



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
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by
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HB 2005 HD1 – RELATING TO UNIVERSITY OF HAWAII REVENUE BONDS

Chair Luke, Vice Chair Cullen, and members of the committee:

The University of the Hawai'i is in support of HB 2005 HD1, Relating to University of Hawaii Revenue Bonds, but respectfully requests an amendment.

The purpose of this bill is to authorize the University of Hawai'i (UH) to issue \$100,000,000 in revenue bonds for the purpose of financing the construction and maintenance of qualifying capital improvement projects. An increase in the University's authority to issue revenue bonds is necessary to enable the University to continue addressing its capital facility needs, including new project construction and the major repair and maintenance backlog.

State financing support through General Obligation (GO) Bond appropriations is the primary method of funding infrastructure for the only public university of Hawai'i. However, the availability of revenue bond authority would supplement GO bonds and could be valuable as a strategic revenue source. This authority would only be used for financing projects that are revenue-generating or financially appropriate for the University.

We respectfully request that the provision for legislative approval through concurrent resolution found on lines 9 and 10 of page 2 be removed from this bill. Waiting for a concurrent resolution to pass both legislative chambers will significantly reduce the flexibility and timeliness of any bond issuance that UH may pursue. For example, UH conducted a revenue bond transaction in December of last year. The timetable for that transaction was accelerated by several weeks in response to federal tax changes that were passed in December. If UH had been forced to wait for legislative approval, that timetable would not have been able to have been accelerated which would have negatively impacted the bond sale at a cost to the University.

Thank you for this opportunity to testify.