



EXECUTIVE CHAMBERS  
HONOLULU

**GOV. MSG. NO. 678**

LINDA LINGLE  
GOVERNOR

March 29, 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:

This is to inform you that on March 29, 2007, the following bill was signed into law:

SB1260 SD2

A BILL FOR AN ACT RELATING TO A GRANT TO  
KAHUKU HOSPITAL. (ACT 04)

Sincerely,

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

LINDA LINGLE

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# A BILL FOR AN ACT

RELATING TO A GRANT TO KAHUKU HOSPITAL.

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

1           SECTION 1. This Act is recommended by the governor for  
2 immediate passage in accordance with section 9 of article VII of  
3 the Constitution of the State of Hawaii.

4           SECTION 2. The legislature finds that it is in the public  
5 interest to keep Kahuku Hospital operating in order to serve the  
6 residents of the north shore of Oahu by enabling it to file for  
7 chapter 11 reorganization bankruptcy, rather than for chapter 7  
8 liquidation bankruptcy, which would allow the hospital to:  
9 continue operations; preserve its hospital license; retain its  
10 certificate of need and critical access hospital designation;  
11 reorganize; and settle its debts. The board of directors of  
12 Kahuku Hospital has agreed to continue the hospital's operations  
13 into the first half of 2007 under a chapter 11 reorganization  
14 proceeding pending the enactment of legislation that will have  
15 the effect of causing Kahuku Hospital to be acquired by Hawaii  
16 health systems corporation, or otherwise to become affiliated  
17 with the Hawaii health systems corporation.



1       The purpose of this Act is to appropriate \$950,000 as a  
2 grant, pursuant to chapter 42F, Hawaii Revised Statutes, to  
3 Kahuku Hospital on Oahu for fiscal year 2006-2007. The grant  
4 will permit Kahuku Hospital to maintain operations, to cover the  
5 costs associated with the chapter 11 reorganization and the  
6 potential transfer of hospital operations to the Hawaii health  
7 systems corporation.

8       The legislature finds and declares that this Act is in the  
9 public interest and for the public health, safety, and general  
10 welfare.

11       SECTION 3. There is appropriated out of the general  
12 revenues of the State of Hawaii the sum of \$950,000, or so much  
13 thereof as may be necessary for fiscal year 2006-2007, as a  
14 grant pursuant to chapter 42F, Hawaii Revised Statutes, to  
15 Kahuku Hospital on Oahu to continue its operations; preserve its  
16 hospital license; retain its certificate of need and critical  
17 access hospital designation; reorganize; and settle its debts.

18       The sum appropriated shall be expended by the department of  
19 health.

20       SECTION 4. In accordance with section 9 of article VII of  
21 the Constitution of the State of Hawaii and sections 37-91 and  
22 37-93, Hawaii Revised Statutes, the legislature has determined



1 that the general fund expenditure ceiling for fiscal year 2006-  
2 2007 (established at \$5,357,987,705 on November 8, 2006) has  
3 already been exceeded by \$90,137,694 or 1.68 per cent. The  
4 appropriations contained in this Act will cause the state  
5 general fund expenditure ceiling for fiscal year 2006-2007 to be  
6 exceeded by an additional \$950,000, or an additional 0.018 per  
7 cent. The calculation contained in the foregoing sentence  
8 relates only to the amount of general funds appropriated in this  
9 Act for fiscal year 2006-2007. The reasons for exceeding the  
10 general fund expenditure ceiling are that the appropriations  
11 made in this Act are necessary to serve the public interest and  
12 to meet the needs provided for by this Act.

13 SECTION 5. This Act shall take effect upon its approval.



GOVERNOR OF THE STATE OF HAWAII  
Approved this day: MAR 29 2007

