

ACT 81

H.B. NO. 2248

A Bill for an Act Relating to Special Purpose Revenue Bonds for Processing Enterprises.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that coffee production throughout Hawaii was valued at over \$24,000,000 in 1998. While this is a significant contribution to the economy, coffee sales have fallen in recent years because of strong competition in world markets.

The legislature recognizes that to develop additional markets for Hawaii-grown coffee, the industry must add new products such as freeze-dried coffee. Prospective buyers for freeze-dried coffee include the United States military, overseas markets, and niche markets such as eco-tourism that rely on portable and durable food products. Freeze-drying food offers the following benefits:

- (1) Elimination of microbes in food products;
- (2) Leveling out seasonal swings in production;
- (3) Value added to non-renewable products; and
- (4) Stabilization of market price fluctuations.

In addition, the legislature recognizes that facilities that freeze-dry coffee can also be used to process other agricultural foods such as taro, papaya, mango, and

other tropical fruits. These types of food processing facilities maximize the value of existing agricultural products.

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

SECTION 2. Pursuant to part IV, chapter 39A, Hawaii Revised Statutes, the department of budget and finance, with the approval of the governor, is authorized to issue special purpose revenue bonds in a total amount not to exceed \$10,000,000, in one or more series, for the purpose of assisting Poaka, Incorporated, a State of Hawaii corporation, in planning and constructing a food processing plant for coffee and other agricultural products, at a site to be determined.

The legislature finds and determines that the planning and construction of a food processing plant constitutes a processing enterprise as defined in part IV, chapter 39A, Hawaii Revised Statutes, and the financing thereof is in the public interest.

SECTION 3. The special purpose revenue bonds issued under section 2 of this Act shall be issued pursuant to part IV, chapter 39A, Hawaii Revised Statutes, relating to the power to issue special purpose revenue bonds to assist processing enterprises.

SECTION 4. The department of budget and finance is authorized to issue special purpose revenue bonds in whatever principal amounts the department shall determine to be necessary to refund the special purpose revenue bonds authorized in this section, from time to time, including times subsequent to June 30, 2005, regardless of whether the outstanding special purpose revenue bonds or refunding special purpose revenue bonds have matured or are the subject of redemption or whether the refunding special purpose revenue bonds shall be bonds for the multi-project programs described in section 2. In making this determination, the department shall comply with federal law relating to the exemption from federal income taxation of the interest on bonds of the nature authorized by this section.

SECTION 5. The authorization to issue special purpose revenue bonds under this Act shall lapse on June 30, 2005.

SECTION 6. This Act shall take effect upon its approval.

(Approved May 31, 2002.)