
A BILL FOR AN ACT

RELATING TO SPECIAL PURPOSE REVENUE BONDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 39A, Hawaii Revised Statutes, is
2 amended by adding a new part to be appropriately designated and
3 to read as follows:

4 "PART . ASSISTING AGRICULTURAL ENTERPRISES OPERATING ON
5 AGRICULTURAL LANDS

6 §39A-A Definitions. Whenever used in this part, unless a
7 different meaning clearly appears from the context:

8 "Department" means the department of budget and finance.

9 "Project" means any combination of land, buildings, and
10 other improvements thereon, including without limitation
11 irrigation systems and infrastructure, for use of, or for, or to
12 assist an agricultural enterprise operating on agricultural
13 lands, including without limiting the generality of the
14 foregoing, machinery, equipment, furnishings, and apparatus that
15 are deemed necessary, suitable, or useful to the enterprise.

16 "Project agreement" means any agreement entered into under
17 this part by the department with a project party to finance,
18 construct, operate, or maintain a project from the proceeds of



1 special purpose revenue bonds, or to lend the proceeds of
2 special purpose revenue bonds to assist an agricultural
3 enterprise operating on agricultural lands, including without
4 limitation any loan agreement.

5 "Project party" means a person, firm, or corporation
6 qualified to do business in this state and conducting or
7 proposing to conduct an agricultural enterprise operating on
8 agricultural lands.

9 "Special purpose revenue bonds" or "bonds" means bonds,
10 notes, or other evidences of indebtedness of the State issued
11 pursuant to this part.

12 **§39A-B Department powers as to agricultural enterprises**
13 **operating on agricultural lands.** In addition to powers that it
14 may now have, the department shall have all powers necessary or
15 convenient to accomplish the purposes of this part. The powers
16 of the department include but are not limited to the following:

- 17 (1) Notwithstanding and without compliance with section
18 103-7, but with the approval of the governor, to:
- 19 (A) Enter into and carry out a project agreement, or
20 an amendment or supplement to an existing project
21 agreement, with a project party; and



1 (B) Enter into and carry out any agreement whereby
2 the obligation of a project party under a project
3 agreement will be unconditionally guaranteed by a
4 person other than a project party;

5 (2) To issue special purpose revenue bonds pursuant to and
6 in accordance with this part;

7 (3) To lend the proceeds of the special purpose revenue
8 bonds issued for a project to the project party for
9 use and application by the project party for the
10 acquisition, purchase, construction, reconstruction,
11 improvement, betterment, extension, maintenance of a
12 project, or refinancing of outstanding obligations
13 related to a project;

14 (4) As security for the payment of the principal, premium,
15 if any, and interest of the special purpose revenue
16 bonds issued for a project, to:

17 (A) Pledge, assign, hypothecate, or otherwise
18 encumber all or any part of the revenues and
19 receipts derived or to be derived by the
20 department under the project agreement for the
21 project for which the bonds are issued;



1 (B) Pledge and assign the interest and rights of the
2 department under the project agreement or other
3 agreement with respect to the project or the
4 special purpose revenue bonds;

5 (C) Pledge and assign any bond, debenture, note, or
6 other evidence of indebtedness received by the
7 department with respect to the project; or

8 (D) Any combination of the foregoing;

9 (5) To extend or renew any project agreement or any other
10 agreement related thereto; provided that any renewal
11 or extension shall be subject to the approval of the
12 governor unless made in accordance with provisions for
13 the extension or renewal contained in a project
14 agreement or related agreement previously approved by
15 the governor; and

16 (6) To do any and all things necessary or convenient to
17 carry out its purposes and exercise the powers given
18 and granted in this part.

19 When the department finances or refinances a project by the
20 issuance of special purpose revenue bonds as contemplated by
21 this part, the State shall not exercise the power of eminent
22 domain to acquire a project or any part thereof for lease or



1 transfer to a project party, nor shall the State operate a
2 project on behalf of a project party.

