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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 ENTERPRISES**

5           **§39A-A Definitions.** Whenever used in this part, unless a  
6 different meaning clearly appears from the context:

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

8           "Important agricultural lands" means those lands designated  
9 as such pursuant to part III of chapter 205.

10          "Project" means any combination of land, buildings, and  
11 other improvements thereon, including without limitation  
12 irrigation systems and infrastructure, for use of, or for, or to  
13 assist an agricultural enterprise that is directly associated  
14 with and serves important agricultural lands, including, without  
15 limiting the generality of the foregoing, machinery, equipment,  
16 furnishings, and apparatus that are deemed necessary, suitable,  
17 or useful to the 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  
6 enterprise that constructs or renovates agricultural irrigation  
7 systems or infrastructure that directly benefits and serves  
8 important agricultural lands, including without limitation any  
9 loan agreement.

10 "Project party" means a person, firm, or corporation  
11 qualified to do business in this State and conducting or  
12 proposing to conduct an agricultural enterprise in this State  
13 that constructs or renovates agricultural irrigation systems or  
14 infrastructure that directly benefit and serve important  
15 agricultural lands.

16 "Special purpose revenue bonds" or "bonds" means bonds,  
17 notes, or other evidences of indebtedness of the State issued  
18 pursuant to this part.

19 **§39A-B Department powers as to agricultural enterprises**  
20 **that benefit important agricultural lands.** In addition to  
21 powers that it may now have, the department shall have all  
22 powers necessary or convenient to accomplish the purposes of



1 this part. The powers of the department include but are not  
2 limited to the following:

3 (1) Notwithstanding and without compliance with section  
4 103-7, but with the approval of the governor, to:

5 (A) Enter into and carry out a project agreement, or  
6 an amendment or supplement to an existing project  
7 agreement, with a project party; and

8 (B) Enter into and carry out any agreement whereby  
9 the obligation of a project party under a project  
10 agreement will be unconditionally guaranteed by a  
11 person other than a project party;

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

14 (3) To lend the proceeds of the special purpose revenue  
15 bonds issued for a project to the project party for  
16 use and application by the project party for the  
17 acquisition, purchase, construction, reconstruction,  
18 improvement, betterment, extension, or maintenance of  
19 a project;

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



- 1           (A) Pledge, assign, hypothecate, or otherwise
- 2           encumber all or any part of the revenues and
- 3           receipts derived or to be derived by the
- 4           department under the project agreement for the
- 5           project for which the bonds are issued;
- 6           (B) Pledge and assign the interest and rights of the
- 7           department under the project agreement or other
- 8           agreement with respect to the project or the
- 9           special purpose revenue bonds;
- 10          (C) Pledge and assign any bond, debenture, note, or
- 11          other evidence of indebtedness received by the
- 12          department with respect to the project; or
- 13          (D) Any combination of the foregoing;
- 14          (5) To extend or renew any project agreement or any other
- 15          agreement related thereto; provided that any renewal
- 16          or extension shall be subject to the approval of the
- 17          governor unless made in accordance with provisions for
- 18          the extension or renewal contained in a project
- 19          agreement or related agreement theretofore approved by
- 20          the governor; and



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

4           **§39A-C Compliance with state and local law.** The issuance  
5 of special purpose revenue bonds with respect to any project  
6 under this part shall not relieve any project party or other  
7 user of the project from the laws, ordinances, and rules of the  
8 State or any political subdivision thereof, or any departments  
9 or boards thereof with respect to the construction, operation,  
10 and maintenance of projects, or zoning laws or regulations,  
11 obtaining of building permits, compliance with building and  
12 health codes and other laws, ordinances, or rules and  
13 regulations of similar nature pertaining to the project, and  
14 these laws shall be applicable to the party or any other user to  
15 the same extent they would be if the costs of the project were  
16 directly financed by the project party.

17           **§39A-D Conditions precedent to negotiating and entering**  
18 **into a project agreement.** The department prior to entering into  
19 negotiations with respect to a project agreement or at any time  
20 during the negotiations shall require that as a condition to the  
21 negotiations or the continuation thereof the State shall be  
22 reimbursed for any and all costs and expenses incurred by it



1 even though a project agreement may not be entered into and may  
 2 further require the deposit of moneys with the department as  
 3 security for the reimbursement. Any amount of the deposit in  
 4 excess of the amount required to reimburse the State shall be  
 5 returned by the department to the party that has made the  
 6 deposit.

