



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Ways and Means  
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by  
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HB 2005 HD1 SD1 – RELATING TO UNIVERSITY OF HAWAII REVENUE BONDS

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee:

The University of the Hawai'i (UH) supports HB 2005 HD1 SD1, Relating to University of Hawaii Revenue Bonds, but respectfully requests the following amendments.

The purpose of this bill is to authorize UH to issue revenue bonds. The University requests that the Legislature consider authorizing the UH to issue up to \$100,000,000 in revenue bonds. The purpose of the authority is to finance the construction and maintenance of qualifying capital improvement projects. 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. It is important to note that HB 2005 HD1 SD1 only grants authority to issue up to that amount of revenue bonds. The University does not intend or plan to issue any revenue bonds for any specific projects just yet – as no projects are currently identified. Nor, can the University issue any revenue bonds until there are determined to be adequate revenues to support debt service. The purpose of this bill is merely to have the authority available and at the ready should the need for financing capital projects with revenue bonds present itself.

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. Suggest amending that section as follows:

SECTION 2. The board of regents of the University of Hawaii, with the approval of the governor and the legislature, [~~through concurrent resolution,~~] is authorized to issue revenue bonds from time to time to finance, in whole or in part, the costs of construction or the costs of maintenance of any university project, including funding reserves therefor as the board of regents may direct.

Requiring a concurrent resolution to pass both legislative chambers is completely unique and not required of any bond issues (revenue bonds or general obligation bonds) by any department in the State. In addition such a requirement would be so inflexible that it would be to the detriment of the University and the State for timeliness of any bond issuance. 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 set to be 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.

Additionally, we respectfully request that the lapse date found on line 13 of page 3 be amended to June 30, 2022.

Thank you for this opportunity to testify.