



SENATE COMMITTEE ON WAYS AND MEANS

Senator David Ige, Chair

Conference Room 211

February 24, 2012 at 9:00 a.m.

**Commenting in support of SB 2939 SD 1:
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 comment in support of SB 2939 SD 1, 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 expresses its support for SB 2939 SD 1.