

ACT 120

S.B. NO. 1412

A Bill for an Act Relating to Special Purpose Revenue Bonds for the Honokea Surf Village.

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

SECTION 1. The legislature finds that HK Management LLC, a Hawaii limited liability company, proposes to build a surf industry center on state lands to be leased from the Hawaii community development authority in Kalae-

loa on the island of Oahu. The proposed surf center includes research, development, manufacturing, and testing facilities, together with a surf and aquatic film studio.

The legislature further finds that development of the surf industry center will advance the State's interest by promoting Hawaii's surfing and film industries and supporting cultural education, smart tourism, and economic development. Other benefits the legislature expects the surf center to provide include:

- (1) Supporting local surf-related businesses by allowing the State to remain a leader in surfboard design, manufacturing, and testing;
- (2) Providing a world-class surf and aquatic film studio to support and attract local, national, and international film projects;
- (3) Providing an artificial surf facility to serve as a training and meet venue and design testing facility; and
- (4) Providing employment opportunities and opportunities to promote awareness of surf history and Hawaii surf culture.

Accordingly, 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.

SECTION 2. Pursuant to part V, 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 \$95,000,000, in one or more series, for the purpose of assisting HK Management LLC, a Hawaii limited liability company, in financing or refinancing the costs of planning, designing, constructing, reconstructing, renovating, acquiring, equipping, and improving surf industry center facilities. The legislature hereby finds and determines that planning, designing, constructing, reconstructing, renovating, acquiring, equipping, and improving these facilities constitutes a project as defined in part V, chapter 39A, Hawaii Revised Statutes, and the financing or refinancing thereof is assistance to an industrial 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 V, chapter 39A, Hawaii Revised Statutes, relating to the power to issue special purpose revenue bonds to assist industrial enterprises.

SECTION 4. The department of budget and finance is authorized, from time to time, including times subsequent to June 30, 2026, 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, 2026.

SECTION 6. This Act shall take effect on July 1, 2021.

(Approved June 28, 2021.)