3 **§39A-C Compliance with state and local law.** The issuance
4 of special purpose revenue bonds with respect to any project
5 under this part shall not relieve any project party or other
6 user of the project from the laws, ordinances, and rules of the
7 State or any political subdivision thereof, or any departments
8 or boards thereof with respect to:

- 9 (1) The construction, operation, and maintenance of
10 projects;
- 11 (2) Compliance with zoning laws or regulations;
- 12 (3) Obtaining of building permits; and
- 13 (4) Compliance with building and health codes and other
14 laws, ordinances, or rules and regulations of similar
15 nature pertaining to the project.

16 These laws shall be applicable to the party or any other user to
17 the same extent they would be if the costs of the project were
18 directly financed by the project party.

19 **§39A-D Conditions precedent to negotiating and entering**
20 **into a project agreement.** Prior to entering into negotiations
21 with respect to a project agreement or at any time during the
22 negotiations, the department shall require that as a condition



1 to the negotiations or the continuation thereof, the State shall
2 be reimbursed for any and all costs and expenses incurred by it
3 even though a project agreement may not be entered into and may
4 further require the deposit of moneys with the department as
5 security for the reimbursement. Any amount of the deposit in
6 excess of the amount required to reimburse the State shall be
7 returned by the department to the party that has made the
8 deposit. The State shall not be required to pay to the project
9 party any interest or earnings on such deposit.

10 The department shall not enter into any project agreement
11 with respect to any project unless the legislature shall have
12 first authorized the issuance of special purpose revenue bonds
13 to finance the project pursuant to section 39A-G and the
14 department has thereafter found and determined either that the
15 project party is a responsible party, whether by reason of
16 economic assets or experience in the type of enterprise to be
17 undertaken through the project, or otherwise, or that the
18 obligations of the project party under the project agreement
19 will be unconditionally guaranteed by a person who is a
20 responsible party, whether by reason of economic assets or
21 experience in the type of enterprise to be undertaken through
22 the project, or otherwise.



1 **§39A-E Project agreement.** No special purpose revenue
2 bonds shall be issued unless at the time of issuance the
3 department shall have entered into a project agreement with
4 respect to the project for the financing of which the special
5 purpose revenue bonds are to be issued. Any project agreement
6 entered into by the department shall contain provisions
7 unconditionally obligating the project party:

8 (1) To pay to the department during the period or term of
9 the project agreement, exclusive of any renewal or
10 extension thereof and whether or not the project is
11 used or occupied by the project party, the sum or
12 sums, at time or times, and in amounts that will be at
13 least sufficient:

14 (A) To pay the principal and interest on all special
15 purpose revenue bonds issued with respect to the
16 project as and when the same become due,
17 including any premium payable upon any required
18 redemption of the bonds;

19 (B) To establish or maintain a reserve, if any, that
20 may be required by the instrument authorizing or
21 securing the special purpose revenue bonds;



1 (C) To pay all fees and expenses, including the fees
2 and expenses of the paying agents and trustees,
3 incurred in connection with the special purpose
4 revenue bonds; and

5 (D) To pay the expenses, direct or indirect, incurred
6 by the State, as determined by the department, in
7 administering the bonds or in carrying out the
8 project agreement;

9 and

10 (2) To operate, maintain, and repair the project as long
11 as the same is used, as provided in the project
12 agreement, and to pay all costs of the operation,
13 maintenance, and repair.

14 Moneys received by the department pursuant to paragraph
15 (1)(D) shall not be, or be deemed to be, revenues of the project
16 and shall be paid into the general fund of the State.

17 **§39A-F Issuance of special purpose revenue bonds to**
18 **finance projects.** In addition to the other powers that it may
19 otherwise have, the department may issue special purpose revenue
20 bonds to finance or refinance, in whole or in part, the costs of
21 facilities of, or for, or to loan the proceeds of the bonds to
22 assist project parties. All revenue bonds issued under this



1 part are special purpose revenue bonds and the provisions of
2 part III of chapter 39 shall not apply thereto. All special
3 purpose revenue bonds shall be issued in the name of the
4 department and not in the name of the State.

