

JOSH GREEN, M.D.  
GOVERNOR



LUIS P. SALAVERIA  
DIRECTOR

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HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
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**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
*Ka 'Oihana Mālama Mo'ohelu a Kālā*  
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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 AGRICULTURE AND ENVIRONMENT  
ON  
SENATE BILL NO. 1223

**February 6, 2023**  
**1:00 P.M.**  
**Room 224 and Videoconference**

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO  
ASSIST MAUIGROWN COFFEE, INC.

The Department of Budget and Finance offers the following comments on Senate Bill No. 1223 which authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist MauiGrown Coffee, Inc., a Hawaii corporation, to expand the operation of its coffee farm and mill in Puukolii, Maui 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. 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.

**JOSH GREEN, M.D.**  
Governor

**SYLVIA LUKE**  
Lt. Governor



**SHARON HURD**  
Chairperson, Board of Agriculture

**MORRIS M. ATTA**  
Deputy to the Chairperson

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**TESTIMONY OF SHARON HURD  
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEE ON  
AGRICULTURE AND ENVIRONMENT**

**MONDAY, FEBRUARY 6, 2023  
1:00 PM  
CONFERENCE ROOM 224 &  
VIDEOCONFERENCE**

**SENATE BILL NO. 1223  
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO  
ASSIST MAUIGROWN COFFEE, INC.**

Chairperson Gabbard and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 1223. This bill reauthorizes and renews the issuance of special purpose revenue bonds to MauiGrown Coffee, Inc., to expand the operation of its coffee farm and mill in Puukoolii, Maui. The Hawaii Department of Agriculture (HDOA) supports the intent of this measure provided it does not impact the priorities set in the Governor's executive biennium budget.

The department supports bona fide attempts to grow agriculture in the state. The authorization of special purpose revenue bonds will allow the development of new infrastructure with minimal impact to the State's finances. The company proposes to expand its operation which would positively help the State move toward better food security.

Thank you for the opportunity to testify on this measure.





### **Testimony in support of SB-1223, Senate AEN committee 2/06/2023**

Aloha, Chair Gabbard, Vice-Chair Richards and members of the Senate Agriculture and Environment Committee

My name is Kimo Falconer, President of MauiGrown Coffee, Inc. We are a 400-acre coffee farm located in Ka'anapali at West Maui. In 2017, we were successful in passing HB-1230 as Act 116, in an effort to secure Special Purpose Revenue Bond (SPRB) funding for an expansion of our coffee operation. This expansion includes building a milling facility to meet the processing needs of the Maui coffee growing industry, it will meet the public interest as a Hawaii brand builder and further diversify Maui County's productivity. Act 116 (2017) expired on July 1, 2022. During the 2022 legislature, through a new bill SB-1297, we asked for Act 116 to be extended an additional 3 years to 2025. Unfortunately, SPRB bills are not allowed to exceed 5 years, even though the bill made it through to the Governors desk where due to this technicality, it was vetoed.

At the time, Act 116 was the only SPRB funding vehicle designated for Agriculture to make it through to signing by Governor Ige. To that end, Act 116 was the only Agricultural SPRB awaiting review through the Finance Administration Division (FAD) so that we may be appointed a Bond counsel and then move further to the banking institutions. This was what we were doing when Covid happened and derailed the original plan.

Bond funding is a slow process that includes securing numerous commitments and agreements that eventually get summarized into a working business plan to find investors to purchase the investment package, and may take several years to complete the offering. This bill revises the original SPRB package accounting for budget alterations, vendor availability (most of which are international), coffee marketing revisions and numerous other specifics that narrowed the scope of possibilities that changed as a result of Covid 19.

Therefore, I humbly ask for your support by passing SB-1223 and allow us to reboot this great agricultural project for Maui.

Mahalo for the opportunity to testify.



**SB-1223**

Submitted on: 2/5/2023 4:28:40 PM

Testimony for AEN on 2/6/2023 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Warren Watanabe	Testifying for Maui County Farm Bureau	Support	Written Testimony Only

Comments:

Maui County Farm Bureau supports SB 1223



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February 6, 2023

HEARING BEFORE THE  
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

**TESTIMONY ON SB 1223**  
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO  
ASSIST MAUIGROWN COFFEE, INC

Conference Room 224 & Videoconference  
1:00 PM

Aloha Chair Gabbard, Vice-Chair Richards, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

**The Hawai'i Farm Bureau supports SB 1223**, which authorizes a new issuance of special purpose revenue bonds in the amount of \$30 million, to assist MauiGrown Coffee, Inc. with the operation and expansion of its farm and mill.

Coffees grown by Maui Grown Coffee Inc. on former Pioneer Mill sugarcane lands have become established and varieties such as their Mokka have become well known for their quality. MauiGrown Coffee Inc. has demonstrated its capacity to grow and expand a business and has a model that is now ready to be transferred to the lands in Central Maui. This operation will provide a basis for other value-added products and is a good example of agriculture acting as an economic engine to grow Hawai'i's economy.

For these reasons, HFB respectfully requests your support for a new issuance of the authorization to issue SPRBs to assist Maui Grown Coffee Inc.

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