



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Testimony Presented Before the
House Committee on Finance
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By

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And

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HB 1187 – RELATING TO DISPOSITION OF TAX REVENUES

Chair Luke, Vice Chair Nishimoto, and members of the committee:

The University of Hawai'i strongly opposes this bill.

It is important to recognize that the portion of cigarette tax revenue currently benefiting the Hawai'i Cancer Research Special Fund is specifically pledged towards revenue bonds that were sold to construct the University of Hawai'i Cancer Center (Cancer Center) in 2010. More than \$128 million in outstanding bonds still remains, much of which will not be fully paid until 2040. Also, the maximum annual debt service over the next 20+ years will annually be greater than the proposed \$14,100,000 limit. Limiting the revenue capacity by statute from cigarette taxes originally intended to support Cancer Center revenue bonds could be a significant negative credit rating impact to the outstanding bonds.

Further, capping the cigarette and tobacco tax funds diverts money away from programs that deal directly with cancer prevention and the effects of smoking on Hawai'i's underserved population. Since its inception, the cigarette and tobacco tax revenue has been used to support vital health care services in Hawai'i, including cancer research and prevention, the state trauma system, community health centers, and emergency medical services. If this bill were to pass, any increase in revenue from this tax, which was designed by the Legislature to enhance the health and well-being of the people of Hawai'i, would not directly benefit the intended programs; instead, any excess funds would escheat to the general fund. As a result, the agencies that provide these vital services would have to compete at the Legislature for additional general funds rather than moving toward stability and self-sufficiency. Some of the programs that would be negatively affected are listed below:

- Cancer Center - Critical recruitment of clinical investigators, and direct support of the Cancer Center facility and its operation (needed to provide community outreach and to house cancer research infrastructure);

- Trauma System - Support for the training of trauma team personnel in rural and neighbor island communities, and assessment of trauma programs to enhance outcomes in Hawai'i;
- Community Health Centers – Delivery of essential community based health care infrastructure in communities with the greatest need;
- Emergency Medical Services - Support of the training of EMS personnel in rural and neighbor island communities, and provision of standardized equipment for EMS providers across Hawai'i.

We respectfully ask that this bill be held.

Mahalo for this opportunity to testify.