



1 by the department with a project party and, where necessary or  
2 appropriate, with a lender, lessor, or other third party.

3 "Project party" means a [~~not for profit~~] corporation that  
4 provides health care facilities to the general public."

5 SECTION 3. Section 39A-36, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "**§39A-36 Issuance of special purpose revenue bonds to**  
8 **finance projects.** In addition to the other powers [~~which~~] that  
9 it may otherwise have, the department may issue special purpose  
10 revenue bonds to finance or refinance, the costs of facilities  
11 of, or for, or to loan the proceeds of [~~such~~] the bonds to  
12 assist project parties. All revenue bonds issued under this  
13 part are special purpose revenue bonds and [~~the provisions of~~]  
14 part III of chapter 39 shall not apply [~~thereto~~]. All special  
15 purpose revenue bonds shall be issued in the name of the  
16 department and not in the name of the State.

17 The department, in determining the cost of any project, may  
18 also include the following:

- 19 (1) [~~financing~~] Financing charges, fees, and expenses of  
20 any trustee and paying agents for special purpose  
21 revenue bonds issued to pay the cost of [~~such~~] the  
22 project;



- 1        (2)    ~~[interest]~~ Interest on ~~[such]~~ the bonds and the  
2                    expenses of the State in connection with ~~[such]~~ the  
3                    bonds and the project to be financed or refinanced  
4                    from the proceeds of ~~[such]~~ the bonds accruing or  
5                    incurred prior to and during the period of  
6                    construction and for not exceeding twelve months  
7                    thereafter;
- 8        (3)    ~~[amounts]~~ Amounts necessary to establish or increase  
9                    reserves for the special purpose revenue bonds;
- 10       (4)    ~~[the]~~ The cost of plans, specifications, studies,  
11                    surveys, and estimates of costs and of revenues;
- 12       (5)    ~~[other]~~ Other expenses incidental to determining the  
13                    feasibility or practicability of the project;
- 14       (6)    ~~[administration]~~ Administration expenses;
- 15       (7)    ~~[interest]~~ Interest cost incurred by the project party  
16                    with respect to the project prior to the issuance of  
17                    the special purpose revenue bonds;
- 18       (8)    ~~[fees]~~ Fees and expenses incurred in connection with  
19                    the refinancing of outstanding obligations; and ~~[such]~~  
20       (9)    Any other costs, commissions, and expenses incidental  
21                    to the construction, acquisition, reconstruction,  
22                    renovation, rehabilitation, improvement, betterment,



1 operation, or extension of the project, the financing  
2 or refinancing thereof, placing of same in operation,  
3 and the issuance of the special purpose revenue bonds,  
4 whether incurred prior to or after the issuance of  
5 [~~such~~] the bonds.

6 The legislature finds and determines that the exercise of  
7 the powers vested in the department by this part constitutes  
8 assistance to [~~not-for-profit~~] corporations serving the general  
9 public and that the issuance of special purpose revenue bonds to  
10 finance or to refinance facilities of, or for, or to loan the  
11 proceeds of [~~such~~] the bonds to assist, project parties, is in  
12 the public interest."

13 SECTION 4. Section 39A-37, Hawaii Revised Statutes, is  
14 amended by amending subsection (a) to read as follows:

15 "(a) Special purpose revenue bonds for each single project  
16 or multiproject program for health care facilities provided to  
17 the general public by [~~not-for-profit~~] corporations shall be  
18 authorized by a separate act of the legislature, by an  
19 affirmative vote of two-thirds of the members to which each  
20 house is entitled; provided that the legislature shall find that  
21 the issuance of [~~such~~] the bonds is in the public interest;  
22 provided further that no authorization shall be made for a



