

# SB 2531

Measure Title:	RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST WITH SPRINKLER RETROFITS.
Report Title:	Special Purpose Revenue Bonds; Sprinkler Retrofit (\$)
Description:	Authorizes the issuance of special purpose revenue bonds to assist not-for-profit private organizations, for-profit private organizations, and public instrumentalities in the retrofitting of low- and moderate-income apartment complexes with sprinkler systems.
Companion:	
Package:	None
Current Referral:	HOU, WAM
Introducer(s):	KIDANI, WAKAI, S. Chang, Dela Cruz, Galuteria, Riviere, Shimabukuro

DAVID Y. IGE  
GOVERNOR



LAUREL A. JOHNSTON  
ACTING DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
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ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**

TESTIMONY BY LAUREL A. JOHNSTON  
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON HOUSING  
ON  
SENATE BILL NO. 2531

**February 1, 2018**  
**2:55 P.M.**  
**Room 225**

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO  
ASSIST WITH SPRINKLER RETROFITS

Senate Bill No. 2531 authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist not-for-profit private organizations, for-profit private organizations, and public instrumentalities in the retrofitting of low-and moderate-income apartment complexes with sprinkler systems pursuant to Part IX, Chapter 39A, Hawaii Revised Statutes.

The Department is providing comments only to advise the Legislature and prospective SPRB parties that should the legislation be approved, approval of the SPRB issuance and conduit loan will require further review of the financing proposal to ensure compliance with all federal, state and credit underwriting requirements. For additional information, please consult our FAQ located at the following link:

<http://budget.hawaii.gov/wp-content/uploads/2012/11/SPRB-FAQ.pdf>.

Thank you for your consideration of our comments.

DAVID Y. IGE  
GOVERNOR

SHAN S. TSUTSUI  
LIEUTENANT GOVERNOR



LEONARD HOSHIJO  
ACTING DIRECTOR

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January 30, 2018

The Honorable Will Espero, Chair  
Committee on Housing  
The State Senate  
State Capitol, Room 226  
Honolulu, Hawaii 96813

Dear Chair Espero:

**Subject: Senate Bill (SB) 2531 Relating to the Issuance of Special Purpose Revenue Bonds to Assist with Sprinkler Retrofits**

I am Manuel P. Neves, Chair of the Hawaii State Fire Council (SFC) and Fire Chief of the Honolulu Fire Department (HFD). The SFC and the HFD support SB 2531, which proposes to authorize the issuance of special purpose revenue bonds to assist in the retrofitting of low- and moderate-income apartment complexes with sprinkler systems.

The fire at the Marco Polo condominium on July 14, 2017, highlights the dangers of fire in older apartment buildings. Automatic fire sprinkler systems have proven to be a solution to fires in high-rise buildings. Death rates and property loss are substantially reduced when these systems are installed and properly maintained.

Recent concerns by condominium associations have brought to light the financial burden to property owners on small or fixed incomes. This bill provides the financial support for property owners who would not normally be able to carry the financial burden to protect themselves and their neighbors from a high-rise fire.

Life safety is a priority for the SFC and the HFD. The SFC and the HFD urge your committee's support on the passage of SB 2531.

The Honorable Will Espero, Chair  
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January 30, 2018

Should you have questions, please contact SFC Administrative Specialist Lloyd Rogers at 723-7176 or [lrogers@honolulu.gov](mailto:lrogers@honolulu.gov).

Sincerely,



MANUEL P. NEVES  
Chair

MPN/LR:clc