

TESTIMONY BY KALBERT K. YOUNG  
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STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON TRANSPORTATION  
ON  
HOUSE BILL NO. 1039

February 2, 2011

**LATE TESTIMONY**

RELATING TO TRANSPORTATION

House Bill No. 1039 provides for the issuance of grant anticipation revenue notes and bonds or "GARVEE" bonds, as provided for by the Federal National Highway System Designation Act of 1955 and the Safe, Accountable, Flexible, Efficient Transportation Equity Act.

The Department of Budget and Finance strongly supports this administration measure.

The authorization of GARVEE bonds will provide the Department of Transportation (DOT) with an additional financing tool to improve the transportation infrastructure in the State. If authorized, the DOT would be able to issue GARVEE bonds that will generate up-front funding for highway improvements and will result in the completion of transportation projects earlier than would otherwise be possible. The source of repayment for the GARVEE bonds will be the future annual receipts of federal-aid highway program reimbursements and grants. Should authorization of GARVEE bonds be enacted, a subsequent ratification of a constitutional amendment to Article VII, Section 12, of the Hawaii State Constitution, to allow the issuance of GARVEE bonds will be required in the 2012 Legislature.

The Department also has technical or housekeeping comments on House Bill No. 1039 which have been attached for the Committee's consideration. (New language is underlined; deleted language is lined out.)

Thank you for the opportunity to provide our testimony on this bill.