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

- 7 (1) Financing charges, fees, and expenses of any trustee
8 and paying agents for special purpose revenue bonds
9 issued to pay the cost of the project;
- 10 (2) Interest on the bonds and the expenses of the State in
11 connection with the bonds and the project to be
12 financed from the proceeds of the bonds accruing or
13 incurred prior to and during the estimated period of
14 construction and for the period not exceeding twelve
15 months thereafter;
- 16 (3) Amounts necessary to establish or increase reserves
17 for the special purpose revenue bonds;
- 18 (4) The cost of plans, specifications, studies, surveys,
19 and estimates of costs and of revenues;
- 20 (5) Other expenses incidental to determining the
21 feasibility or practicability of the project;
- 22 (6) Administration expenses;



- 1 (7) Legal, accounting, consulting, and other special
2 service fees;
- 3 (8) Interest cost incurred by the project party with
4 respect to the project prior to the issuance of the
5 special purpose revenue bonds; and
- 6 (9) Other costs, commissions, and expenses incidental to
7 the construction, acquisition, reconstruction,
8 renovation, rehabilitation, improvement, betterment,
9 operation, maintenance, or extension of the project,
10 the financing or refinancing thereof, placing of same
11 in operation, and the issuance of the special purpose
12 revenue bonds, whether incurred prior to or after the
13 issuance of the bonds.

14 The legislature finds and determines that the exercise of
15 the powers vested in the department by this part constitutes
16 assistance to an agricultural enterprise operating on
17 agricultural lands and that the issuance of special purpose
18 revenue bonds to finance facilities of, or for, or to loan the
19 proceeds of the bonds to assist project parties is in the public
20 interest.

21 **§39A-G Authorization of special purpose revenue bonds.**

- 22 (a) Special purpose revenue bonds for each project or multi-



1 project program shall be authorized by a separate act of the
2 legislature, by an affirmative vote of two-thirds of the members
3 to which each house is entitled; provided that the legislature
4 shall find that the issuance of the bonds is in the public
5 interest; provided further that no authorization shall be made
6 for a period exceeding five years of its enactment. Any special
7 purpose revenue bond authorization, or any portion of the
8 special purpose revenue bond authorization that has not been
9 issued at the close of the fiscal year for the period for which
10 the authorization is made, shall lapse. Special purpose revenue
11 bonds issued pursuant to this part may be in one or more series
12 for each project. The special purpose revenue bonds of each
13 issue shall be dated, shall bear interest at a rate or rates,
14 shall mature at a time or times not exceeding forty years from
15 their date or dates, shall have a rank or priority and may be
16 made redeemable before maturity at the option of the department,
17 at a price or prices and under terms and conditions, all as may
18 be determined by the department. The department shall determine
19 the form of the special purpose revenue bonds, including any
20 interest coupons to be attached thereto, and the manner of
21 execution of the special purpose revenue bonds, and shall fix
22 the denomination or denominations of the special purpose revenue



1 bonds and the place or places of payment of principal and
2 interest that may be at any bank or trust company within or
3 without the state. The special purpose revenue bonds may be
4 issued in coupon or in registered form, or both, as the
5 department may determine. Provisions may be made for the
6 registration of any coupon bonds as to principal alone and also
7 as to both principal and interest and for the reconversion into
8 coupon bonds of any bonds registered as to both principal and
9 interest. The department may sell special purpose revenue bonds
10 either at public or private sale and for a price that it may
11 determine.

12 (b) Prior to the preparation of definitive special purpose
13 revenue bonds, the department may issue interim receipts or
14 temporary bonds, with or without coupons, exchangeable for
15 definitive bonds when the bonds have been executed and are
16 available for delivery.

17 (c) Should any bond issued under this part or any coupon
18 appertaining thereto become mutilated or be lost, stolen, or
19 destroyed, the department may cause a new bond or coupon of like
20 date, number, and tenor to be executed and delivered in exchange
21 and substitution for, and upon the cancellation of the mutilated
22 bond or coupon, or in lieu of and in substitution for a lost,



1 stolen, or destroyed bond or coupon. The new bond or coupon
2 shall not be executed or delivered until the holder of the
3 mutilated, lost, stolen, or destroyed bond or coupon has:

4 (1) Paid the reasonable expense and related charges;

5 (2) In the case of a lost, stolen, or destroyed bond or
6 coupon, filed with the department or its fiduciary
7 evidence satisfactory to the department or its
8 fiduciary that the bond or coupon was lost, stolen, or
9 destroyed and that the holder was the owner of the
10 bond; and

11 (3) Furnished indemnity satisfactory to the department.