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

20 **§39A-E Project agreement.** No special purpose revenue  
 21 bonds shall be issued unless at the time of issuance the  
 22 department shall have entered into a project agreement with



1 respect to the project for the financing of which the special  
2 purpose revenue bonds are to be issued. Any project agreement  
3 entered into by the department shall contain provisions  
4 unconditionally obligating the project party:

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

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

16 (B) To establish or maintain a reserve, if any, as  
17 may be required by the instrument authorizing or  
18 securing the special purpose revenue bonds;

19 (C) To pay all fees and expenses (including the fees  
20 and expenses of the paying agents and trustees)  
21 incurred in connection with the special purpose  
22 revenue bonds; and



1 (D) To pay the expenses (direct or indirect) incurred  
2 by the State, as determined by the department, in  
3 administering the bonds or in carrying out the  
4 project agreement.

5 (2) To operate, maintain, and repair the project as long  
6 as the same is used as provided in the project  
7 agreement and to pay all costs of the operation,  
8 maintenance, and repair.

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

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





1           The department, in determining the cost of any project, may  
2 also include the following:

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

6           (2) Interest on the bonds and the expenses of the State in  
7           connection with the bonds and the project to be  
8           financed from the proceeds of the bonds accruing or  
9           incurred prior to and during the estimated period of  
10          construction and for not exceeding twelve months  
11          thereafter;

12          (3) Amounts necessary to establish or increase reserves  
13          for the special purpose revenue bonds;

14          (4) The cost of plans, specifications, studies, surveys,  
15          and estimates of costs and of revenues;

16          (5) Other expenses incidental to determining the  
17          feasibility or practicability of the project;

18          (6) Administration expenses;

19          (7) Legal, accounting, consulting, and other special  
20          service fees;



1 (8) Interest cost incurred by the project party with  
2 respect to the project prior to the issuance of the  
3 special purpose revenue bonds; and

4 (9) Such other costs, commissions, and expenses incidental  
5 to the construction, acquisition, reconstruction,  
6 renovation, rehabilitation, improvement, betterment,  
7 operation, maintenance, or extension of the project,  
8 the financing, placing of same in operation, and the  
9 issuance of the special purpose revenue bonds, whether  
10 incurred prior to or after the issuance of the bonds.

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

17 **§39A-G Authorization of special purpose revenue bonds.**

18 (a) Special purpose revenue bonds for each project or  
19 multiproject program shall be authorized by a separate act of  
20 the legislature, by an affirmative vote of two-thirds of the  
21 members to which each house is entitled; provided that the  
22 legislature shall find that the issuance of the bonds is in the



1 public interest; provided further that no authorization shall be  
2 made for a period exceeding five years of its enactment. Any  
3 special purpose revenue bond authorization, or any portion of  
4 the special purpose revenue bond authorization, which has not  
5 been issued at the close of the fiscal year for the period for  
6 which the authorization is made shall lapse. Special purpose  
7 revenue bonds issued pursuant to this part may be in one or more  
8 series for each project. The special purpose revenue bonds of  
9 each issue shall be dated, shall bear interest at a rate or  
10 rates, shall mature at a time or times not exceeding forty years  
11 from their date or dates, shall have a rank or priority and may  
12 be made redeemable before maturity at the option of the  
13 department, at a price or prices and under terms and conditions,  
14 all as may be determined by the department. The department  
15 shall determine the form of the special purpose revenue bonds,  
16 including any interest coupons to be attached thereto, and the  
17 manner of execution of the special purpose revenue bonds, and  
18 shall fix the denomination or denominations of the special  
19 purpose revenue bonds and the place or places of payment of  
20 principal and interest, which may be at any bank or trust  
21 company within or without the State. The special purpose  
22 revenue bonds may be issued in coupon or in registered form, or



1 both, as the department may determine, and provisions may be  
2 made for the registration of any coupon bonds as to principal  
3 alone and also as to both principal and interest, and for the  
4 reconversion into coupon bonds of any bonds registered as to  
5 both principal and interest. The department may sell special  
6 purpose revenue bonds in a manner, either at public or private  
7 sale, and for a price as it may determine.

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

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



1 (1) Paid the reasonable expense and charges in connection  
2 therewith;

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

9 (3) Has furnished indemnity satisfactory to the  
10 department.

