

ACT 101

S.B. NO. 506

A Bill for an Act Relating to the Issuance of Special Purpose Revenue Bonds to Assist Wahiawa General Hospital.

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

SECTION 1. The legislature finds that refinancing outstanding debt obligations of a health care facility with the proceeds of bonds issued by the State, in order to improve the ability of the facility to continue to serve the needs of the community, to be in the public interest.

The legislature further finds that over the past fifteen years, Wahiawa General Hospital has experienced financial difficulties due to circumstances beyond its control, including the reopening of The Queen's Medical Center West Oahu in Ewa, Oahu; reductions in medicare, medicaid, and private insurance reimbursements; the ongoing shortage of physicians in the State and, in particular, central Oahu; new requirements under the federal Patient Protection and Affordable Care Act; uncertainty in the availability of state and federal funding caused by instability in federal health care policy; and an increasing need for provision of indigent care, which includes the homeless population. The legislature further finds because of these financial difficulties, Wahiawa General Hospital has had to cut some of its programs, services, and personnel, while allowing basic infrastructure repair and maintenance needs to go unmet. Among other actions, Wahiawa General Hospital has reduced staff by over one hundred full-time equivalent positions, severely curtailed the long-running family practice residency teaching program in the facility, and cut more than \$17,000,000 from the annual budget over the past five years. Furthermore, due to Wahiawa General Hospital's financial difficulties, it has been unable to repay certain long-term debts.

Accordingly, the legislature finds that the continued financial fitness of Wahiawa General Hospital is in the public interest and critical to preserving the public health, safety, and welfare of the island of Oahu and the State.

The purpose of this Act is to authorize the issuance of special purpose revenue bonds to facilitate the consolidation, liquidation, or both, of the long-term debt of Wahiawa General Hospital in order to facilitate its continued operation as a health care facility providing for the health, welfare, and safety of the residents of central Oahu and the people of the State.

The legislature further finds and declares that the issuance of special purpose revenue bonds under this Act is in the public interest and for the public health, safety, and general welfare.

SECTION 2. Pursuant to chapter 39A, part II, Hawaii Revised Statutes, the department of budget and finance, with the approval of the governor, is authorized to issue special purpose revenue bonds in a total amount not to exceed \$12,000,000 in one or more series, for the purpose of assisting Wahiawa General Hospital, a Hawaii nonprofit corporation, for debt consolidation, debt liquidation, or both, necessary to allow its continued operation preserving the health and safety of the central Oahu community and the State. The legislature hereby finds and determines that the consolidation, liquidation, or both, of the long-term debt of Wahiawa General Hospital constitutes a project as defined in chapter 39A, part II, Hawaii Revised Statutes, and the financing thereof is assistance to a not-for-profit corporation that provides health care facilities to the general public.

SECTION 3. The special purpose revenue bonds and the refunding special purpose revenue bonds issued under this Act shall be issued pursuant to chapter 39A, part II, Hawaii Revised Statutes, relating to the power to issue special purpose revenue bonds to assist not-for-profit corporations that provide health care facilities to the general public.

SECTION 4. The department of budget and finance is authorized, from time to time, including times subsequent to June 30, 2026, to issue special purpose revenue bonds in whatever principal amounts the department shall determine to be necessary to refund the special purpose revenue bonds authorized in section 2 and to refund special purpose revenue bonds authorized in this

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section, regardless of whether the outstanding special purpose revenue bonds or refunding special purpose revenue bonds have matured or are the subject of redemption or whether the refunding special purpose revenue bonds shall be bonds for the multi-project programs described in section 2. In making this determination, the department shall comply with federal law relating to the exemption from federal income taxation of the interest on bonds of the nature authorized by this section.

SECTION 5. The authorization to issue special purpose revenue bonds under this Act shall lapse on June 30, 2026.

SECTION 6. This Act shall take effect on July 1, 2021.

(Approved June 25, 2021.)