12 (d) The department may provide that CUSIP identification
13 numbers be printed on the special purpose revenue bonds. If
14 numbers are imprinted on the bonds:

15 (1) No CUSIP identification number shall constitute a part
16 of the contract evidenced by the particular bond upon
17 which it is imprinted; and

18 (2) No liability shall attach to the department or any of
19 its officers or agents, including any fiscal agent,
20 paying agent, or registrar for the bonds, by reason of
21 the numbers or any use made thereof, including any use
22 made by the department, any officer, or any agent, or



1 by reason of any inaccuracy, error, or omission with
2 respect thereto or in any use.

3 The department may require that all costs of obtaining and
4 imprinting the numbers shall be paid by the purchaser of the
5 bonds. For the purpose of this subsection, the term "CUSIP
6 identification numbers" means the numbering system adopted by
7 the Committee for Uniform Security Identification Procedures
8 formed by the Securities Industry Association.

9 **§39A-H Special purpose revenue bond anticipation notes.**

10 Whenever the department has authorized the issuance of special
11 purpose revenue bonds under this part, special purpose revenue
12 bond anticipation notes of the department may be issued in
13 anticipation of the issuance of the bonds and of the receipt of
14 the proceeds of sale of the bonds, for the purposes for which
15 the bonds have been authorized. All special purpose revenue
16 bond anticipation notes shall be authorized by the department,
17 and the maximum principal amount of the notes shall not exceed
18 the authorized principal amount of the bonds. The notes shall
19 be payable solely from and secured solely by the proceeds of
20 sale of the special purpose revenue bonds in anticipation of
21 which the notes are issued and the revenues from which would be
22 payable and by which the bonds would be secured; provided that



1 to the extent that the principal of the notes shall be paid from
2 moneys other than the proceeds of sale of the bonds, the maximum
3 amount of bonds in anticipation of which the notes are issued
4 that has been authorized shall be reduced by the amount of notes
5 paid in such manner. The authorization, issuance, and the
6 details of the notes shall be governed by this part with respect
7 to special purpose revenue bonds insofar as the same may be
8 applicable; provided that each note, together with all renewals
9 and extensions thereof, or refundings thereof by other notes
10 issued under this section, shall mature within five years from
11 the date of the original note.

12 **§39A-I Powers with respect to and security for special**
13 **purpose revenue bonds.** To secure the payment of any of the
14 special purpose revenue bonds issued pursuant to this part and
15 interest thereon, or in connection with the bonds, the
16 department shall have the power:

17 (1) To pledge all or any part of the revenues derived by
18 the department from the project agreement to the
19 punctual payment of special purpose revenue bonds
20 issued with respect to the project financed from
21 proceeds thereof and interest thereon, and to covenant
22 against thereafter pledging any revenues or receipts



- 1 to any other bonds or any other obligations of the
2 department for any other purpose, except as otherwise
3 stated in the law providing for the issuance of
4 additional special purpose revenue bonds to be equally
5 and ratably secured by a lien upon the revenues;
- 6 (2) To pledge and assign the interest and right of the
7 department under the project agreement and other
8 agreements related thereto and the rights, duties, and
9 obligations of the department thereunder, including
10 the right to receive revenues thereunder;
- 11 (3) To covenant as to the use and disposition of the
12 proceeds from the sale of the bonds;
- 13 (4) To covenant to set aside or pay over reserves and
14 sinking funds for the bonds and as to the disposition
15 thereof;
- 16 (5) To covenant and prescribe as to what happenings or
17 occurrences shall constitute "events of default" and
18 the terms and conditions upon which any or all of the
19 bonds shall become or may be declared due before
20 maturity and as to the terms and conditions upon which
21 the declaration and its consequences may be waived;



