



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committees on Health and Education
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by
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SB 1283 Relating to Tobacco settlement funds

Chair Ige, Chair Sakamoto and members of the Committees:

The University of Hawai'i John A. Burns School of Medicine (JABSOM) wishes to express support for the intent of SB 1283, which would allow the use of funds from the Hawai'i tobacco settlement special fund to pay for operating expenses of JABSOM in addition to paying debt service for the new facility in Kaka'ako.

We appreciate the intent of the measure's authors to provide an added source of financial resources for the operations and maintenance of JABSOM.

The UH General Counsel has reviewed SB 1283 and has recommended revisions to correct technical problems in the language that would hinder the ability of the state to carry out the measure's intent.

Current law (HRS section 328L-2) provides that funds received from the tobacco settlement (and earnings thereon) will be deposited to a special fund administered by the Department of Health. SB 1283 would amend the current language specifying that funds appropriated to UH may be used solely for revenue bond payments and coverage to add that such funds may also be used for "the payment of annual operating expenses incurred by the new medical school facility". However, the bill does not repeal or amend the current statutory language stating that amounts in excess of what's need to make bond payments and satisfy coverage requirements will revert to the fund for reallocation. Thus, it appears that the bill as currently drafted would not make any additional funds available for JABSOM operations.

To achieve its intended purpose, the bill would need to either repeal the statutory language providing for reversion and reallocation of unused funds or amend it to provide that only funds that weren't used for either bond payments/coverage or operating expenses would revert and be reallocated. If amendment is desired, it could be accomplished by replacing "any moneys in excess of the amount required to pay principal of and interest on, and to generate required coverage, if any, for the revenue bonds" with "any moneys in excess of the amounts applied to such purposes".

Thank you for the opportunity to testify on this measure.