

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HEALTH
ON
HOUSE BILL NO. 2345
FEBRUARY 10, 2012

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST ST. FRANCIS HEALTHCARE SYSTEM OF HAWAII

House Bill No. 2345 authorizes the issuance of special purpose revenue bonds to assist St. Francis Healthcare System of Hawaii, a Hawaii nonprofit corporation, to finance the construction, improvement, and equipment of its healthcare facilities pursuant to Part II, Chapter 39A, Hawaii Revised Statutes.

The Department has a technical comment on this bill. We recommend adding the following language to the end of SECTION 4 of the bill to allow the St. Francis Healthcare System of Hawaii additional flexibility to issue refunding special purpose revenue bonds in one or more series, and to take advantage of economies of scale achievable by consolidating refundings of special purpose revenue bonds authorized by other acts of the legislature:

SECTION 4.Such refunding special purpose revenue bonds may be issued in one or more series for the refunding of the special purpose revenue bonds authorized in section 2 or this section and may be combined into a single issue of refunding special purpose revenue bonds, in one or more series, with refunding special purpose revenue bonds to be issued by the department to refund any other special purpose revenue bonds authorized by any one or more other separate acts of the legislature pursuant to part II, chapter 39A, Hawaii Revised Statutes."

Thank you for the opportunity to provide testimony on this measure.



HOUSE COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair

February 10, 2012 at 9:30 a.m.
Conference Room 329

Supporting HB 2345: Relating to the Issuance of Special Purpose Revenue Bonds to Assist St. Francis Healthcare System of Hawaii

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 40,000 people. Thank you for this opportunity to testify in support of HB 2345, which authorizes the issuance of special purpose revenue bonds (SPRBs) for St. Francis Healthcare System of Hawaii.

State law authorizes the Department of Budget and Finance to issue SPRBs for certain types of projects that benefit the community. These projects include health care facilities that are provided to the general public by not-for-profit corporations.

SPRBs are attractive to corporations because they reduce the cost of financing capital projects. At the same time, they are attractive to investors because the interest income derived from them is exempt from State taxes.

It should be noted that the issuance of SPRBs does not involve any appropriation or expenditure of State funds, and it does not affect the financial liability of the State. The bonds are backed by the revenue from the particular project funded by the non-profit corporation.

St. Francis Healthcare System is a nonprofit corporation that intends to use the SPRBs as a means of financing health care facilities. In providing financial support to St. Francis Healthcare System, this bill will improve access to health care for Hawaii's residents.

For the foregoing reasons, the Healthcare Association supports HB 2345.

morikawa2 - Grant

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 09, 2012 9:45 AM
To: HLTtestimony
Cc: Jyadao@stfrancishawaii.org
Subject: Testimony for HB2345 on 2/10/2012 9:30:00 AM

Testimony for HLT 2/10/2012 9:30:00 AM HB2345

Conference room: 329
Testifier position: Support
Testifier will be present: Yes
Submitted by: Joy Yadao
Organization: St Francis Healthcare System of Hawaii
E-mail: Jyadao@stfrancishawaii.org
Submitted on: 2/9/2012

Comments:



HAWAII CATHOLIC CONFERENCE
6301 Pali Highway
Kaneohe, HI 96744-5224

Email: HMS/HTHtestimony@capitol.hawaii.gov
Hearing on: Friday, February 10, 2012 @ 9:30 a.m.
Conference Room: 329

DATE: February 8, 2012

TO: **House Committee on Health**
Rep. Ryan Yamane, Chair
Rep. Dee Morikawa, Vice Chair

From: Walter Yoshimitsu, Executive Director

Re: Support for HB 2345 relating to the issuance of special purpose revenue bonds to assist St. Francis Healthcare System of Hawaii

Honorable Chairs and members of the House Committee on Health, I am Walter Yoshimitsu, **representing the Hawaii Catholic Conference**. The Hawaii Catholic Conference is the public policy voice for the Roman Catholic Church in the State of Hawaii, which under the leadership of Bishop Larry Silva, represents Roman Catholics in Hawaii.

We strongly support this bill that would authorize the issuance of SPRBs of up to \$80,000,000, for St. Francis Healthcare System to construct healthcare facilities.

As you may already know, St. Francis has a long-standing tradition of contributing to the community in Hawaii. Their historical legacy began in 1883 when King Kalakaua personally invited them to come to the islands and provide care and comfort for patients with Hansen's disease.

The legacy of caring established by Blessed Marianne, and the visionaries who followed her, is continued today by the Sisters of St. Francis and St. Francis Healthcare System of Hawaii. We are proud of the continued efforts of the Sisters in Hawaii and look forward to the Canonization of Hawaii's second Saint!

St. Francis Healthcare Systems of Hawaii touches the lives of more than 90,000 patients a year. They are able to accomplish this because they continue to operate St. Francis Hospice, St. Francis Home Care, Franciscan Adult Day Care, St. Francis Health Services for Seniors and many other services. Currently they have plans to expand their outpatient palliative care program and build the St. Francis Intergenerational Center (a combined pre-school and adult day care.)

The issuance of these bonds will help St. Francis Healthcare systems continue to provide the outstanding care and services that have served this community so well.

Mahalo for the opportunity to testify.