- 1 (6) To covenant as to the rights, liabilities, powers, and
2 duties arising upon the breach by it of any covenant,
3 condition, or obligation;
- 4 (7) To designate a national or state bank or trust company
5 within or without the state, incorporated in the
6 United States, to serve as trustee for the holders of
7 the special purpose revenue bonds and to enter into a
8 trust indenture or trust agreement or indenture of
9 mortgage with the trustee. The trustee may be
10 authorized by the department to receive and receipt
11 for, hold, and administer the proceeds of the special
12 purpose revenue bonds issued for the project and to
13 apply the proceeds to the purposes for which the bonds
14 are issued, or to receive and receipt for, hold, and
15 administer the revenues derived by the department
16 under the project agreement and to apply the revenues
17 to the payment of the principal and interest on the
18 bonds, or both, and any excess revenues to the payment
19 of expenses incurred by the State in administering the
20 bonds or in carrying out the project agreement. If a
21 trustee is appointed, any trust indenture or trust
22 agreement or indenture of mortgage entered into by the



1 department with the trustee may contain whatever
2 covenants and provisions as may be necessary or
3 convenient or desirable to secure the bonds. The
4 department may pledge and assign to the trustee the
5 interest of the department under the project agreement
6 and other agreements related thereto and the rights,
7 duties, and obligations of the department thereunder,
8 including the right to receive revenues thereunder.
9 The department may appoint the trustee to serve as
10 fiscal agent for the payment of the principal and
11 interest, and for the purchase, registration,
12 transfer, exchange, and redemption of the special
13 purpose revenue bonds. The department may also
14 authorize and empower the trustee to perform these
15 functions with respect to the payment, purchase,
16 registration, transfer, exchange, and redemption, as
17 the department may deem necessary, advisable, or
18 expedient, including without limitation the holding of
19 the special purpose revenue bonds and coupons that
20 have been paid and the supervision of the destruction
21 thereof in accordance with law;



1 (8) To execute all instruments necessary or convenient in
2 the exercise of the powers herein granted or in the
3 performance of its covenants and duties; and

4 (9) To make covenants and do any and all acts as may be
5 necessary, convenient, or desirable to secure the
6 bonds, notwithstanding that the covenants, acts, or
7 items may not be enumerated herein.

8 The department shall have the power to do all things in the
9 issuance of the bonds and for their security that are consistent
10 with the Constitution of the State of Hawaii.

11 **§39A-J Security for special purpose revenue bonds.**

12 Special purpose revenue bonds shall be payable solely from the
13 revenues derived by the department from payments made to the
14 department under the project agreement or other supplemental
15 agreements entered into with respect to the project and shall be
16 secured solely by the bond revenues and by the pledges and
17 assignments authorized by this part. Subject to the prior and
18 superior rights of outstanding bonds, claims, obligations, or
19 mechanic's and materialman's liens, all special purpose revenue
20 bonds of the same issue shall have a prior and paramount lien on
21 the revenues derived from the project agreement with respect to
22 the project, for which the bonds have been issued, over and



1 ahead of all special purpose revenue bonds of any issue payable
2 from the revenues that may be subsequently issued and over and
3 ahead of any claims or obligations of any nature against the
4 revenues subsequently arising or subsequently incurred; provided
5 that the department may reserve the right and privilege to
6 subsequently issue additional series of special purpose revenue
7 bonds, from time to time, payable from the revenues derived from
8 the project agreement on a parity with the special purpose
9 revenue bonds previously issued, and the subsequently issued
10 series of special purpose revenue bonds may be secured, without
11 priority by reason of date of sale, date of execution, or date
12 of delivery, by a lien on the revenues in accordance with law,
13 including this part.

14 Notwithstanding any other provisions herein, all or part of
15 the property constituting the project and all interest of the
16 project party in the project and the revenues of the project
17 party therefrom may be subjected to the present and future lien
18 of any mortgage of the project party securing the project
19 party's bonds, and the rights of the department and any trustee
20 for the holders of the special purpose revenue bonds and the
21 holders of the special purpose revenue bonds in the project and



1 the revenues therefrom may be made subject to the prior lien of
2 the project party's mortgage.

