

S.B. NO. 2942

JAN 27 2016

A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Allowing the University of Hawaii to issue
2 revenue bonds helps to address the university's capital facility
3 needs. Construction of new projects and the renovation and
4 major repair of existing facilities have included, and will
5 continue to include, faculty and student housing; additional
6 classroom, laboratory, and office space; research facilities,
7 utility facilities, and other infrastructure requirements;
8 libraries; student support facilities; and athletic facilities.

9 To accomplish this, the university is seeking authorization
10 to issue \$100,000,000 in revenue bonds to complete as many of
11 its priority capital facility construction, renovation, and
12 repair projects as possible.

13 SECTION 2. The board of regents of the University of
14 Hawaii, with the approval of the governor, is authorized to
15 issue revenue bonds from time to time to finance, in whole or in
16 part, the costs of construction or the costs of maintenance, or
17 both, of any university project, including reserves therefor as
18 the board of regents may direct. The total principal amount of

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1 the revenue bonds authorized by this Act shall not exceed
2 \$100,000,000; provided that neither revenue bonds issued to
3 refund revenue bonds heretofore issued, to the extent that such
4 refunding revenue bonds do not exceed the principal amount of
5 the revenue bonds being refunded, nor revenue bonds of the board
6 outstanding at the effective date of this Act shall cause the
7 amount of the above authorization to be decreased. The revenue
8 bonds shall be issued pursuant to the provisions of part VI of
9 chapter 304A, Hawaii Revised Statutes. The principal and
10 interest on the revenue bonds, to the extent not paid from the
11 proceeds of such bonds, shall be paid solely from and secured
12 solely by the revenue of the university as defined in section
13 304A-2671, Hawaii Revised Statutes.

14 SECTION 3. There is appropriated out of the revenue bond
15 proceeds and interest earned thereon authorized by this Act the
16 sum of \$100,000,000 or so much thereof as may be necessary for
17 fiscal year 2016-2017 to carry out the purposes of section 2 of
18 this Act; provided that any unexpended and unencumbered balance
19 of the appropriation shall not lapse at the end of fiscal year
20 2016-2017 and shall lapse instead on June 30, 2022.

21 The sums appropriated shall be expended by the board of
22 regents of the University of Hawaii."

23 SECTION 4. The University of Hawaii shall notify the
24 legislature upon issue of the revenue bonds authorized by

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1 section 2 of this Act, including a detailed listing and
2 description of all projects to be funded through the revenue
3 bonds authorized pursuant to this Act.

4 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY: *M. J. M.*

7

BY REQUEST

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Report Title:

University of Hawaii; Authorization of Revenue Bonds

Description:

Authorizes the University of Hawaii to issue \$100,000,000 in revenue bonds for the purpose of financing the construction and maintenance of qualifying capital improvement projects.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: University of Hawaii

TITLE: A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII.

PURPOSE: Authorizes the University to issue \$100,000,000 in revenue bonds, and allow for the expending of interest earned from these bonds, for the purpose of financing the University's qualifying priority capital facility construction, renovation, and repair projects.

MEANS: Establish authorization in session laws.

JUSTIFICATION: An increase in the University's authority to issue revenue bonds is necessary to enable the University to continue addressing its capital facility needs, including new project construction and the major repair and maintenance backlog.

Impact on the public: The enactment of the bill is expected to have minimal financial impact to the public since the University does not anticipate committing or dedicating any general tax receipts to the payment of the University's revenue bonds. It is not currently contemplated that "non-university" revenues would be requested to support the repayment of the University's revenue bonds. University revenues are moneys generated through fees and charges imposed for the goods and services provided by the University. The University's revenue bonds will be payable only from University revenues as defined in chapter 304A, Hawaii Revised Statutes.

Impact on the department and other agencies: The enactment of the bill will provide the University with the ability to obtain additional funding to help address its

capital facility needs, including new project construction and the major repair and maintenance backlog. The Act will require a continued budgetary diligence by the University. Other agencies of the State should not be adversely affected by the enactment.

GENERAL FUND:

None.

OTHER FUNDS:

University revenue bonds. There is no present expectation of requesting other moneys.

PPBS PROGRAM

DESIGNATION:

UOH 100, UOH 110, UOH 210, UOH 700, UOH 800, UOH 900.

OTHER AFFECTED

AGENCIES:

Office of the Governor, Department of Budget and Finance, and Department of Accounting and General Services.

EFFECTIVE DATE:

Upon approval.