



# UNIVERSITY OF HAWAI'I SYSTEM

## TESTIMONY

S.B. 2153 – Relating to Health

Testimony Presented Before the  
Senate Committee on Health and  
Senate Committee on Human Services

February 14, 2004

by

Sam Callejo  
Chief of Staff, University of Hawaii

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Chairs Baker and Chun Oakland and Members of the Committees:

The purpose of this bill is to reinstate the original allocation of funds to the tobacco prevention and control trust fund to twenty five percent and reduce the University of Hawaii allocation to 15 ½% from its current allocation of 28%.

Act 14 of the Third special session of 2001 authorized the issuance of a \$150 million revenue bond to construct a new medical facility. It was one way to mitigate the negative impact on the state's economy after the tragedy of September 11, 2001. It was also intended to enhance Hawaii's position in the nation as an education center and as a leader in health care. With these state interests in mind the legislature authorized the construction of a university health and wellness center, including a new medical school facility.

The University would be negatively impacted by this bill since the University relies on transfers of tobacco settlement moneys to pay for debt service costs related to \$150 million in revenue bonds issued in 2002 to finance the construction of medical school facilities in Kakaako. The debt service costs on these bonds are approximately \$10.1 million annually, ending in July 2033.

The 28% allocation to the University was set to cover debt service based on the lowest projected annual tobacco receipts. The reduction in allocation to the University will create a shortfall in the amount of funds necessary for debt service payments. Unless other State funds can be found to replace the transfers of tobacco settlement moneys to pay debt service on the University's revenue bonds the University would suffer a defacto cut in funding. For these reasons the University of Hawaii believes that this bill be amended to include adequate funding to cover debt service or respectfully asks that this measure be held.

Thank you for the opportunity to testify on this measure.