1 period exceeding five years of its enactment. Any such special  
2 purpose revenue bond authorization, or any portion of [~~such~~] any  
3 special purpose revenue bond authorization, which has not been  
4 issued at the close of the fiscal year for the period for which  
5 the authorization is made, shall lapse. Special purpose revenue  
6 bonds issued pursuant to this part may be in one or more series  
7 for each project. The special purpose revenue bonds of each  
8 issue shall be dated, shall bear interest at such rate or rates,  
9 shall mature at [~~such~~] the time or times not exceeding forty  
10 years from their date or dates, shall have [~~such~~] the rank or  
11 priority and may be made redeemable before maturity at the  
12 option of the department, at [~~such~~] any price or prices and  
13 under [~~such~~] any terms and conditions, [~~all as~~] that may be  
14 determined by the department. The department shall determine  
15 the form of the special purpose revenue bonds, including any  
16 interest coupons to be attached thereto, and the manner of  
17 execution of the special purpose revenue bonds, and shall fix  
18 the denomination or denominations of the special purpose revenue  
19 bonds and the place or places of payment of principal and  
20 interest, which may be at any bank or trust company within or  
21 without the State. The special purpose revenue bonds may be  
22 issued in coupon or in registered form, or both, as the



1 department may determine, and provisions may be made for the  
2 registration of any coupon bonds as to principal alone and also  
3 as to both principal and interest, and for the reconversion into  
4 coupon bonds of any bonds registered as to both principal and  
5 interest. The department may sell special purpose revenue bonds  
6 in [~~such~~] a manner, either at public or private sale, and for  
7 [~~such~~] a price [~~as~~] that it may determine."

8 SECTION 5. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10 PART II.

11 SECTION 6. The legislature finds and declares that the  
12 issuance of special purpose revenue bonds under this Act is in  
13 the public interest and for the public health, safety, and  
14 general welfare.

15 SECTION 7. Pursuant to part II, chapter 39A, Hawaii  
16 Revised Statutes, the department of budget and finance, with the  
17 approval of the governor, is authorized to issue special purpose  
18 revenue bonds in a total amount not to exceed \$40,000,000, in  
19 one or more series, for the purpose of assisting Hawaii Medical  
20 Center, a Hawaii corporation, and one or more of its nonprofit  
21 affiliates, to finance and refinance equipment purchases, and



1 for the construction and improvement of health care facilities,  
2 including the following:

- 3 (1) Remodeling and rebuilding existing health care  
4 facilities;
- 5 (2) Constructing new health care facilities;
- 6 (3) Purchasing new equipment;
- 7 (4) Refinancing debt; and
- 8 (5) Other related projects for Hawaii Medical Center and  
9 its affiliated nonprofit affiliations.

10 The legislature hereby finds and determines that the  
11 activities and facilities of Hawaii Medical Center and its not-  
12 for-profit affiliates constitute a project as defined in part  
13 II, chapter 39A, Hawaii Revised Statutes, and the financing  
14 thereof is assistance to a corporation that provides health care  
15 facilities to the general public.

16 SECTION 8. The special purpose revenue bonds and the  
17 refunding special purpose revenue bonds issued under this Act  
18 shall be issued pursuant to part II, chapter 39A, Hawaii Revised  
19 Statutes, relating to the power to issue special purpose revenue  
20 bonds to assist corporations that provide health care facilities  
21 to the general public.



1           SECTION 9. The department of budget and finance is  
2 authorized, from time to time, including times subsequent to  
3 June 30, 2014, to issue special purpose revenue bonds in  
4 whatever principal amounts the department shall determine to be  
5 necessary to refund the special purpose revenue bonds authorized  
6 in section 7 and to refund special purpose revenue bonds  
7 authorized in this section, regardless of whether the  
8 outstanding special purpose revenue bonds or refunding special  
9 purpose revenue bonds have matured or are the subject of  
10 redemption or whether the refunding special purpose revenue  
11 bonds shall be bonds for the multi-project programs described in  
12 section 7. In making this determination, the department shall  
13 comply with federal law relating to the exemption from federal  
14 income taxation of the interest on bonds of the nature  
15 authorized by this section.

16           SECTION 10. The authorization to issue special purpose  
17 revenue bonds under this Act shall lapse on June 30, 2014.

18           SECTION 11. This Act shall take effect upon its approval  
19 and upon ratification of a constitutional amendment allowing the  
20 issuance of special purpose revenue bonds for the purpose of  
21 assisting any corporation, rather than just a not-for-profit





1 corporation, that provides health care facilities to the general  
2 public.

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**Report Title:**

Hawaii Medical Center, Special Purpose Revenue Bonds

**Description:**

Amends part II of chapter 39A, HRS, to allow the issuance of special purpose revenue bonds to all corporations that provide health care facilities to the general public. Authorizes the issuance of special purpose revenue bonds to assist Hawaii Medical Center.

