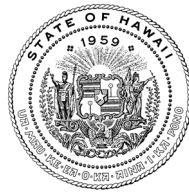


JOSH GREEN, M.D.  
GOVERNOR



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 AGRICULTURE AND ENVIRONMENT  
ON  
SENATE BILL NO. 1456

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



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

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**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 AGRICULTURE AND ENVIRONMENT

**DATE:** Monday, February 6, 2023      **TIME:** 1:00 p.m.

**LOCATION:** State Capitol, Room 224

**TESTIFIER(S):** Anne E. Lopez, Attorney General, or  
Randall S. Nishiyama, Deputy Attorney General

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Chair Gabbard 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.

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

**SYLVIA LUKE**  
Lt. Governor



**SHARON HURD**  
Chairperson, Board of Agriculture

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

State of Hawai'i  
**DEPARTMENT OF AGRICULTURE**  
KA 'OIHANA MAHI'AI  
1428 South King Street  
Honolulu, Hawai'i 96814-2512  
Phone: (808) 973-9600 FAX: (808) 973-9613

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

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

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

**SENATE BILL NO. 1456**  
**RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO**  
**HONOKAA LAND COMPANY, LLC**

Chairperson Gabbard and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 1456. This bill authorizes the issuance of special purpose revenue bonds to assist Honokaa Land Company, LLC, with acquiring, developing, and renovating agricultural facilities. 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 new and exciting products that would positively help the State move toward better food security.

Thank you for the opportunity to testify on this measure.



Committee on Agriculture and Environment  
Senator Mike Gabbard, Chair  
Senator Herbert M. "Tim" Richards, III, Vice Chair

**SB 1456**

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

Monday, February 6, 2023, 1:00 PM  
Conference Room 224

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

My name is Scott Enright and I stand in strong support of this measure. 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.

I have been made aware of ACT 182 SLH 2022 that requires a Governor's message approving the special purpose revenue bonds in order for the legislature to act on SPRB legislation. I have sent in my request for a Governor's message as of February 3, 2023.

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 this measure and ask this Committee to move it forward.

Sincerely,



Scott Enright

February 3, 2023

Governor Josh Green  
State of Hawai'i  
Executive Chambers  
State Capitol  
Honolulu, HI 96813

Dear Governor Green:

At today's House Committee on Economic Development hearing, I was made aware of ACT 182 SLH 2022 which requires a Governor's message for Special Purpose Revenue Bonds (SPRB) to be authorized by the legislature.

Attached, please find two bills for SPRB which I had introduced this year. Also, included are descriptions and information relative to these bills and testimony submitted at today's hearing. Please note that both projects support the Governor's priority for affordable/workforce housing in this case for the agricultural workforce.

I would therefore like to request Governor's message be relayed to the legislature in order to move forward with the legislation.

I would be happy to meet with you or your staff to provide further information or to answer any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Enright". The signature is stylized and cursive.

Scott Enright