

ACT 184

H.B. NO. 2005

A Bill for an Act Relating to University of Hawaii Revenue Bonds.

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

SECTION 1. Allowing the University of Hawaii to issue revenue bonds helps to address the university's deferred maintenance and capital modernization of its aging facilities. University revenue bonds have been used to finance the construction of new projects as well as the renovation and major repair of existing facilities. University projects have included faculty and student housing; additional classroom, laboratory, and office space; research facilities, utility facilities, and other infrastructure requirements; libraries; student support facilities; parking structures; and athletic facilities.

State financing support of university facilities is the primary method of funding Hawaii's public university. The State and the university have always considered general obligation bonds as the first approach and means to finance the modernization of the university's campuses. The availability of revenue bonds authority would be a strategic revenue source and supplement to limited general obligation bond funding and only used for financing projects that are revenue-generating or financially appropriate for the university.

The purpose of this Act is to authorize the University of Hawaii to issue revenue bonds to complete as many of its priority capital facility construction, renovation, modernization, and repair projects as possible.

SECTION 2. The board of regents of the University of Hawaii, with the approval of the governor, is authorized to issue revenue bonds from time to time to finance, in whole or in part, the costs of construction or the costs of maintenance of any university project, including funding reserves therefor as the

board of regents may direct. The total principal amount of the revenue bonds authorized by this Act shall not exceed \$100,000,000; provided that neither revenue bonds issued to refund revenue bonds heretofore issued, to the extent that such refunding revenue bonds do not exceed the principal amount of the revenue bonds being refunded, nor revenue bonds of the board outstanding at the effective date of this Act shall cause the amount of the above authorization to be decreased. The revenue bonds shall be issued pursuant to the provisions of part VI of chapter 304A, Hawaii Revised Statutes. The principal and interest on the revenue bonds, to the extent not paid from the proceeds of such bonds, shall be paid solely from and secured solely by the revenue of the university as defined in section 304A-2671, Hawaii Revised Statutes.

SECTION 3. There is appropriated out of the revenue bond proceeds and interest earned thereon authorized by this Act the sum of \$100,000,000 or so much thereof as may be necessary for fiscal year 2018-2019 to carry out the purposes of section 2 of this Act; provided that any unexpended and unencumbered balance of the appropriation shall not lapse at the end of fiscal year 2018-2019 and shall lapse instead on June 30, 2022.

The sum appropriated shall be expended by the board of regents of the University of Hawaii.

SECTION 4. The University of Hawaii shall notify the legislature upon issue of the revenue bonds authorized by section 2 of this Act, including a detailed listing and description of all projects to be funded through the revenue bonds authorized pursuant to this Act.

SECTION 5. This Act shall take effect upon approval.

(Approved July 10, 2018.)