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

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

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



1 agent, or by reason of any inaccuracy, error, or  
2 omission with 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 thereof, for the purposes for which the  
15 bonds have been authorized. All special purpose revenue bond  
16 anticipation notes shall be authorized by the department, and  
17 the maximum principal amount of the notes shall not exceed the  
18 authorized principal amount of the bonds. The notes shall be  
19 payable solely from and secured solely by the proceeds of sale  
20 of the special purpose revenue bonds in anticipation of which  
21 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.** In order to secure the payment of any of  
14 the special purpose revenue bonds issued pursuant to this part  
15 and 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 in order to secure the bonds.  
4 The department may pledge and assign to the trustee  
5 the interest of the department under the project  
6 agreement and other agreements related thereto and the  
7 rights, duties, and obligations of the department  
8 thereunder, including the right to receive revenues  
9 thereunder. The department may appoint the trustee to  
10 serve as fiscal agent for the payment of the principal  
11 and interest, and for the purchase, registration,  
12 transfer, exchange, and redemption of the special  
13 purpose revenue bonds, and may authorize and empower  
14 the trustee to perform these functions with respect to  
15 the payment, purchase, registration, transfer,  
16 exchange, and redemption, as the department may deem  
17 necessary, advisable, or expedient, including without  
18 limitation the holding of the special purpose revenue  
19 bonds and coupons that have been paid and the  
20 supervision of the destruction thereof in accordance  
21 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 and things  
5 as may be necessary or convenient or desirable in  
6 order to secure the bonds, notwithstanding that the  
7 covenants, acts, or things may not be enumerated  
8 herein; it being the purpose thereof to give the  
9 department power to do all things in the issuance of  
10 the bonds and for their security that may be  
11 consistent with the Constitution of the State of  
12 Hawaii.

13 **§39A-J Security for special purpose revenue bonds.**

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

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

16 **§39A-K Special purpose revenue bonds not a general**  
17 **obligation of State.** No holder or holders of any special  
18 purpose revenue bonds issued under this part shall ever have the  
19 right to compel any exercise of taxing power of the State to pay  
20 for the bonds or the interest thereon and no moneys other than  
21 the revenues pledged to the bonds shall be applied to the  
22 payment thereof. Each special purpose revenue bond issued under



1 this part shall recite in substance that the bond, including  
2 interest thereon, is not a general obligation of the State and  
3 is payable solely from the revenues pledged to the payment  
4 thereof, and that the bond is not secured directly or indirectly  
5 by the full faith and credit or the general credit of the State  
6 or by any revenues or taxes of the State other than the revenues  
7 specifically pledged thereto.

8       **§39A-L Validity of special purpose revenue bonds.** The  
9 special purpose revenue bonds bearing the signature or facsimile  
10 signature of officers in office on the date of the signing  
11 thereof shall be valid and sufficient for all purposes,  
12 notwithstanding that before the delivery thereof and payment  
13 therefor any or all the persons whose signatures appear thereon  
14 shall have ceased to be officers of the department. Special  
15 purpose revenue bonds shall contain a recital that they are  
16 issued pursuant to this part, which recital shall be conclusive  
17 evidence of their validity and of the regularity of their  
18 issuance.

19       **§39A-M Use of revenues derived from project agreement.**  
20 The department shall have the right to appropriate, apply, or  
21 expend the revenues derived with respect to the project  
22 agreement for a project for the following purposes:



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

6 (2) To the extent not paid by the project party to provide  
7 for all expenses of administration, operations, and  
8 maintenance of the project, including reserves  
9 therefor.

10 Unless and until adequate provision has been made for the  
11 foregoing purposes, the department shall not transfer the  
12 revenues derived from the project agreement to the general fund  
13 of the State.

14 **§39A-N Special purpose revenue bonds exempt from taxation.**

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

18 **§39A-O Federal tax exempt status.** Special purpose revenue

19 bonds issued pursuant to this part, to the extent practicable,  
20 shall be issued to comply with requirements imposed by  
21 applicable federal law providing that the interest on the  
22 special purpose revenue bonds shall be excluded from gross



1 income for federal income tax purposes (except as certain  
 2 minimum taxes or environmental taxes may apply). The director  
 3 of finance may enter into agreements, establish funds or  
 4 accounts, and take any action required to comply with applicable  
 5 federal law. Nothing in this part shall be deemed to prohibit  
 6 the issuance of special purpose revenue bonds, the interest on  
 7 which may be included in gross income for federal income tax  
 8 purposes.

9 **§39A-P Exemption from taxation of department property.**

10 All revenues derived by the department from any project or under  
 11 the project agreement pertaining thereto shall be exempt from  
 12 all state and county taxation. Any right, title, and interest  
 13 of the department in any project shall also be exempt from all  
 14 state and county taxation.

15 Except as otherwise provided by law, the interest of the  
 16 project party or user of the project under the project agreement  
 17 or related agreement shall not be exempt from taxation to a  
 18 greater extent than it would be if the costs of the project were  
 19 directly financed by the project party or other user.