3 **§39A-K Special purpose revenue bonds not a general**
4 **obligation of the State.** No holder or holders of any special
5 purpose revenue bonds issued under this part shall ever have the
6 right to compel any exercise of the taxing power of the State to
7 pay the bonds or the interest thereon and no moneys other than
8 the revenues pledged to the bonds shall be applied to the
9 payment thereof. Each special purpose revenue bond issued under
10 this part shall recite in substance that the bond, including
11 interest thereon, is not a general obligation of the State and
12 is payable solely from the revenues pledged to the payment
13 thereof, and that the bond is not secured, directly or
14 indirectly, by the full faith and credit or the general credit
15 of the State or by any revenues or taxes of the State other than
16 the revenues specifically pledged thereto.

17 **§39A-L Validity of special purpose revenue bonds.** The
18 special purpose revenue bonds bearing the signature or facsimile
19 signature of officers in office on the date of the signing
20 thereof shall be valid and sufficient for all purposes,
21 notwithstanding that before the delivery thereof and payment
22 therefor, any or all the persons whose signatures appear thereon



1 shall have ceased to be officers of the department. Special
2 purpose revenue bonds shall contain a recital that they are
3 issued pursuant to this part, which recital shall be conclusive
4 evidence of their validity and of the regularity of their
5 issuance.

6 **§39A-M Use of revenues derived from project agreement.**

7 The department shall have the right to appropriate, apply, or
8 expend the revenues derived with respect to the project
9 agreement for a project for the following purposes:

- 10 (1) To pay when due all special purpose revenue bonds,
11 premiums if any, and interest thereon, for the payment
12 of which the revenues are or have been pledged,
13 charged, or otherwise encumbered, including reserves
14 therefor; and
- 15 (2) To the extent not paid by the project party to provide
16 for all expenses of administration, operations, and
17 maintenance of the project, including reserves
18 therefor.

19 Unless and until adequate provision has been made for the
20 foregoing purposes, the department shall not transfer the
21 revenues derived from the project agreement to the general fund
22 of the State.



1 **§39A-N Special purpose revenue bonds exempt from taxation.**

2 Special purpose revenue bonds and the income therefrom issued
3 pursuant to this part shall be exempt from all state and county
4 taxation except inheritance, transfer, and estate taxes.

5 **§39A-O Federal tax exempt status.** To the extent
6 practicable, special purpose revenue bonds issued pursuant to
7 this part shall be issued to comply with requirements imposed by
8 applicable federal law providing that the interest on the
9 special purpose revenue bonds shall be excluded from gross
10 income for federal income tax purposes, except as certain
11 minimum taxes or environmental taxes may apply. The director of
12 finance may enter into agreements, establish funds or accounts,
13 and take any action required to comply with applicable federal
14 law. Nothing in this part shall be deemed to prohibit the
15 issuance of special purpose revenue bonds, the interest on which
16 may be included in gross income for federal income tax purposes.

17 **§39A-P Exemption from taxation of department property.**

18 All revenues derived by the department from any project or under
19 the project agreement pertaining thereto shall be exempt from
20 all state and county taxation. Any right, title, and interest
21 of the department in any project shall also be exempt from all
22 state and county taxation.



1 Except as otherwise provided by law, the interest of the
2 project party or user of the project under the project agreement
3 or related agreement shall not be exempt from taxation to a
4 greater extent than it would be if the costs of the project were
5 directly financed by the project party or other user.

6 **§39A-Q Refunding special purpose revenue bonds.** By act
7 enacted by an affirmative vote of two-thirds of the members to
8 which each house is entitled, the legislature may authorize the
9 issuance of refunding special purpose revenue bonds for the
10 purpose of refunding any special purpose revenue bonds then
11 outstanding and issued under this part, whether or not the
12 outstanding special purpose revenue bonds have matured or are
13 then subject to redemption. By act enacted by an affirmative
14 vote of two-thirds of the members to which each house is
15 entitled, the legislature may provide for the issuance of a
16 single issue of special purpose revenue bonds for the combined
17 purposes of:

- 18 (1) Financing or refinancing the cost of a project or
19 improvement or expansion thereof; and
20 (2) Refunding special purpose revenue bonds that shall
21 theretofore have been issued under this part and shall
22 then be outstanding, whether or not the outstanding



1 special purpose revenue bonds have matured or are then
2 subject to redemption.

