



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

L A T E

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The Twenty-Sixth Legislature, State of Hawaii
The Senate
Committee on Ways and Means

Testimony by
Hawaii Government Employees Association
February 24, 2011

S.B. 414, S.D. 2 – RELATING TO
THE HAWAII HEALTH
SYSTEMS CORPORATION

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO is offering comments on S.B. 414, S.D. 2, which authorizes the Hawaii Health Systems Corporation to mortgage its real property and clarifies that the 25 million dollar cap on the Municipal Leasing Authority applies to each regional system, versus the corporation as a whole.

In its current form, this legislation would allow each individual regional system to mortgage its real property, and thereby obtain outside financing and the flexibility to refinance loans with more favorable terms. Since some regions include ceded and public land trust land, they will be unable to mortgage their real property which creates a discrepancy and inequality between the regions. If the intent of this legislation is to advance the State's commitment to provide quality health care for the people of Hawaii, perhaps the Municipal Leasing Authority should be applied to the corporation, as a whole, where each region can share equally in the benefits. Further, we understand the desire to fully utilize each region's real property assets, but we question if a regional system were to default on payments, would the State then be responsible to ensure payment?

Thank you for the opportunity to provide written comments on S.B. 414, S.D. 2.

Respectfully submitted,

Nora Nomura
Deputy Executive Director