



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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### Testimony Presented Before the House Committee on Finance

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By  
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And

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### HB 1730 RELATING TO STATE FINANCES

Chair Oshiro, Vice Chair Lee and Members of the Committee:

Thank you for the opportunity to express our views on HB 1730. The bill would authorize the State to issue \$20 million of general obligation bonds to fund construction of the Cancer Research Center of Hawaii (CRCH) in exchange for \$40 million of Cancer Research Center Special Fund moneys being transferred to the State General fund, resulting in a net reduction in funds for CRCH of \$20 million.

The University of Hawai'i opposes this proposal for the following reasons:

1. The \$20 million net reduction in funding would be problematic for CRCH to pay for operations, maintenance, and new faculty start-up expenses and salaries which are needed in order for CRCH to maintain its National Cancer Institute (NCI) designation and receive research funds from the National Institutes of Health (NIH).
2. Changing the other \$20 million of funds from special funds to general obligation bond funds would mean that those funds could not be used for operations of CRCH, which was one of the main purposes of the funds. Not only would this eliminate use of these moneys for non-capital improvement items such as start-up expenses, operating and maintenance expenses and new faculty salaries, but also, the money could not be payable to the developer as lease rent, which is the current approach being pursued for development of the CRCH. In addition, the net reduction in funds would result in a reduction in the amount of space which could be constructed.
3. An alternative to the developer financing the construction of the center and leasing it to the University is the University issuing revenue bonds and using the cigarette tax

monies in the Cancer Research Center Special Fund to pay the debt service on the revenue bonds. In either case, the funds would be leveraged, providing a greater amount of funds for construction of the center. Exchanging special funds for general obligation bond funds – as this measure proposes - would not allow for such leveraging since bond funds could not be used to pay for lease rent or debt service on revenue bonds.

The top priorities of the Cancer Research Center are to: a) hire faculty to provide advances in cancer research and facilitate coordination of clinical trials and; b) build the new Cancer Research Center facility to support those efforts. Both initiatives are dependent on funding from the Cancer Research Special Fund as provided by the State's cigarette-tax.

We are making progress in recruiting more talented researchers to the ranks of our existing excellent faculty and in the planning for the construction for the new cancer center building which will serve as a demonstration of the community's collective commitment to this goal. In that way, we stay firmly on the path of meeting the high standards required to maintain our current National Cancer Institute designation and move toward the goal of a comprehensive cancer center designation.

The collaborative efforts of the leadership of the Cancer Center, medical school and our local hospital systems are resulting in significant strides towards maintaining our current NCI designation, beginning construction of the new Cancer Center building, and securing the foundation for the future of clinical cancer research in Hawai'i. These endeavors will benefit the University, our community, and scientific research.

For the reasons described above, the University respectfully opposes HB 1730 and requests that the bill be held. Thank you for the opportunity to provide testimony on this measure.