

ACT 14

S.B. NO. 13

A Bill for an Act Relating to State Finances.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Hawaii's recovering economy suffered a serious setback as a result of the tragedy of September 11, 2001. One way to mitigate the negative impact on the State's economy, as well as to enhance Hawaii's position in the nation as an education center and as a leader in health care, is to support the University of Hawaii's health and wellness center, including a new medical school facility. To help bolster our flagging construction industry and to promote education in the State, the legislature finds that it is in the best interests of the State to:

- (1) Authorize construction of a university health and wellness center, including a new medical school facility, to be situated on the island of Oahu for the University of Hawaii;
- (2) Authorize the board of regents of the University of Hawaii to issue revenue bonds to pay for the university health and wellness center; and
- (3) Allow a portion of the moneys in the Hawaii tobacco settlement special fund to be used to pay principal of and interest on, and to generate required coverage, if any, for, any revenue bonds issued by the board of regents of the University of Hawaii to finance construction of a university health and wellness center.

SECTION 2. Section 328L-2, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) The fund shall be used for the purpose of receiving, allocating, and appropriating the tobacco settlement moneys as follows:

- (1) ~~Forty~~ Twenty-four and one-half per cent shall be appropriated into the emergency and budget reserve fund under section 328L-3;
- (2) Thirty-five per cent shall be appropriated to the department for ~~purpose~~ purposes of section 328L-4; ~~and~~
- (3) ~~Twenty-five~~ Twelve and one-half per cent shall be appropriated into the Hawaii tobacco prevention and control trust fund under section 328L-5[-]; and
- (4)¹ Twenty-eight per cent shall be appropriated into the university revenue-undertakings fund created in section 306-10, to be applied solely to the payment of the principal of and interest on, and to generate required coverage, if any, for, revenue bonds issued by the board of regents of the University of Hawaii to finance the cost of construction of a university health and wellness center, including a new medical school facility, to be situated on the island of Oahu, for the succeeding fiscal year; provided that any moneys in excess of the amount required to pay principal of and interest on, and to generate required coverage, if any, for such revenue bonds in any fiscal year, shall be transferred to the emergency and budget reserve fund under section 328L-3, and the Hawaii tobacco prevention and control trust fund under section 328L-5, in the succeeding fiscal year, in the same proportion as to the amount of moneys appropriated to those funds in accordance with this subsection.”

SECTION 3. Section 328L-5, Hawaii Revised Statutes, is amended as follows:

- (1) By amending subsection (a) to read:

“(a) There is established the Hawaii tobacco prevention and control trust fund as a separate fund of a nonprofit entity having a board of directors and qualifying under section 501(c)(3) of the Internal Revenue Code of 1986, as amended, into which shall be deposited [~~twenty-five per cent of~~] moneys received as provided under section 328L-2(b)(3). The director of health with the concurrence of the governor, shall select, in accordance with law, the entity based upon the proven record of accomplishment of the entity in administering a similar trust fund.”

(2) By amending subsection (c) to read:

“(c) The entity selected under subsection (a) [~~shall expend moneys from the Hawaii tobacco prevention and control trust fund~~], for each fiscal year, may expend up to fifty per cent of the total market value of the Hawaii tobacco prevention and control trust fund on the preceding June 30, for tobacco prevention and control, including but not limited to, reducing cigarette smoking and tobacco use among youth and adults through education and enforcement activities, and controlling and preventing chronic diseases where tobacco is a risk factor.”

SECTION 4. There is hereby authorized the sum of \$150,000,000 in revenue bond funds or so much thereof as may be necessary and the same sum or so much thereof as may be necessary is appropriated for fiscal year 2001-2002 for plans, design, construction, and equipment for a university health and wellness center, including a new medical school facility, to be situated on the island of Oahu.

