

ACT 116

H.B. NO. 1230

A Bill for an Act Relating to the Issuance of Special Purpose Revenue Bonds to Assist MauiGrown Coffee, Inc.

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

SECTION 1. The legislature finds that state support for local agriculture serves the public interest. Hawaii's coffee industry has become a successful agri-

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cultural sector and an important economic driver for the State. After oil, coffee is the second-most traded consumer commodity in the world; the global market for Hawaii-grown coffee has increased exponentially over the last several years.

MauiGrown Coffee, Inc. has achieved commercial success with its limited operations in west Maui and now has the opportunity to expand through leasing lands formerly used to cultivate sugar cane by Hawaiian Commercial & Sugar Company in the Haliimaile area. The legislature finds that the planned expansion of MauiGrown Coffee, Inc.'s operations will create opportunities for well-paying agricultural jobs for displaced sugar industry workers under a collective bargaining agreement. These jobs will help lift the prevailing wages in the agricultural sector and increase the State's revenue collections.

The legislature further finds that the consolidated lease of large tracts of land to a single entity, as opposed to a series of fragmented leases to multiple cottage producers, will allow for the application of uniform land management and pest-control programs, which will assist with the eradication of pests such as the invasive coffee berry borer beetle.

The legislature finds that MauiGrown Coffee, Inc.'s planned expansion and operation constitute a project under part X of chapter 39A, Hawaii Revised Statutes, assisting agricultural enterprises, and is therefore eligible for assistance through special purpose revenue bonds.

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

The purpose of this Act is to authorize the issuance of special purpose revenue bonds to assist MauiGrown Coffee, Inc. with the expansion of its operations.

SECTION 2. Pursuant to part X, 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 \$13,000,000, in one or more series, for the purpose of assisting MauiGrown Coffee, Inc., a Hawaii corporation, with the expanded operation of its coffee farm and mill in Puukolii, Maui. The legislature hereby finds and determines that this expansion constitutes a project as defined in part X, chapter 39A, Hawaii Revised Statutes, and the financing thereof is assistance to agricultural enterprise.

SECTION 3. The special purpose revenue bonds and the refunding special purpose revenue bonds issued under this Act shall be issued pursuant to part X, chapter 39A, Hawaii Revised Statutes, relating to the power to issue special purpose revenue bonds to assist agricultural enterprises.

SECTION 4. The department of budget and finance is authorized, from time to time, including times subsequent to June 30, 2022, 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 section 2 and to refund special purpose revenue bonds authorized in this section, 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, 2022.

SECTION 6. This Act shall take effect on July 1, 2017.
(Approved July 10, 2017.)