
A BILL FOR AN ACT

RELATING TO FINANCING FOR A NEW HOSPITAL IN NORTH KONA.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. The legislature finds that Kona Community
3 Hospital, a facility of the Hawaii health systems corporation,
4 is inadequate to meet the needs of its community. The existing
5 facility was built decades ago, when the local economy was based
6 primarily on sugar plantations. Since that time, the
7 accelerated and shifting economic and population growth in West
8 Hawaii has created a regional urban core far from Kona Community
9 Hospital, with a local population too large to be accommodated
10 by its ninety-four bed capacity. The legislature finds that
11 long-time community demand for a larger and more accessible
12 hospital in West Hawaii has led Kona Community Hospital to begin
13 the preplanning process for a new facility in North Kona.

14 The legislature further finds that neighbor island tourism,
15 particularly in West Hawaii, has rapidly increased over the last
16 several years. This is particularly true of the Kona area,
17 where tourism has clearly and substantially added to an already



1 overburdened local infrastructure, including the hospital. In
2 light of this added burden, the legislature finds that it is
3 appropriate for the visitor industry to contribute to supporting
4 the community's infrastructure, including the development of a
5 new hospital in North Kona that is of sufficient capacity to
6 meet demand.

7 The purpose of this Act is to assist with the financing of
8 a new hospital facility for the West Hawaii community by
9 authorizing the issuance of general obligation bonds and
10 allocating a portion of the transient accommodations tax to
11 offset costs related to the bond issuance, including interest
12 and debt service.

13 PART II

14 SECTION 2. The director of finance is authorized to issue
15 general obligation bonds in the sum of \$ or so much
16 thereof as may be necessary and the same sum or so much thereof
17 as may be necessary is appropriated for fiscal year 2015-2016
18 for the purpose of financing and refinancing all or any part of
19 the cost of planning, designing, improving, acquiring,
20 constructing, equipping, or furnishing a new hospital in North



1 Kona, to be developed by regional system V of the Hawaii health
2 systems corporation.

3 The sum appropriated by this Act shall be expended by
4 regional system V of the Hawaii health systems corporation.

5 SECTION 3. The appropriation made for the capital
6 improvement project authorized by this Act shall not lapse at
7 the end of the fiscal biennium for which the appropriation is
8 made; provided that all moneys from the appropriation
9 unencumbered as of June 30, 2018, shall lapse as of that date.

10 PART III

11 SECTION 4. Section 237D-6.5, Hawaii Revised Statutes, is
12 amended by amending subsection (b) to read as follows:

13 "(b) Revenues collected under this chapter shall be
14 distributed as follows, with the excess revenues to be deposited
15 into the general fund:

16 (1) \$26,500,000 shall be allocated to the convention
17 center enterprise special fund established under
18 section 201B-8;

19 (2) \$82,000,000 shall be allocated to the tourism special
20 fund established under section 201B-11; provided that:



- 1 (A) Beginning on July 1, 2012, and ending on June 30,
- 2 2015, \$2,000,000 shall be expended from the
- 3 tourism special fund for development and
- 4 implementation of initiatives to take advantage
- 5 of expanded visa programs and increased travel
- 6 opportunities for international visitors to
- 7 Hawaii;
- 8 (B) Of the \$82,000,000 allocated:
 - 9 (i) \$1,000,000 shall be allocated for the
 - 10 operation of a Hawaiian center and the
 - 11 museum of Hawaiian music and dance at the
 - 12 Hawaii convention center; and
 - 13 (ii) 0.5 per cent of the \$82,000,000 shall be
 - 14 transferred to a sub-account in the tourism
 - 15 special fund to provide funding for a safety
 - 16 and security budget, in accordance with the
 - 17 Hawaii tourism strategic plan 2005-2015; and
- 18 (C) Of the revenues remaining in the tourism special
- 19 fund after revenues have been deposited as
- 20 provided in this paragraph and except for any sum
- 21 authorized by the legislature for expenditure



1 from revenues subject to this paragraph,
2 beginning July 1, 2007, funds shall be deposited
3 into the tourism emergency trust fund,
4 established in section 201B-10, in a manner
5 sufficient to maintain a fund balance of
6 \$5,000,000 in the tourism emergency trust fund;
7 (3) \$103,000,000 for fiscal year 2014-2015, \$103,000,000
8 for fiscal year 2015-2016, and \$93,000,000 for each
9 fiscal year thereafter shall be allocated as follows:
10 Kauai county shall receive 14.5 per cent, Hawaii
11 county shall receive 18.6 per cent, city and county of
12 Honolulu shall receive 44.1 per cent, and Maui county
13 shall receive 22.8 per cent; provided that commencing
14 with fiscal year 2018-2019, a sum that represents the
15 difference between a county public employer's annual
16 required contribution for the separate trust fund
17 established under section 87A-42 and the amount of the
18 county public employer's contributions into that trust
19 fund shall be retained by the state director of
20 finance and deposited to the credit of the county
21 public employer's annual required contribution into



1 that trust fund in each fiscal year, as provided in
2 section 87A-42, if the respective county fails to
3 remit the total amount of the county's required annual
4 contributions, as required under section 87A-43;

5 (4) \$3,000,000 shall be allocated to the Turtle Bay
6 conservation easement special fund established under
7 section 201B-8.6 for the payment of debt service on
8 revenue bonds, the proceeds of which were used to
9 acquire the conservation easement in Turtle Bay, Oahu,
10 until the bonds are fully amortized; [and]

11 (5) Of the excess revenues deposited into the general fund
12 pursuant to this subsection, \$3,000,000 shall be
13 allocated subject to the mutual agreement of the board
14 of land and natural resources and the board of
15 directors of the Hawaii tourism authority in
16 accordance with the Hawaii tourism authority strategic
17 plan for:

18 (A) The protection, preservation, and enhancement of
19 natural resources important to the visitor
20 industry;



1 (B) Planning, construction, and repair of facilities;
2 and
3 (C) Operation and maintenance costs of public lands
4 connected with enhancing the visitor
5 experience[-]; and

6 (6) Of the excess revenues deposited into the general fund
7 pursuant to this subsection, \$ _____ shall be
8 allocated to the department of budget and finance for
9 the payment of expenses, including interest and debt
10 service, related to the issuance of general obligation
11 bonds to finance the cost of planning, designing,
12 improving, acquiring, constructing, equipping, or
13 furnishing a new hospital in North Kona pursuant to
14 Act _____, Session Laws of Hawaii 2015.

15 All transient accommodations taxes shall be paid into the
16 state treasury each month within ten days after collection and
17 shall be kept by the state director of finance in special
18 accounts for distribution as provided in this subsection.

19 As used in this subsection, "fiscal year" means the twelve-
20 month period beginning on July 1 of a calendar year and ending
21 on June 30 of the following calendar year."



1 PART IV

2 SECTION 5. Statutory material to be repealed is bracketed
3 and stricken. New statutory material is underscored.

4 SECTION 6. This Act shall take effect on July 1, 2050.



Report Title:

General Obligation Bonds; HHSC; Transient Accommodations Tax

Description:

Authorizes the issuance of general obligation bonds to develop a new HHSC hospital in North Kona. Allocates a portion of the Transient Accommodations Tax to fund the bond issuance. (HB379 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

