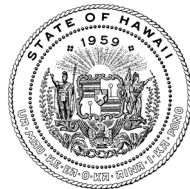


JOSH GREEN, M.D.
GOVERNOR



LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
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
Ka 'Oihana Mālama Mo'ohelu a Kāla
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

WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 1456

**February 15, 2023
10:30 A.M.
Room 211 and Videoconference**

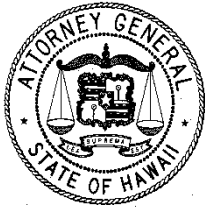
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
HONOKAA LAND COMPANY, LLC.

The Department of Budget and Finance offers the following comments on Senate Bill No. 1456 which authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist Honokaa Land Company, LLC, a Hawaii domestic limited liability company, with acquiring, developing, and renovating various facilities including rebuilding structures for a soil and earth products business based at Haina Mill; purchase of an agriculture consulting and research and development firm and farm to serve as a research and development facility; acquiring or building organic dairies; green and renewable energy initiatives; and developing affiliated agricultural employee housing pursuant to Part X, Chapter 39A, Hawaii Revised Statutes.

The Department would like to inform the Legislature and prospective SPRB parties that should the legislation be approved, approval of the SPRB issuance and conduit loan will require further review of the financing proposal to ensure compliance with all federal, state and credit underwriting requirements. Additionally, the

Department would like to note that Act 182, SLH 2022 states “unless requested by the governor and approved by the legislature, no special purpose revenue bonds requiring an allocation of annual state ceiling under section 39B-2, Hawaii Revised Statutes, shall be authorized after June 30, 2022 and before December 31, 2028”. A Governor’s Message will be required to permit the authorization during this session for the issuance of SPRBs that require an allocation of annual state ceiling under section 39B-2, Hawaii Revised Statutes. For additional information, please consult our FAQ located at the following link: <http://budget.hawaii.gov/wp-content/uploads/2012/11/SPRB-FAQ.pdf>.

Thank you for your consideration of our comments.



**WRITTEN TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-SECOND LEGISLATURE, 2023**

ON THE FOLLOWING MEASURE:

S.B. NO. 1456, RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO HONOKAA LAND COMPANY, LLC.

BEFORE THE:

SENATE COMMITTEE ON WAYS AND MEANS

DATE: Wednesday, February 15, 2023 **TIME:** 10:30 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**

(For more information, contact Randall S. Nishiyama,
Deputy Attorney General, at 808-586-1267)

Chair Dela Cruz and Members of the Committee:

The Department of the Attorney General provides the following comments.

This bill authorizes the issuance of \$100,000,000 in special purpose revenue bonds (SPRBs) pursuant to part X, Assisting Agriculture Enterprises, chapter 39A, Hawaii Revised Statutes, to assist the Honokaa Land Company, LLC, for the acquisition, development, and renovation of agricultural facilities.

Under the Internal Revenue Code of 1986, the proposed SPRBs require an allocation of the State's annual ceiling for tax-exempt private activity bonds.

We note that section 4 of Act 182, Session Laws of Hawaii 2022, provides that, "[u]nless requested by the governor and approved by the legislature, no special purpose revenue bonds requiring an allocation of the annual state ceiling [of private activity bonds] under section 39B-2, Hawaii Revised Statutes, shall be authorized after June 30, 2022 and before December 31, 2028."

Consequently, a Governor's Message will be required to permit the authorization of this bill by the Legislature.

We respectfully ask the Committee to consider our comments.

COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

SB 1456 - Support

Relating to the Issuance of Special Purpose Revenue Bonds to Honoka'a Land Company, LLC

Wednesday, February 15, 2023
10:30 AM
Conference Room 211
VIA VIDEOCONFERENCE

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee,

My name is Scott Enright and I stand in strong support of SB 1456. I have worked as a consultant in the development of the agricultural initiatives that formed the Honoka'a Land Company's projects. This set of agricultural initiatives will be initially capitalized by \$100,000,000 in funding by the United States EB-5 immigrant investor visa program which has selected this project to move forward.

Honoka'a Land Company's agricultural initiatives will consist of Haina Mill Earth Products which will develop and market an array of Earth products important to agriculture. At a time when Hawaii's fertilizer costs have doubled, these soil amendment products are much needed by Hawaiian agriculture.

Also, "Hawaii's Favorite Dairy" will invest in and own and operate state of the art organic dairies. This investment comes at a time that Hawaii's dairy sector needs reinvigorating. Further, Honoka'a Land Company will be developing and constructing workforce housing for its own workers and in other agricultural regions in Hawaii. As anyone currently involved with agriculture in Hawaii knows, agricultural workforce housing is desperately needed. Kauai and Hawaii Counties are initially targeted locations.

The Honoka'a Land Company's agricultural initiatives are needed in Hawaii and the States issuing this SPRB moves this effort forward. Again, I strongly support SB 1456 and ask this Committee to move it forward.

Thank you for the opportunity to testify.

Sincerely,

Scott Enright