

ACT 4

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S.B. NO. 1260

A Bill for an Act Relating to a Grant to Kahuku Hospital.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. This Act is recommended by the governor for immediate passage in accordance with section 9 of article VII of the Constitution of the State of Hawaii.

SECTION 2. The legislature finds that it is in the public interest to keep Kahuku Hospital operating in order to serve the residents of the north shore of Oahu by enabling it to file for chapter 11 reorganization bankruptcy, rather than for chapter 7 liquidation bankruptcy, which would allow the hospital to: continue

operations; preserve its hospital license; retain its certificate of need and critical access hospital designation; reorganize; and settle its debts. The board of directors of Kahuku Hospital has agreed to continue the hospital's operations into the first half of 2007 under a chapter 11 reorganization proceeding pending the enactment of legislation that will have the effect of causing Kahuku Hospital to be acquired by Hawaii health systems corporation, or otherwise to become affiliated with the Hawaii health systems corporation.

The purpose of this Act is to appropriate \$950,000 as a grant, pursuant to chapter 42F, Hawaii Revised Statutes, to Kahuku Hospital on Oahu for fiscal year 2006-2007. The grant will permit Kahuku Hospital to maintain operations, to cover the costs associated with the chapter 11 reorganization and the potential transfer of hospital operations to the Hawaii health systems corporation.

The legislature finds and declares that this Act is in the public interest and for the public health, safety, and general welfare.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$950,000, or so much thereof as may be necessary for fiscal year 2006-2007, as a grant pursuant to chapter 42F, Hawaii Revised Statutes, to Kahuku Hospital on Oahu to continue its operations; preserve its hospital license; retain its certificate of need and critical access hospital designation; reorganize; and settle its debts.

The sum appropriated shall be expended by the department of health.

SECTION 4. In accordance with section 9 of article VII of the Constitution of the State of Hawaii and sections 37-91 and 37-93, Hawaii Revised Statutes, the legislature has determined that the general fund expenditure ceiling for fiscal year 2006-2007 (established at \$5,357,987,705 on November 8, 2006) has already been exceeded by \$90,137,694 or 1.68 per cent. The appropriations contained in this Act will cause the state general fund expenditure ceiling for fiscal year 2006-2007 to be exceeded by an additional \$950,000, or an additional 0.018 per cent. The calculation contained in the foregoing sentence relates only to the amount of general funds appropriated in this Act for fiscal year 2006-2007. The reasons for exceeding the general fund expenditure ceiling are that the appropriations made in this Act are necessary to serve the public interest and to meet the needs provided for by this Act.

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

(Approved March 29, 2007.)