facilities to the general public. Your Committee further finds that Hawai'i Pacific Health is such an entity. Your



Committee also finds that Hawai'i Pacific Health is embarking on a multiphase, multiyear modernization and redevelopment of its existing health care facilities at Straub Medical Center to create a future-forward medical facility to serve the people of Hawaii in the years ahead. Your Committee finds that in light of the evolution and changes in the way care is provided, the redevelopment of Straub Medical Center is crucial to providing high quality health care to the community, and authorizing the issuance of special purpose revenue bonds to assist Hawai'i Pacific Health in financing the project is in the best interests of public health.

Your Committee notes the testimony of the Department of Budget and Finance that should this measure be approved, approval of the issuance of the special purpose revenue bonds and conduit loan will require further review of the financing proposal to ensure compliance with all federal, state, and credit underwriting requirements.

Your Committee also notes that Act 182, Session Laws of Hawaii 2022, placed a moratorium on the issuance of new private activity bonds within the period after June 30, 2022, and before December 31, 2028, by prohibiting the authorization of special purpose revenue bonds requiring an allocation of the annual state ceiling under section 39B-2, Hawaii Revised Statutes, unless requested by the Governor and approved by the Legislature. Accordingly, it is necessary to amend this measure to explicitly exempt the special purpose revenue bonds issued thereunder from this limitation.

Your Committee has amended this measure by:

- (1) Inserting a provision that explicitly exempts this measure from the requirements of Act 182, Session Laws of Hawaii 2022; and
- (2) Making it effective upon its approval.

As affirmed by the record of votes of the members of your Committee on Health and Human Services that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 660, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 660,



H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Health and Human
Services,



JOY A. SAN BUENAVENTURA, Chair