SECTION 5. The board of regents of the University of Hawaii is authorized to issue revenue bonds for a university health and wellness center, including a new medical school facility in such principal amount as shall be required to yield the amount necessary to finance the cost of construction thereof, and, if so determined by the board of regents of the University of Hawaii and approved by the governor, an additional principal amount as may be deemed necessary by the board of regents of the University of Hawaii to pay interest on the authorized and issued revenue bonds during the estimated period of construction of the university health and wellness center, including a new medical school facility, for which the revenue bonds are issued, to establish, maintain, or increase reserves for the revenue bonds, and to pay the expenses of issuing such revenue bonds. The revenue bonds shall be issued pursuant to the provisions of chapter 306, Hawaii Revised Statutes. The principal and interest on board of regents of the University of Hawaii revenue bonds, to the extent not paid from the proceeds of such bonds, shall be payable from and secured by the amounts appropriated to the university revenue-undertakings fund from the Hawaii tobacco settlement special fund pursuant to section 328L-2, Hawaii Revised Statutes. The expenses incurred in issuing the board of regents of the University of Hawaii revenue bonds shall, to the extent not paid from the proceeds of such bonds, be paid by the board of regents from funds available therefor.

The proceeds of the revenue bonds authorized in this section are appropriated for fiscal year 2001-2002 for the construction of the university health and wellness center, including a new medical school facility.

Notwithstanding any law to the contrary, the university health and wellness center, including the new medical school facility, shall constitute a “university project” as defined in section 306-1, Hawaii Revised Statutes; the term “cost of construction” shall have the meaning provided that term in section 306-1, Hawaii Revised Statutes; and all moneys allotted or appropriated from the Hawaii tobacco settlement special fund to the university revenue-undertakings fund shall constitute “revenue of the university” as defined in section 306-1, Hawaii Revised Statutes. The allocation or appropriation of moneys to the university revenue-undertakings fund pursuant to section 328L-2, Hawaii Revised Statutes, shall constitute compliance with section 306-9, Hawaii Revised Statutes, or any successor thereto, and

moneys in the university revenue-undertakings fund appropriated pursuant to section 328L-2, Hawaii Revised Statutes, shall be applied solely to the payment of the principal of and interest on, and to generate required coverage, if any, for, revenue bonds issued by the board of regents to finance the construction of the university health and wellness center, including a new medical school facility. The University of Hawaii shall constitute a public undertaking, improvement, or system, and all moneys allocated or appropriated from the Hawaii tobacco settlement special fund shall constitute "revenues" for purposes of the Constitution of Hawaii.

Notwithstanding any other law to the contrary, the board of regents is authorized to pledge, dedicate, or commit all or any portion of moneys on deposit in one or more special or revolving funds of the University of Hawaii as additional security for the payment of principal of and interest on, and to generate required coverage, if any, for, such revenue bonds, and, in the event of such a pledge, dedication, or commitment, to transfer as and when necessary from such fund or funds such amount as shall be necessary to timely pay that portion of the principal of and interest on, and required coverage, if any, for, such revenue bonds.

SECTION 6. Whenever revenue bonds authorized by this Act are issued, the board of regents is authorized to apply the proceeds of such revenue bonds to the purpose for which such bonds are issued.

SECTION 7. The appropriations made for a university health and wellness center, including a new medical school facility, from the proceeds of revenue bonds or the university revenue-undertakings fund funded by the Hawaii tobacco settlement special fund authorized in this Act shall not lapse at the end of the fiscal period for which the appropriation or authorization is made; provided that all appropriations that are unencumbered as of June 30, 2004, shall lapse as of that date.

SECTION 8. There is appropriated out of private donations and other moneys held by the University of Hawaii the sum of \$150,000,000 or so much thereof as may be necessary for fiscal year 2001-2002 for the construction of a university health and wellness center, including a new medical school facility to be situated on the island of Oahu.

SECTION 9. The sums authorized or appropriated by this Act shall be expended by the board of regents of the University of Hawaii for the purposes of this Act.

SECTION 10. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 11. This Act shall take effect upon its approval; provided that section 2 shall take effect on July 1, 2002.

(Approved November 2, 2001.)

Note

1. Should be underscored.