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DEPARTMENT OF BUDGET AND FINANCE**

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BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEES ON EDUCATION AND ECONOMIC DEVELOPMENT
ON
SENATE BILL NO. 3280, S.D. 1

**March 22, 2022
2:00 P.M.
Room 309 and Videoconference**

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST SAINT JOSEPH SCHOOL.

The Department of Budget and Finance (the "Department") offers the following comments on Senate Bill No. 3280, S.D. 1, which authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist Saint Joseph School, a Hawaii nonprofit corporation, in planning, designing, constructing, reconstructing, renovating, acquiring, equipping, and improving educational facilities for Saint Joseph School pursuant to Part VIII, Chapter 39A, Hawaii Revised Statutes. The amount of the authorization is unspecified.

The Department would like to inform 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. Additionally, the Department would like to note that House Bill No. 1829, H.D. 2, specifies that the entire allocation of the state bond ceiling cap shall be used for housing related projects for the next six years provided that the allocations authorized, but not issued before

July 1, 2022 shall not be affected. An authorization to issue a SPRB does not allocate the state bond ceiling. The allocation of the state bond ceiling is made at the closing of the bonds. Since the bill specifies that the entire state bond ceiling shall be used for housing related projects, all authorized and not issued SPRBs subject to the bond ceiling cap will be prohibited from issuance by the Department for the next six years regardless of the authorization received prior to July 1, 2022. 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.

The Thirty-First Legislature, State of Hawaii
House of Representatives
Committee on Education

Testimony By
The Cardinal Legacy Foundation

March 22, 2022

S.B. 3280, S.D. 1 - RELATING TO THE ISSUANCE OF SPECIAL
PURPOSE REVENUE BONDS TO ASSIST SAINT JOSEPH SCHOOL

The Cardinal Legacy Foundation, on behalf of St. Joseph School in Hilo, Hawaii appreciates the opportunity to testify in strong support of S.B. 3280 regarding the issuance of a special purpose revenue bond (SPRB) to assist our school.

St. Joseph's was founded in 1869 and is the only parochial school on the island of Hawaii. Faced with a declining student body and reduced revenues, a number of concerned alumni and parents working with the Catholic Diocese of Honolulu took steps to address our financial situation and put the school on a stronger financial path. The school has successfully increased enrollment and has undertaken several improvements to our physical plant to provide a stronger learning environment for our students and community.

It is our intention to use the proceeds of the SPRB to construct a multi-purpose gymnasium to replace our existing, outdated facility. This new facility would have an increased seating capacity and be designed for multipurpose use for both the school and community events. It is our hope and desire to offer our students and the Hilo community an enhanced facility which will have the additional impact of attracting more potential students to further boost our enrollment. The approval of a SPRB for this project will go a long way to making this a reality.

Your favorable consideration of S.B. 3280 is appreciated.

Respectfully submitted,



Randy Perreira
Board member, Cardinal Legacy Foundation