3 Nothing in this section shall require or be deemed to
4 require the department to elect to redeem or prepay special
5 purpose revenue bonds being refunded, or to redeem or prepay
6 special purpose revenue bonds being refunded that were issued in
7 the form customarily known as term bonds in accordance with any
8 sinking fund installment schedule specified in any instruments
9 providing for the issuance thereof, or, if the department elects
10 to redeem or prepay any bonds, to redeem or prepay as of any
11 particular date or dates. The issuance of refunding special
12 purpose revenue bonds, the maturities and other details thereof,
13 the rights and remedies of the holders thereof, and the rights,
14 powers, privileges, duties, and obligations of the department
15 with respect to the same, shall be governed by the foregoing
16 provisions of this part insofar as the same may be applicable.

17 **§39A-R Status of special purpose revenue bonds under the**
18 **Uniform Commercial Code.** Notwithstanding any of the provisions
19 of this part or any recitals in any special purpose revenue
20 bonds issued under this part, all special purpose revenue bonds
21 shall be deemed to be investment securities under the Uniform



1 Commercial Code, chapter 490, subject only to the provisions of
2 the special purpose revenue bonds pertaining to registration.

3 **§39A-S Special purpose revenue bonds as legal investments**
4 **and lawful security.** Special purpose revenue bonds issued
5 pursuant to this part shall be and are declared to be legal and
6 authorized investments for banks, savings banks, trust
7 companies, savings and loan associations, insurance companies,
8 credit unions, fiduciaries, trustees, guardians, and for all
9 public funds of the State or other political corporations or
10 subdivisions of the State. The special purpose revenue bonds
11 shall be eligible to secure the deposit of any and all public
12 funds of the State and any and all public funds of counties or
13 other political corporations or subdivisions of the State, and
14 the bonds shall be lawful and sufficient security for public
15 fund deposits to the extent of their value when accompanied by
16 all unmatured coupons appertaining thereto.

17 **§39A-T Access to and public disclosure of financial**
18 **records of project party.** (a) Each project party with a
19 project agreement with the department shall allow the department
20 full access to the project party's financial records. Upon the
21 request of the department for the examination of any financial
22 record, the project party shall allow the department to examine



1 the requested records within a reasonably prompt time from the
2 date of the request. If the department requests copies of the
3 records, the project party shall provide the copies.

4 (b) To provide the public with full knowledge of the use
5 of the proceeds and benefits derived from special purpose
6 revenue bonds issued under this part, the department shall
7 require each project party with a project agreement with the
8 department to make available to the public all relevant
9 financial records that pertain to the use of or savings
10 resulting from the use of special purpose revenue bonds.

11 (c) The department shall adopt rules under chapter 91 for
12 the purposes of this section.

13 **§39A-U Estimate of benefits.** (a) Each project party with
14 a project agreement with the department shall estimate the
15 benefits derived from the use of the proceeds of special purpose
16 revenue bonds. The benefits estimated shall be based on the
17 creation of new jobs and potential effect on tax receipts. The
18 format of and method for determining the estimates shall be
19 established by the department and shall be uniform for each
20 project party.

21 (b) To promote public understanding of the role played by
22 special purpose revenue bonds in providing benefits to the



1 general public, the department shall take appropriate steps to
2 ensure public access to and scrutiny of the estimates determined
3 under subsection (a).

4 (c) The department shall adopt rules under chapter 91 for
5 the purposes of this section.

6 **§39A-V Construction of this part.** The powers conferred by
7 this part shall be in addition and supplemental to the powers
8 conferred by any other law. Insofar as the provisions of this
9 part are inconsistent with the provisions of any other law, this
10 part shall control."

11 SECTION 2. In codifying the new part added to chapter 39A,
12 Hawaii Revised Statutes, by section 1 of this Act, the revisor
13 of statutes shall substitute appropriate section numbers for the
14 letters used in designating the new sections in this Act.

15 SECTION 3. This Act shall take effect upon its approval
16 and upon ratification of constitutional amendments authorizing
17 the State to issue special purpose revenue bonds and use the
18 proceeds from the bonds to assist agricultural enterprises
19 operating on agricultural lands.



Report Title:

Agricultural Lands; Special Purpose Revenue Bonds

Description:

Allows the authorization of special purpose revenue bonds for certain agricultural enterprises operating on agricultural lands. (SB2485 HD2)

