

Honolulu, Hawaii

MAR 04 2011

RE: S.B. No. 414
S.D. 3

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 414, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION,"

begs leave to report as follows:

The purpose and intent of this measure is to give Hawaii Health Systems Corporation the ability to fully utilize its real property assets for the benefit of the community.

Specifically, this measure:

- (1) Authorizes the Hawaii Health Systems Corporation to mortgage its real property; and
- (2) Clarifies that the dollar cap on municipal leasing authority applies to each regional system.

Your Committee received comments on this measure from Nora Nomura, Deputy Executive Director, Hawaii Government Employees Association.

Your Committee finds that the Legislature determined through Act 182, Session Laws of Hawaii 2009, that it was in the State's best interest to prohibit Hawaii Health Systems Corporation from granting mortgages on its real property to secure loans and revenue bonds. The economic downturn, however, combined with the inability to leverage its asset of real property by pledging it as

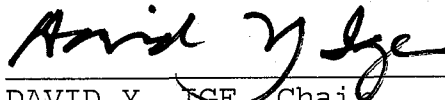


collateral, has hindered Hawaii Health Systems Corporation's ability to obtain outside financing. Your Committee further finds that this measure will alleviate confusion surrounding the issue of whether the aggregate limit on the Corporation's municipal leasing authority applies to the entire Hawaii Health System Corporation as a whole, or to each individual region. This measure will enable Hawaii Health Systems Corporation to better obtain financing and refinance loans for more favorable terms and, consequently, provide better health care to patients.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purpose of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 414, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 414, S.D. 3.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,




DAVID Y. IGE, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB414 SD2	HWH, WAM	2/24/11		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)				✓
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
FUKUNAGA, Carol	✓			
KIM, Donna Mercado	✓			
KAHELE, Gilbert	✓			
KOUCHI, Ronald D.	✓			
RYAN, Pohai	✓			
TOKUDA, Jill N.	✓			
WAKAI, Glenn	✓			
SLOM, Sam	✓			
TOTAL	17	0	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes