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# 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 BUSINESSES OPERATING ON  
5 IMPORTANT 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 "Important agricultural lands" means those lands designated  
10 as such pursuant to part III of chapter 205.

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



1 "Project agreement" means any agreement entered into under  
2 this part by the department with a project party to finance,  
3 construct, operate, or maintain a project from the proceeds of  
4 special purpose revenue bonds, or to lend the proceeds of  
5 special purpose revenue bonds to assist an agricultural business  
6 operating on important agricultural lands, including without  
7 limitation any loan agreement.

8 "Project party" means a person, firm, or corporation  
9 qualified to do business in this State and conducting or  
10 proposing to conduct an agricultural business operating on  
11 important agricultural lands.

12 "Special purpose revenue bonds" or "bonds" means bonds,  
13 notes, or other evidences of indebtedness of the State issued  
14 pursuant to this part.

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

21 (1) Notwithstanding and without compliance with section  
22 103-7, but with the approval of the governor, to:



- 1 (A) Enter into and carry out a project agreement, or  
2 an amendment or supplement to an existing project  
3 agreement, with a project party; and
- 4 (B) Enter into and carry out any agreement whereby  
5 the obligation of a project party under a project  
6 agreement will be unconditionally guaranteed by a  
7 person other than a project party;
- 8 (2) To issue special purpose revenue bonds pursuant to and  
9 in accordance with this part;
- 10 (3) To lend the proceeds of the special purpose revenue  
11 bonds issued for a project to the project party for  
12 use and application by the project party for the  
13 acquisition, purchase, construction, reconstruction,  
14 improvement, betterment, extension, or maintenance of  
15 a project;
- 16 (4) As security for the payment of the principal, premium,  
17 if any, and interest of the special purpose revenue  
18 bonds issued for a project, to:
- 19 (A) Pledge, assign, hypothecate, or otherwise  
20 encumber all or any part of the revenues and  
21 receipts derived or to be derived by the



1 department under the project agreement for the  
2 project for which the bonds are issued;

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

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

10 (D) Any combination of the foregoing;

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

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

21 **§39A-C Compliance with state and local law.** The issuance  
22 of special purpose revenue bonds with respect to any project

1 under this part shall not relieve any project party or other  
2 user of the project from the laws, ordinances, and rules of the  
3 State or any political subdivision thereof, or any departments  
4 or boards thereof with respect to: the construction, operation,  
5 and maintenance of projects; compliance with zoning laws or  
6 regulations; obtaining of building permits; and compliance with  
7 building and health codes and other laws, ordinances, or rules  
8 and regulations of similar nature pertaining to the project.

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

12 **§39A-D Conditions precedent to negotiating and entering**  
13 **into a project agreement.** Prior to entering into negotiations  
14 with respect to a project agreement or at any time during the  
15 negotiations, the department shall require that as a condition  
16 to the negotiations or the continuation thereof the State shall  
17 be reimbursed for any and all costs and expenses incurred by it  
18 even though a project agreement may not be entered into and may  
19 further require the deposit of moneys with the department as  
20 security for the reimbursement. Any amount of the deposit in  
21 excess of the amount required to reimburse the State shall be

1 returned by the department to the party that has made the  
2 deposit.

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

16 **§39A-E Project agreement.** No special purpose revenue  
17 bonds shall be issued unless at the time of issuance the  
18 department shall have entered into a project agreement with  
19 respect to the project for the financing of which the special  
20 purpose revenue bonds are to be issued. Any project agreement  
21 entered into by the department shall contain provisions  
22 unconditionally obligating the project party:

- 1           (1) To pay to the department during the period or term of
- 2           the project agreement, exclusive of any renewal or
- 3           extension thereof and whether or not the project is
- 4           used or occupied by the project party, the sum or
- 5           sums, at time or times, and in amounts that will be at
- 6           least sufficient:
- 7           (A) To pay the principal and interest on all special
- 8           purpose revenue bonds issued with respect to the
- 9           project as and when the same become due,
- 10          including any premium payable upon any required
- 11          redemption of the bonds;
- 12          (B) To establish or maintain a reserve, if any, that
- 13          may be required by the instrument authorizing or
- 14          securing the special purpose revenue bonds;
- 15          (C) To pay all fees and expenses, including the fees
- 16          and expenses of the paying agents and trustees,
- 17          incurred in connection with the special purpose
- 18          revenue bonds; and
- 19          (D) To pay the expenses, direct or indirect, incurred
- 20          by the State, as determined by the department, in
- 21          administering the bonds or in carrying out the
- 22          project agreement; and

1           (2) To operate, maintain, and repair the project as long  
2           as the same is used as provided in the project  
3           agreement, and to pay all costs of the operation,  
4           maintenance, and repair.

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

8           **§39A-F Issuance of special purpose revenue bonds to**  
9 **finance projects.** In addition to the other powers that it may  
10 otherwise have, the department may issue special purpose revenue  
11 bonds to finance, in whole or in part, the costs of facilities  
12 of, or for, or to loan the proceeds of the bonds to assist  
13 project parties. All revenue bonds issued under this part are  
14 special purpose revenue bonds and the provisions of part III of  
15 chapter 39 shall not apply thereto. All special purpose revenue  
16 bonds shall be issued in the name of the department and not in  
17 the name of the State.

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

20           (1) Financing charges, fees, and expenses of any trustee  
21           and paying agents for special purpose revenue bonds  
22           issued to pay the cost of the project;





- 1           (2) Interest on the bonds and the expenses of the State in  
2           connection with the bonds and the project to be  
3           financed from the proceeds of the bonds accruing or  
4           incurred prior to and during the estimated period of  
5           construction and for the period not exceeding twelve  
6           months thereafter;
- 7           (3) Amounts necessary to establish or increase reserves  
8           for the special purpose revenue bonds;
- 9           (4) The cost of plans, specifications, studies, surveys,  
10          and estimates of costs and of revenues;
- 11          (5) Other expenses incidental to determining the  
12          feasibility or practicability of the project;
- 13          (6) Administration expenses;
- 14          (7) Legal, accounting, consulting, and other special  
15          service fees;
- 16          (8) Interest cost incurred by the project party with  
17          respect to the project prior to the issuance of the  
18          special purpose revenue bonds; and
- 19          (9) Other costs, commissions, and expenses incidental to  
20          the construction, acquisition, reconstruction,  
21          renovation, rehabilitation, improvement, betterment,  
22          operation, maintenance, or extension of the project,



1 the financing, placing of same in operation, and the  
2 issuance of the special purpose revenue bonds, whether  
3 incurred prior to or after the issuance of the bonds.

4 The legislature finds and determines that the exercise of  
5 the powers vested in the department by this part constitutes  
6 assistance to an agricultural businesses operating on important  
7 agricultural lands and that the issuance of special purpose  
8 revenue bonds to finance facilities of, or for, or to loan the  
9 proceeds of the bonds to assist, project parties, is in the  
10 public interest.

11 **§39A-G Authorization of special purpose revenue bonds.**

12 (a) Special purpose revenue bonds for each project or multi-  
13 project program shall be authorized by a separate act of the  
14 legislature, by an affirmative vote of two-thirds of the members  
15 to which each house is entitled; provided that the legislature  
16 shall find that the issuance of the bonds is in the public  
17 interest; provided further that no authorization shall be made  
18 for a period exceeding five years of its enactment. Any special  
19 purpose revenue bond authorization, or any portion of the  
20 special purpose revenue bond authorization, which has not been  
21 issued at the close of the fiscal year for the period for which  
22 the authorization is made shall lapse. Special purpose revenue



1 bonds issued pursuant to this part may be in one or more series  
2 for each project. The special purpose revenue bonds of each  
3 issue shall be dated, shall bear interest at a rate or rates,  
4 shall mature at a time or times not exceeding forty years from  
5 their date or dates, shall have a rank or priority and may be  
6 made redeemable before maturity at the option of the department,  
7 at a price or prices and under terms and conditions, all as may  
8 be determined by the department. The department shall determine  
9 the form of the special purpose revenue bonds, including any  
10 interest coupons to be attached thereto, and the manner of  
11 execution of the special purpose revenue bonds, and shall fix  
12 the denomination or denominations of the special purpose revenue  
13 bonds and the place or places of payment of principal and  
14 interest that may be at any bank or trust company within or  
15 without the State. The special purpose revenue bonds may be  
16 issued in coupon or in registered form, or both, as the  
17 department may determine. Provisions may be made for the  
18 registration of any coupon bonds as to principal alone and also  
19 as to both principal and interest and for the reconversion into  
20 coupon bonds of any bonds registered as to both principal and  
21 interest. The department may sell special purpose revenue bonds

1 either at public or private sale and for a price as it may  
2 determine.

3 (b) Prior to the preparation of definitive special purpose  
4 revenue bonds, the department may issue interim receipts or  
5 temporary bonds, with or without coupons, exchangeable for  
6 definitive bonds when the bonds have been executed and are  
7 available for delivery.

8 (c) Should any bond issued under this part or any coupon  
9 appertaining thereto become mutilated or be lost, stolen, or  
10 destroyed, the department may cause a new bond or coupon of like  
11 date, number, and tenor to be executed and delivered in exchange  
12 and substitution for, and upon the cancellation of the mutilated  
13 bond or coupon, or in lieu of and in substitution for a lost,  
14 stolen, or destroyed bond or coupon. The new bond or coupon  
15 shall not be executed or delivered until the holder of the  
16 mutilated, lost, stolen, or destroyed bond or coupon has:

- 17 (1) Paid the reasonable expense and related charges;
- 18 (2) In the case of a lost, stolen, or destroyed bond or
- 19 coupon, filed with the department or its fiduciary
- 20 evidence satisfactory to the department or its
- 21 fiduciary that the bond or coupon was lost, stolen, or



1 destroyed and that the holder was the owner of the  
2 bond; and

3 (3) Furnished indemnity satisfactory to the department.

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

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

10 (2) No liability shall attach to the department or any of  
11 its officer or agent, including any fiscal agent,  
12 paying agent, or registrar for the bonds, by reason of  
13 the numbers or any use made thereof, including any use  
14 made by the department, any officer, or any agent, or  
15 by reason of any inaccuracy, error, or omission with  
16 respect thereto or in any use.

17 The department may require that all costs of obtaining and  
18 imprinting the numbers shall be paid by the purchaser of the  
19 bonds. For the purpose of this subsection, the term "CUSIP  
20 identification numbers" means the numbering system adopted by  
21 the Committee for Uniform Security Identification Procedures  
22 formed by the Securities Industry Association.



1           **§39A-H Special purpose revenue bond anticipation notes.**

2 Whenever the department has authorized the issuance of special  
3 purpose revenue bonds under this part, special purpose revenue  
4 bond anticipation notes of the department may be issued in  
5 anticipation of the issuance of the bonds and of the receipt of  
6 the proceeds of sale of the bonds, for the purposes for which  
7 the bonds have been authorized. All special purpose revenue  
8 bond anticipation notes shall be authorized by the department,  
9 and the maximum principal amount of the notes shall not exceed  
10 the authorized principal amount of the bonds. The notes shall  
11 be payable solely from and secured solely by the proceeds of  
12 sale of the special purpose revenue bonds in anticipation of  
13 which the notes are issued and the revenues from which would be  
14 payable and by which the bonds would be secured; provided that  
15 to the extent that the principal of the notes shall be paid from  
16 moneys other than the proceeds of sale of the bonds, the maximum  
17 amount of bonds in anticipation of which the notes are issued  
18 that has been authorized shall be reduced by the amount of notes  
19 paid in such manner. The authorization, issuance, and the  
20 details of the notes shall be governed by this part with respect  
21 to special purpose revenue bonds insofar as the same may be  
22 applicable; provided that each note, together with all renewals



1 and extensions thereof, or refundings thereof by other notes  
2 issued under this section, shall mature within five years from  
3 the date of the original note.

4 **§39A-I Powers with respect to and security for special**  
5 **purpose revenue bonds.** To secure the payment of any of the  
6 special purpose revenue bonds issued pursuant to this part and  
7 interest thereon, or in connection with the bonds, the  
8 department shall have the power:

- 9 (1) To pledge all or any part of the revenues derived by  
10 the department from the project agreement to the  
11 punctual payment of special purpose revenue bonds  
12 issued with respect to the project financed from  
13 proceeds thereof and interest thereon, and to covenant  
14 against thereafter pledging any revenues or receipts  
15 to any other bonds or any other obligations of the  
16 department for any other purpose, except as otherwise  
17 stated in the law providing for the issuance of  
18 additional special purpose revenue bonds to be equally  
19 and ratably secured by a lien upon the revenues;
- 20 (2) To pledge and assign the interest and right of the  
21 department under the project agreement and other  
22 agreements related thereto and the rights, duties, and



- 1 obligations of the department thereunder, including  
2 the right to receive revenues thereunder;
- 3 (3) To covenant as to the use and disposition of the  
4 proceeds from the sale of the bonds;
- 5 (4) To covenant to set aside or pay over reserves and  
6 sinking funds for the bonds and as to the disposition  
7 thereof;
- 8 (5) To covenant and prescribe as to what happenings or  
9 occurrences shall constitute "events of default" and  
10 the terms and conditions upon which any or all of the  
11 bonds shall become or may be declared due before  
12 maturity and as to the terms and conditions upon which  
13 the declaration and its consequences may be waived;
- 14 (6) To covenant as to the rights, liabilities, powers, and  
15 duties arising upon the breach by it of any covenant,  
16 condition, or obligation;
- 17 (7) To designate a national or state bank or trust company  
18 within or without the State, incorporated in the  
19 United States, to serve as trustee for the holders of  
20 the special purpose revenue bonds and to enter into a  
21 trust indenture or trust agreement or indenture of  
22 mortgage with the trustee. The trustee may be





1 authorized by the department to receive and receipt  
2 for, hold, and administer the proceeds of the special  
3 purpose revenue bonds issued for the project and to  
4 apply the proceeds to the purposes for which the bonds  
5 are issued, or to receive and receipt for, hold, and  
6 administer the revenues derived by the department  
7 under the project agreement and to apply the revenues  
8 to the payment of the principal and interest on the  
9 bonds, or both, and any excess revenues to the payment  
10 of expenses incurred by the State in administering the  
11 bonds or in carrying out the project agreement. If a  
12 trustee is appointed, any trust indenture or trust  
13 agreement or indenture of mortgage entered into by the  
14 department with the trustee may contain whatever  
15 covenants and provisions as may be necessary or  
16 convenient or desirable in order to secure the bonds.  
17 The department may pledge and assign to the trustee  
18 the interest of the department under the project  
19 agreement and other agreements related thereto and the  
20 rights, duties, and obligations of the department  
21 thereunder, including the right to receive revenues  
22 thereunder. The department may appoint the trustee to



1           serve as fiscal agent for the payment of the principal  
2           and interest, and for the purchase, registration,  
3           transfer, exchange, and redemption of the special  
4           purpose revenue bonds. The department may also  
5           authorize and empower the trustee to perform these  
6           functions with respect to the payment, purchase,  
7           registration, transfer, exchange, and redemption, as  
8           the department may deem necessary, advisable, or  
9           expedient, including without limitation the holding of  
10          the special purpose revenue bonds and coupons that  
11          have been paid and the supervision of the destruction  
12          thereof in accordance with law;

13          (8) To execute all instruments necessary or convenient in  
14          the exercise of the powers herein granted or in the  
15          performance of its covenants and duties; and

16          (9) To make covenants and do any and all acts as may be  
17          necessary, convenient, or desirable in order to secure  
18          the bonds, notwithstanding that the covenants, acts,  
19          or items may not be enumerated herein.

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



1           **§39A-J Security for special purpose revenue bonds.**

2 Special purpose revenue bonds shall be payable solely from the  
3 revenues derived by the department from payments made to the  
4 department under the project agreement or other agreements  
5 entered into with respect to the project and shall be secured  
6 solely by the bond revenues and by the pledges and assignments  
7 authorized by this part. Subject to the prior and superior  
8 rights of outstanding bonds, claims, obligations, or mechanic's  
9 and materialman's liens, all special purpose revenue bonds of  
10 the same issue shall have a prior and paramount lien on the  
11 revenues derived from the project agreement with respect to the  
12 project, for which the bonds have been issued, over and ahead of  
13 all special purpose revenue bonds of any issue payable from the  
14 revenues that may be subsequently issued and over and ahead of  
15 any claims or obligations of any nature against the revenues  
16 subsequently arising or subsequently incurred; provided that the  
17 department may reserve the right and privilege to subsequently  
18 issue additional series of special purpose revenue bonds, from  
19 time to time, payable from the revenues derived from the project  
20 agreement on a parity with the special purpose revenue bonds  
21 previously issued, and the subsequently issued series of special  
22 purpose revenue bonds may be secured, without priority by reason

1 of date of sale, date of execution, or date of delivery, by a  
2 lien on the revenues in accordance with law, including this  
3 part.

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

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



1 therefor any or all the persons whose signatures appear thereon  
2 shall have ceased to be officers of the department. Special  
3 purpose revenue bonds shall contain a recital that they are  
4 issued pursuant to this part, which recital shall be conclusive  
5 evidence of their validity and of the regularity of their  
6 issuance.

7 **§39A-M Use of revenues derived from project agreement.**

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

11 (1) To pay when due all special purpose revenue bonds,  
12 premiums if any, and interest thereon, for the payment  
13 of which the revenues are or have been pledged,  
14 charged, or otherwise encumbered, including reserves  
15 therefor; and

16 (2) To the extent not paid by the project party to provide  
17 for all expenses of administration, operations, and  
18 maintenance of the project, including reserves  
19 therefor.

20 Unless and until adequate provision has been made for the  
21 foregoing purposes, the department shall not transfer the



1 revenues derived from the project agreement to the general fund  
2 of the State.

3 **§39A-N Special purpose revenue bonds exempt from taxation.**

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

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

19 **§39A-P Exemption from taxation of department property.**

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



1 of the department in any project shall also be exempt from all  
2 state and county taxation.

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

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

20 (1) Financing the cost of a project or improvement or  
21 expansion thereof; and



1           (2) Refunding special purpose revenue bonds that shall  
2           therefore have been issued under this part and shall  
3           then be outstanding, whether or not the outstanding  
4           special purpose revenue bonds have matured or are then  
5           subject to redemption.

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

20           **§39A-R Status of special purpose revenue bonds under the**  
21 **Uniform Commercial Code.** Notwithstanding any of the provisions  
22 of this part or any recitals in any special purpose revenue



1 bonds issued under this part, all special purpose revenue bonds  
2 shall be deemed to be investment securities under the Uniform  
3 Commercial Code, chapter 490, subject only to the provisions of  
4 the special purpose revenue bonds pertaining to registration.

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

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



1 request of the department for the examination of any financial  
2 record, the project party shall allow the department to examine  
3 the requested records within a reasonably prompt time from the  
4 date of the request. If the department requests copies of the  
5 records, the project party shall provide the copies.

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

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

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



1 (b) To promote public understanding of the role played by  
2 special purpose revenue bonds in providing benefits to the  
3 general public, the department shall take appropriate steps to  
4 ensure public access to and scrutiny of the estimates determined  
5 under subsection (a).

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

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

13 SECTION 2. In codifying the new sections added by section  
14 1 of this Act, the revisor of statutes shall substitute  
15 appropriate section numbers for the letters used in designating  
16 the new sections in this Act.

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



**Report Title:**

Important Agricultural Lands; Special Purpose Revenue Bonds

**Description:**

Allows the authorization of special purpose revenue bonds for certain agricultural business operating on important agricultural lands. (SD1)

