



GOV. MSG. NO. 1060

EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE
GOVERNOR

July 10, 2007

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fourth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

I am transmitting herewith HB1764 HD1 SD1 CD1, without my approval, and with the statement of objections relating to the measure.

HB1764 HD1 SD1 CD1

A BILL FOR AN ACT RELATING TO THE ISSUANCE
OF REVENUE BONDS TO ASSIST HAWAII HEALTH
SYSTEMS CORPORATION OR ANY OF ITS
REGIONAL SUBSIDIARY CORPORATIONS.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

P R O C L A M A T I O N

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 1764, entitled "A Bill for an Act Relating to the Issuance of Revenue Bonds to Assist Hawaii Health Systems Corporation Or Any of Its Regional Subsidiary Corporations," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 1764 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 1764 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 25th
day of June, 2007.



LINDA LINGLE
Governor of Hawaii

EXECUTIVE CHAMBERS

HONOLULU

July 10, 2007

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 1764

Honorable Members
Twenty-Fourth Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 1764, entitled "A Bill for an Act Relating to the Issuance of Revenue Bonds to Assist Hawaii Health Systems Corporation or Any of its Regional Subsidiary Corporations."

This bill would authorize "the Hawaii health systems corporation, its regional system boards, or any of its regional subsidiary corporations," upon the approval of the Governor, to issue revenue bonds of up to \$100,000,000 to finance the costs of acquisition, construction, improvement, or extension of healthcare facilities exclusively on Maui.

This bill is objectionable because of its potential adverse impact upon the powers of newly created regional systems boards (regional boards) within the Hawaii Health Systems Corporation (HHSC). This session, Senate Bill No. 1792 has been passed to create five new regional boards within HHSC with the intent to give greater local control over the governance of the HHSC hospitals. Senate Bill No. 1792 vests all five of these

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HOUSE BILL NO. 1764
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regional boards with the authority to issue revenue bonds up to \$100,000,000. The issuance of these bonds is subject to approval by HHSC and the Governor or the Director of Budget and Finance. The bond underwriters would need to determine that there are sufficient revenues to support the issuance of revenue bonds.

However, Senate Bill No. 1792 specifically provides that if House Bill 1764 becomes law in any form this session, then the amendments to section 333F-7(c)(15) that empowers all five regional boards with bond issuing authority "shall not take effect." Therefore, this bill must be returned without my approval in order for all five regional boards to be vested with the full revenue bond issuing authority that is granted under Senate Bill No. 1792.

For the foregoing reason, I am returning House Bill No. 1764 without my approval.

Respectfully,



LINDA LINGLE
Governor of Hawaii

A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF REVENUE BONDS TO ASSIST HAWAII
HEALTH SYSTEMS CORPORATION OR ANY OF ITS REGIONAL
SUBSIDIARY CORPORATIONS.

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

1 SECTION 1. The legislature finds that significant public
2 benefit will be realized in financing in whole or in part the
3 cost of the acquisition, purchase, construction, improvement,
4 betterment, or extension, (including the replacement and
5 purchase of equipment), of healthcare facilities of the Hawaii
6 health systems corporation, its regional system boards, or any
7 of its regional subsidiary corporations that provide healthcare
8 services and facilities for all residents. The legislature
9 further finds that the issuance of revenue bonds under this Act
10 is in the public interest and for the benefit of public health,
11 safety, and welfare.

12 SECTION 2. Pursuant to part III, chapter 39, Hawaii
13 Revised Statutes, the Hawaii health systems corporation, its
14 regional system boards, or any of its regional subsidiary
15 corporations, with the approval of the governor, is authorized
16 to issue revenue bonds in a total amount not to exceed



1 \$100,000,000, in one or more series, for the purpose of
2 assisting the Hawaii health systems corporation, its regional
3 system boards, or any of its regional subsidiary corporations to
4 finance in whole or in part the cost of the acquisition,
5 purchase, construction, improvement, betterment, or extension,
6 (including the replacement and purchase of equipment), of
7 healthcare facilities on Maui, which may include Maui's proposed
8 heart, brain, and vascular center, that will offer some or all
9 of the following:

10 (1) Cardiovascular services, including:

11 (A) Interventional cardiology;

12 (B) Electrophysiology;

13 (C) Vascular/endovascular;

14 (D) Heart surgery;

15 (E) Cardiac rehabilitation; and

16 (F) Disease management;

17 (2) Brain services, including interventional
18 neuroradiology; and

19 (3) Neurosurgery.

20 SECTION 3. Bond terms. (a) The principal of and interest
21 on the revenue bonds issued pursuant to section 2 shall be
22 payable from the revenues and other financial assets of the



1 Hawaii health systems corporation, its regional system board, or
2 its regional subsidiary corporations financed by the bonds.

3 (b) The revenue bonds may also be used to finance
4 capitalized interest on the bonds and any other expenses
5 incidental thereto or connected therewith, including planning,
6 design, engineering, inspection, legal, and fiscal agent fees
7 and costs of the issuance, reserves, and credit enhancement of
8 the revenue bonds.

9 (c) The bonds shall be special, limited obligations of the
10 Hawaii health systems corporation, its regional system board, or
11 its regional subsidiary corporations payable exclusively from
12 and secured by a lien on the revenues and other financial assets
13 of the Hawaii health systems corporation, its regional system
14 board, or its regional subsidiary corporations financed by the
15 bonds.

16 (d) The revenue bonds shall not be secured by the taxing
17 power of the State. The principal on the bonds and any premiums
18 upon the redemption thereof shall not constitute or evidence a
19 debt of the State, nor a legal or equitable pledge, charge,
20 lien, or encumbrance upon any of its property, or upon any of
21 its income, receipts, or revenues, except the revenues and other
22 financial assets of the Hawaii health systems corporation, its



1 regional system board, or its regional subsidiary corporations,
2 as provided in connection with the bonds.

3 SECTION 4. There is appropriated out of the special
4 facility revenue bond proceeds authorized by this Act the sum of
5 \$100,000,000 or so much thereof as may be necessary for fiscal
6 year 2007-2008 to carry out the purposes of this Act.

7 The sum appropriated shall be expended by the Hawaii health
8 systems corporation, its regional system board, or its regional
9 subsidiary corporations.

10 SECTION 5. The authorization to issue revenue bonds under
11 this Act shall lapse on June 30, 2012.

12 SECTION 6. This Act shall take effect on July 1, 2007.

