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OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

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

February 28, 2018
11:00 A.M.
Room 211

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 (HRS).

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.

The Department also recommends an amendment to Section 2 of the bill, as follows (deleted language is struck through):

“SECTION 2. Pursuant to part IX, chapter 39A, Hawaii Revised Statutes, the department of budget and finance, with the approval of the governor, is

authorized to issue special purpose revenue bonds in a total amount not to exceed \$ _____, in one or more series, ~~to be distributed by the city and county of Honolulu,~~ for the purpose of assisting not-for-profit private organizations, for-profit organizations, and public instrumentalities in retrofitting older apartment complexes for low- and moderate-income households with sprinkler systems.”

The proposed amendment will allow the program to be made available statewide.

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

DOUGLAS S. CHIN
LIEUTENANT GOVERNOR



LEONARD HOSHIGO
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February 27, 2018

The Honorable Donovan Dela Cruz, Chair
Committee on Housing
House of Representatives
State Capitol, Room 208
Honolulu, Hawaii 96813

Dear Chair Dela Cruz:

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 Marco Polo condominium fire on July 14, 2017, highlights the dangers of fire in older apartment buildings. Automatic fire sprinkler systems have been 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 to 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 the top 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 Donovan Dela Cruz, Chair
Page 2
February 27, 2018

Should you have questions, please contact SFC Administrative Specialist Lloyd Rogers at 723-7176 or lrogers@honolulu.gov.

Sincerely,



MANUEL P. NEVES
Chair

MPN/LR:clc

SB-2531

Submitted on: 2/26/2018 5:53:30 PM

Testimony for WAM on 2/28/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments: