



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
Senate Committee on Ways and Means
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By

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HB 2339 HD1 SD1 – RELATING TO THE UNIVERSITY OF HAWAII REVENUE BONDS

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

The University of Hawai'i (University) supports HB 2339 HD1 SD1 which authorizes the Board of Regents of the University to issue revenue bonds, which is necessary to enable the University to continue addressing its capital facility needs, including new project construction, modernization, and the major repair and maintenance backlog.

Last session, the Legislature passed and the Governor signed into law, Act 156, SLH 2025, which provided revenue bond authorization in the amount of \$30,750,000. The Legislature also appropriated \$30,750,000 in revenue bond expenditure in each year of the biennium (fiscal years 2026 and 2027) in the State Budget.

Issuing bonds for such a small amount is inefficient due to high fixed issuance costs. By waiting to issue a single, larger bond once full authority is granted, the University can fund all projects at once while maximizing economies of scale. Additionally, this timing allows us to capture predicted favorable interest rates and evaluate refunding existing debt for further cost savings.

Prior to Act 156, SLH 2025, the last measure allowing the issuance of revenue bonds was Act 184, SLH 2018, which authorized \$100,000,000 in revenue bonds, and lapsed on June 30, 2022. In 2020, the University issued revenue bonds and refunded previous bonds for rate savings using that authorization.

Thank you for this opportunity to testify.