20 **§39A-Q Refunding special purpose revenue bonds.** The  
 21 legislature, by act enacted by an affirmative vote of two-thirds  
 22 of the members to which each house is entitled, may authorize



1 the issuance of refunding special purpose revenue bonds for the  
2 purpose of refunding any special purpose revenue bonds then  
3 outstanding and issued under this part, whether or not the  
4 outstanding special purpose revenue bonds have matured or are  
5 then subject to redemption. The legislature may provide, by act  
6 enacted by an affirmative vote of two-thirds of the members to  
7 which each house is entitled, for the issuance of a single issue  
8 of special purpose revenue bonds for the combined purposes of:

- 9 (1) Financing the cost of a project or improvement or  
10 expansion thereof; and
- 11 (2) Refunding special purpose revenue bonds that shall  
12 theretofore have been issued under this part and shall  
13 then be outstanding, whether or not the outstanding  
14 special purpose revenue bonds have matured or are then  
15 subject to redemption.

16 Nothing in this section shall require or be deemed to require  
17 the department to elect to redeem or prepay special purpose  
18 revenue bonds being refunded, or to redeem or prepay special  
19 purpose revenue bonds being refunded that were issued in the  
20 form customarily known as term bonds in accordance with any  
21 sinking fund installment schedule specified in any instruments  
22 providing for the issuance thereof, or, if the department elects





1 to redeem or prepay any bonds, to redeem or prepay as of any  
2 particular date or dates. The issuance of refunding special  
3 purpose revenue bonds, the maturities and other details thereof,  
4 the rights and remedies of the holders thereof, and the rights,  
5 powers, privileges, duties, and obligations of the department  
6 with respect to the same, shall be governed by the foregoing  
7 provisions of this part insofar as the same may be applicable.

8       **§39A-R Status of special purpose revenue bonds under the**  
9 **Uniform Commercial Code.** Notwithstanding any of the provisions  
10 of this part or any recitals in any special purpose revenue  
11 bonds issued under this part, all special purpose revenue bonds  
12 shall be deemed to be investment securities under the Uniform  
13 Commercial Code, chapter 490, subject only to the provisions of  
14 the special purpose revenue bonds pertaining to registration.

15       **§39A-S Special purpose revenue bonds as legal investments**  
16 **and lawful security.** The special purpose revenue bonds issued  
17 pursuant to this part shall be legal and authorized investments  
18 for banks, savings banks, trust companies, savings and loan  
19 associations, insurance companies, credit unions, fiduciaries,  
20 trustees, guardians, and for all public funds of the State or  
21 other political corporations or subdivisions of the State. The  
22 special purpose revenue bonds shall be eligible to secure the



1 deposit of any and all public funds of the State and any and all  
2 public funds of counties or other political corporations or  
3 subdivisions of the State, and the bonds shall be lawful and  
4 sufficient security for public fund deposits to the extent of  
5 their value when accompanied by all unmatured coupons  
6 appertaining thereto.

7       **§39A-T Access to and public disclosure of financial**  
8 **records of project party.** (a) Each project party with a  
9 project agreement with the department shall allow the department  
10 full access to the project party's financial records. Upon the  
11 request of the department for the examination of any financial  
12 record, the project party shall allow the department to examine  
13 the requested records within a reasonably prompt time from the  
14 date of the request. If the department requests copies of the  
15 records, the project party shall provide the copies.

16       (b) To provide the public with full knowledge of the use  
17 of the proceeds and benefits derived from special purpose  
18 revenue bonds issued under this part, the department shall  
19 require each project party with a project agreement with the  
20 department to make available to the public all relevant  
21 financial records that pertain to the use of or savings  
22 resulting from the use of special purpose revenue bonds.



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

3 **§39A-U Estimate of benefits.** (a) Each project party with  
4 a project agreement with the department shall estimate the  
5 benefits derived from the use of the proceeds of special purpose  
6 revenue bonds. The benefits estimated shall be based on the  
7 creation of new jobs and potential effect on tax receipts. The  
8 format of and method for determining the estimates shall be  
9 established by the department and shall be uniform for each  
10 project party.

11 (b) To promote public understanding of the role played by  
12 special purpose revenue bonds in providing benefits to the  
13 general public, the department shall take appropriate steps to  
14 ensure public access to and scrutiny of the estimates determined  
15 under subsection (a).

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

18 **§39A-V Construction of this part.** The powers conferred by  
19 this part shall be in addition and supplemental to the powers  
20 conferred by any other law. Insofar as the provisions of this  
21 part are inconsistent with the provisions of any other law, this  
22 part shall control."



1 SECTION 2. This Act shall take effect upon its approval  
 2 and upon ratification of constitutional amendments authorizing  
 3 the State to issue special purpose revenue bonds and use the  
 4 proceeds from the bonds to assist agricultural enterprises that  
 5 directly benefit and serve important agricultural lands.

6

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**Report Title:**

Important Agricultural Lands; Special Purpose Revenue Bonds

**Description:**

Allows the authorization of special purpose revenue bonds for certain agricultural enterprises that construct or renovate irrigation systems or infrastructure that directly benefit and serve important agricultural lands.

