



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
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by
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SB 192 SD1 Proposed HD1 – RELATING TO THE STATE BUDGET

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

The University of the Hawai'i (UH) opposes the proposed HD1 of SB192 SD1. The proposed HD1 would deposit Master Settlement Agreement (MSA) adjustment moneys received by the State in calendar year 2018 that were withheld during any disputed years shall be deposited into the Emergency Budget and Reserve Fund (EBRF). The proposed HD1 would also repeal the Natural Area Reserve Fund and transfer its unencumbered balance to the general fund and transfer excess moneys in the Tobacco Settlement Special Fund into the State's general fund.

While the University supports the utilization of excess unused funds, it is important to note that taking all of this balance into the EBRF would impact the distribution and availability of future tobacco settlement funds. Section 3 of Ch. 328L-2 specifies that twenty-six percent (26%) of the MSA revenues shall be deposited to the credit of the University to be used to pay debt service for the medical school facility in Kaka'ako. The State of Hawai'i and the UH issued revenue bonds in 2010 that identified scheduled MSA proceeds as available for satisfaction of annual debt service. It is not advisable to compromise previously identified or scheduled revenue streams. The estimated impact of this proposed HD1 is a revenue loss of \$800,000 annually for this purpose.

Thank you for this opportunity to testify.