

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON HEALTH  
ON  
HOUSE BILL NO. 576, H.D. 1

February 13, 2013

RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION

House Bill No. 576, H.D. 1, authorizes the Hawaii Health Systems Corporation (HHSC) to obtain a loan from a foreign national under the Immigrant Investor Pilot Program (EB-5 program). Prior to executing any agreement to obtain a loan under the EB-5 program, this measure would require HHSC to: 1) obtain the Governor's approval for any EB-5 program loan; 2) receive an appropriation to expend the funds for the loan; and 3) submit a budget request in its annual budget to the Governor for the amount necessary to repay the EB-5 program loan.

The Immigration and Nationality Act established an Immigrant Investor Pilot Program which allows foreign nationals to obtain a Green Card (lawful permanent resident status) if they make qualified investments in the U.S. Typically, foreign nationals will invest in loans, debt instruments or take an equity interest in an American enterprise to qualify under the program. These types of financial investments are commonly referred to as EB-5 loans.

The Department of Budget and Finance supports House Bill No. 576 because it would strengthen the Executive's oversight over HHSC's use of EB-5 loans.

Currently, HHSC has the authority under Chapter 37D, HRS, to enter into financing agreements without approval of the Director of Finance and Attorney General provided that any financing agreement is less than \$5 million and the aggregate in any fiscal year does not exceed \$25 million. This bill would ensure proper oversight by the Executive and Legislature in HHSC's use of EB-5 loans.