

ACT 103

H.B. NO. 737

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

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

SECTION 1. Chapter 39A, part X, Hawaii Revised Statutes, is amended by amending its title to read as follows:

“~~[PART X.] ASSISTING AGRICULTURAL ENTERPRISES [SERVING IMPORTANT AGRICULTURAL LANDS]~~”

SECTION 2. Section 39A-311, Hawaii Revised Statutes, is amended as follows:

1. By amending the definitions of “project”, “project agreement”, and “project party” to read:

“Project” means any combination of land, buildings, and other improvements thereon, including without limitation irrigation systems and infrastructure, for use of, or for, or to assist an agricultural enterprise ~~[serving important agricultural lands]~~, including without limiting the generality of the foregoing, machinery, equipment, furnishings, and apparatus that are deemed necessary, suitable, or useful to the enterprise.

“Project agreement” means any agreement entered into under this part by the department with a project party to finance, construct, operate, or maintain a project from the proceeds of special purpose revenue bonds, or to lend the proceeds of special purpose revenue bonds to assist an agricultural enterprise

[~~servicing important agricultural lands~~], including without limitation any loan agreement.

“Project party” means a person, firm, or corporation qualified to do business in this State and conducting or proposing to conduct an agricultural enterprise [~~servicing important agricultural lands~~].”

2. By deleting the definition of “important agricultural lands”:
[~~““Important agricultural lands” means those lands designated as such pursuant to part III of chapter 205.”~~]

SECTION 3. Section 39A-312, Hawaii Revised Statutes, is amended by amending its title to read as follows:

“~~[[§39A-312]] Department powers as to agricultural enterprises [servicing important agricultural lands].~~”

SECTION 4. Section 39A-316, Hawaii Revised Statutes, is amended to read as follows:

“~~[[§39A-316]] Issuance of special purpose revenue bonds to finance projects.~~ In addition to the other powers that it may otherwise have, the department may issue special purpose revenue bonds to finance or refinance, in whole or in part, the costs of facilities of, or for, or to loan the proceeds of the bonds to assist project parties. All revenue bonds issued under this part are special purpose revenue bonds and the provisions of part III of chapter 39 shall not apply thereto. All special purpose revenue bonds shall be issued in the name of the department and not in the name of the State.

In determining the cost of any project, the department may also include the following:

- (1) Financing charges, fees, and expenses of any trustee and paying agents for special purpose revenue bonds issued to pay the cost of the project;
- (2) Interest on the bonds and the expenses of the State in connection with the bonds and the project to be financed from the proceeds of the bonds accruing or incurred prior to and during the estimated period of construction and for the period not exceeding twelve months thereafter;
- (3) Amounts necessary to establish or increase reserves for the special purpose revenue bonds;
- (4) The cost of plans, specifications, studies, surveys, and estimates of costs and of revenues;
- (5) Other expenses incidental to determining the feasibility or practicability of the project;
- (6) Administration expenses;
- (7) Legal, accounting, consulting, and other special service fees;
- (8) Interest cost incurred by the project party with respect to the project prior to the issuance of the special purpose revenue bonds; and
- (9) Other costs, commissions, and expenses incidental to the construction, acquisition, reconstruction, renovation, rehabilitation, improvement, betterment, operation, maintenance, or extension of the project, the financing or refinancing thereof, placing of same in operation, and the issuance of the special purpose revenue bonds, whether incurred prior to or after the issuance of the bonds.

The legislature finds and determines that the exercise of the powers vested in the department by this part constitutes assistance to an agricultural enterprise

~~[serving important agricultural lands]~~ and that the issuance of special purpose revenue bonds to finance facilities of, or for, or to loan the proceeds of the bonds to assist project parties is in the public interest.”

SECTION 5. Statutory material to be repealed is bracketed and stricken.

SECTION 6. This Act shall take effect on July 1, 2014, and upon the ratification of constitutional amendments authorizing the State to issue special purpose revenue bonds and to use the proceeds from the bonds to assist agricultural enterprises.

(Approved June 19, 2014.)