



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

SETH S. COLBY, Ph.D.
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY

TESTIMONY BY SETH S. COLBY, Ph.D.
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 2808, S.D. 1

April 7, 2026
2:00 P.M.
Room 308 and Videoconference

RELATING TO THE BUDGET

The Department of Budget and Finance (B&F) offers comments on Senate Bill (S.B.) No. 2808, S.D. 1 which establishes a defeasement trust fund to take all actions necessary to defease tax-exempt bonds to allow the private use of state facilities financed by tax-exempt bonds and appropriates general revenues to be deposited into the defeasement trust fund for the defeasement of certain tax-exempt bonds.

B&F notes that there is approximately \$3.22 billion of outstanding tax-exempt and tax-advantaged general obligation bonds that have funded thousands of projects across multiple series of bonds. The cost to defease the bonds includes depositing funds into an escrow account to cover all the outstanding principal and also the interest payments up to each bond series call date.

Thank you for your consideration of our comments.