

STAND. COM. REP. NO.

537

Honolulu, Hawaii

FEB 16 2007

RE: S.B. No. 1154  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committee on Education, to which was referred S.B. No. 1154 entitled:

"A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII,"

begs leave to report as follows:

The purpose of this measure is to provide flexibility to the Board of Regents of the University of Hawaii in the financing and administration of capital projects within the jurisdiction of the University.

Testimony in support of this measure was submitted by the University of Hawaii (UH). Testimony in opposition of this measure was submitted by the Department of Budget and Finance and the Department of the Attorney General.

Your Committee finds that over the past several years, the UH has made great strides in gaining greater autonomy over its functions and operations. Pursuant to Act 115, Session Laws of Hawaii 1998, the UH was granted a considerable amount of flexibility in managing its resources. Since that time, the University of Hawaii has demonstrated that it possesses the capability to act reasonably and responsibly in the use of its authority in many areas, including financial strategy. However, your Committee understands that, as the UH is a state entity, which benefits from state funds, the authorization of total autonomy in financial matters may not be prudent.



To that end, the Department of the Attorney General underscored related concerns with provisions of the measure that allow the UH to take certain actions on its own, such as issue revenue bonds, which may be in contravention of the State Constitution. The Department of the Attorney General also raised concerns regarding the specific language and definitions within the measure. Your Committee recognizes that there may be merit to the concerns raised, but believes that this measure should continue to proceed through the session to facilitate further discussion and scrutiny to determine whether a workable alternative can be fashioned.

In addition, in an attempt to address some of the concerns raised by the Department of the Attorney General, the UH has provided suggested changes to the measure. Your Committee has included those changes in its amended draft.


Accordingly, your Committee has amended this measure by:

- (1) Including language that requires the UH to obtain the approval of the Governor prior to the issuance of revenue bonds;
- (2) Clarifying the definitions for the terms "network", "university project", and "university system";
- (3) Removing the definition for the term "university purpose" and any references thereto;
- (4) Making technical, nonsubstantive amendments for purposes of clarity; and
- (5) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1154, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1154, S.D. 1, and be referred to the Committee on Ways and Means.




Respectfully submitted on  
behalf of the members of the  
Committee on Education,

  
\_\_\_\_\_  
NORMAN SAKAMOTO, Chair



The Senate  
Twenty-Fourth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Education**  
**EDU**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1154	EDU, WRM	02/14/07		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
SAKAMOTO, Norman (C)	X			
TOKUDA, Jill N. (VC)	X			
CHUN OAKLAND, Suzanne	X			
HEE, Clayton				X
NISHIHARA, Clarence K.				X
TANIGUCHI, Brian T.		X		
GABBARD, Mike	X			
<b>TOTAL</b>	4	1	0	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink		
File with Committee Report	Clerk's Office	Drafting Agency		

\*Only one measure per Record of Votes