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## A BILL FOR AN ACT

RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST KEAHOLE  
MANAGEMENT GROUP LLC.

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

1       SECTION 1. The legislature finds and declares that the  
2       issuance of special purpose revenue bonds under this Act is in  
3       the public interest and for the public health, safety, and  
4       general welfare.

5       SECTION 2. Pursuant to part V, chapter 39A, Hawaii Revised  
6       Statutes, the department of budget and finance, with the  
7       approval of the governor, is authorized to issue special purpose  
8       revenue bonds in a total amount not to exceed \$10,000,000, in  
9       one or more series, for the purpose of assisting Keahole  
10      Management Group LLC, a Hawaii corporation, with planning,  
11      designing, constructing, and equipping facilities for  
12      manufacturing and processing of products such as, but not  
13      limited to, value-added agricultural products. The legislature  
14      hereby finds and determines that the planning, designing,  
15      constructing, and equipping of facilities for the manufacturing  
16      and processing of products such as value-added agricultural



1 products constitute a project as defined in part V, chapter 39A,  
2 Hawaii Revised Statutes, and the financing thereof is assistance  
3 to an industrial enterprise.

4 SECTION 3. The special purpose revenue bonds and the  
5 refunding special purpose revenue bonds issued under this Act  
6 shall be issued pursuant to part V, chapter 39A, Hawaii Revised  
7 Statutes, relating to the power to issue special purpose revenue  
8 bonds to assist industrial enterprises.

9 SECTION 4. The department of budget and finance is  
10 authorized, from time to time, including times subsequent to  
11 June 30, 2021, to issue special purpose revenue bonds in  
12 whatever principal amounts the department shall determine to be  
13 necessary to refund the special purpose revenue bonds authorized  
14 in section 2 and to refund special purpose revenue bonds  
15 authorized in this section, regardless of whether the  
16 outstanding special purpose revenue bonds or refunding special  
17 purpose revenue bonds have matured or are the subject of  
18 redemption or whether the refunding special purpose revenue  
19 bonds shall be bonds for the multi-project programs described in  
20 section 2. In making this determination, the department shall  
21 comply with federal law relating to the exemption from federal



# H.B. NO. 2063


1 income taxation of the interest on bonds of the nature  
2 authorized by this section.

3 SECTION 5. The authorization to issue special purpose  
4 revenue bonds under this Act shall lapse on June 30, 2021.

5 SECTION 6. This Act shall take effect on July 1, 2016.

6

INTRODUCED BY:



JAN 22 2016



# H.B. NO. 2063

**Report Title:**

Special Purpose Revenue Bonds; Keahole Management Group LLC

**Description:**

Authorizes the issuance of special purpose revenue bonds to assist Keahole Management Group LLC with planning, designing, constructing, and equipping facilities for the manufacturing and processing of products.

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



DAVID Y. IGE  
GOVERNOR



WRITTEN ONLY

WESLEY K. MACHIDA  
DIRECTOR

RODERICK K. BECKER  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS  
ON  
HOUSE BILL NO. 2063**

February 12, 2016  
10:30 A.M.

**RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO  
ASSIST KEAHOLE MANAGEMENT GROUP LLC.**

House Bill No. 2063 authorizes the issuance of Special Purpose Revenue Bonds (SPRB) up to \$10,000,000 to assist Keahole Management Group LLC with the planning, designing, constructing, and equipping facilities for the manufacturing and processing of products pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department would like to advise the Legislature and prospective SPRB parties that should the legislation be approved, approval of SPRB issuance will require further discussion and satisfactory credit underwriting review of the financing components with respect to any proposed financing.

Thank you for the opportunity to provide testimony on this measure.

TO: Members of the Committee on Economic Development & Business

FROM: Natalie Iwasa  
Honolulu, HI 96825  
808-395-3233

HEARING: 10:30 a.m. Friday, February 12, 2016

SUBJECT: HB 2063 Bonds for Keahole Management Group LLC - **OPPOSED**

Aloha Chair and Committee Members,

Thank you for allowing me the opportunity to provide testimony on HB 2063, which would authorize the issuance of special purpose revenue bonds for Keahole Management Group LLC. I oppose this measure.

Keahole Management Group LLC was just registered November 23, 2015. It has **no history**. It owned by Koa Kane Limited Liability Company.

Koa Kane Limited Liability Company was registered September 29, 2014, and therefore also has little business history and provides investment services to foreigners. It is also **not in good standing** with the Department of Commerce and Consumer Affairs.

Taxpayer resources should not be used in this manner. Please vote “no” on this bill.

**LATE**

**KEAHOLE MANAGEMENT GROUP LLC**

**THE HONORABLE DEREK S.K. KAWAKAMI, CHAIR  
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawai'i**

February 11, 2016

**RE: H.B. 2063; RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE  
BONDS TO ASSIST KEAHOLE MANAGEMENT GROUP LLC.**

Chair Derek S.K. Kawakami, Vice Chair Sam Satoru Kong, and members of the House Committee on Economic Development & Business, Keahole Management Group LLC, submits the following testimony in support of House Bill 2063. Presently, our team is attending meetings at Kona, Hawaii; thus, unfortunately we can't be at the hearing. The following is our testimony in support of the legislation.

House Bill 2063 authorizes the issuance of special purpose revenue bonds to assist Keahole Management Group LLC with planning, designing, constructing, and equipping facilities for the manufacturing and processing of products. Specifically, we are planning to build the facility in Kona, Hawaii and intend to process value-added agricultural products from Hawaii to play a role in providing niche and high value products for not just our State, but overseas in North America, Asia, and Europe, which in turn will bring in revenue for the State of Hawaii. The facilities will provide automated packaging and bottling, and coordinate shipping and logistics. Clients of the facilities will be farmers, value-added agriculture producers, and entrepreneurs. Our goal is to develop more middle class jobs and help Hawaii's overall economy to be more self-sustainable.

For the reasons stated above, Keahole Management Group LLC supports House Bill 2063. Thank you for the opportunity to testify on this matter.