

S.B. NO. 2833

JAN 24 2018

A BILL FOR AN ACT

RELATING TO UNIVERSITY OF HAWAII REVENUE BONDS.

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 deferred
3 maintenance and capital modernization for its aging facilities.
4 University revenue bonds have been utilized to finance the
5 construction of new projects and the renovation and major repair
6 of existing facilities. University projects have included,
7 faculty and student housing; classroom, laboratory, and office
8 space; student support, research, athletic, and utility
9 facilities; libraries; and parking structures.

10 State financing support of university facilities is the
11 primary method of funding Hawaii's public university. The State
12 of Hawaii and the university have always considered general
13 obligation bonds as the first approach and means to finance
14 modernizing the university's campuses. The availability of
15 revenue bond authority would be a strategic revenue source and
16 supplement to limited general obligation funding and only used
17 for financing projects that are revenue-generating or
18 financially appropriate for the university.

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1 The purpose of this Act is to authorize the University of
2 Hawaii to issue \$100,000,000 in revenue bonds to complete as
3 many of its priority capital facility construction, renovation,
4 modernization, and repair projects as possible.

5 SECTION 2. The board of regents of the University of
6 Hawaii, with the approval of the governor, is authorized to
7 issue revenue bonds from time to time to finance, in whole or in
8 part, the costs of construction or the costs of maintenance and
9 modernization, or both, of any university project, including
10 reserves therefor as the board of regents may direct. The total
11 principal amount of the revenue bonds authorized by this Act
12 shall not exceed \$100,000,000; provided that neither revenue
13 bonds issued to refund revenue bonds heretofore issued, to the
14 extent that such refunding revenue bonds do not exceed the
15 principal amount of the revenue bonds being refunded, nor
16 revenue bonds of the board outstanding at the effective date of
17 this Act shall cause the amount of the above authorization to be
18 decreased. The revenue bonds shall be issued pursuant to the
19 provisions of part VI of chapter 304A, Hawaii Revised Statutes.
20 The principal and interest on the revenue bonds, to the extent
21 not paid from the proceeds of such bonds, shall be paid solely
22 from and secured solely by the revenues of the university as
23 defined in section 304A-2671, Hawaii Revised Statutes.

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1 SECTION 3. There is appropriated out of the revenue bond
2 proceeds and interest earned thereon authorized by this Act the
3 sum of \$100,000,000 or so much thereof as may be necessary for
4 fiscal year 2018-2019 to carry out the purposes of section 2 of
5 this Act; provided that any unexpended and unencumbered balance
6 of the appropriation shall not lapse at the end of fiscal year
7 2018-2019 and shall lapse instead on June 30, 2022.

8 The sum appropriated shall be expended by the board of
9 regents of the University of Hawaii.

10 SECTION 4. The University of Hawaii shall notify the
11 legislature upon issue of the revenue bonds authorized by
12 section 2 of this Act, including a detailed listing and
13 description of all projects to be funded through the revenue
14 bonds authorized by this Act.

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

16
17 INTRODUCED BY: 

18 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

SB. NO. 2833

DEPARTMENT: University of Hawaii

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

PURPOSE: Authorizes the University of Hawaii 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, modernization, and repair projects.

MEANS: Establish authorization in session laws.

JUSTIFICATION: Authorizing the University to issue revenue bonds is necessary to enable the University to continue addressing its capital facility needs, including new project construction, modernization, 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, modernization, and the major repair and maintenance backlog. The Act will require 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.