
A BILL FOR AN ACT

RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST AGRICULTURAL ENTERPRISES.

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

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

8 "Project" means any combination of land, buildings, and
9 other improvements thereon, including without limitation
10 irrigation systems and infrastructure, for use of, or for, or to
11 assist an agricultural enterprise in the growing or processing
12 of crops, vegetables and fruits, including aquaculture or
13 aquaponics crops, the processing of agricultural products, and
14 the production of livestock or poultry, 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, including without limitation any loan agreement.

7 "Project party" means a person, firm, or corporation
8 qualified to do business in this State and conducting or
9 proposing to conduct an agricultural enterprise in this State.

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

13 **§39A- Department powers as to agricultural industries.**

14 (a) In addition to powers that it may now have, the department
15 shall have all powers necessary or convenient to accomplish the
16 purposes of this part. The powers of the department include but
17 are not limited to the following:

- 18 (1) Notwithstanding and without compliance with section
19 103-7 and chapter 103D, and with the approval of the
20 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, maintenance of a
15 project, or refinancing of outstanding obligations
16 related to a project;
- 17 (4) As security for the payment of the principal, premium,
18 if any, and interest of the special purpose revenue
19 bonds issued for a project, to:
- 20 (A) Pledge, assign, and hypothecate, or otherwise
21 encumber all or any part of the revenues and
22 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 (b) When the department finances or refinances a project
22 by the issuance of special purpose revenue bonds as contemplated



1 by this part, the State shall not exercise the power of eminent
2 domain to acquire a project or any part thereof for lease or
3 transfer to a project party, nor shall the State operate a
4 project on behalf of a project party.

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

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

18 (b) These laws shall be applicable to the party or any
19 other user to the same extent they would be if the costs of the
20 project were directly financed by the project party.

21 **§39A- Conditions precedent to negotiating and entering**
22 **into a project agreement.** (a) Prior to entering into



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

13 (b) The department shall not enter into any project
14 agreement with respect to any project unless the legislature
15 shall have first authorized the issuance of special purpose
16 revenue bonds to finance the project pursuant to section 39A-G
17 and the department has thereafter found and determined either
18 that:

19 (1) The project party is a responsible party, whether by
20 reason of economic assets or experience in the type of
21 enterprise to be undertaken through the project, or
22 otherwise; or



1 (2) The obligations of the project party under the project
2 agreement will be unconditionally guaranteed by a
3 person who is a responsible party, whether by reason
4 of economic assets or experience in the type of
5 enterprise to be undertaken through the project, or
6 otherwise.

7 **§39A- Project agreement.** No special purpose revenue
8 bonds shall be issued unless at the time of issuance the
9 department shall have entered into a project agreement with
10 respect to the project for the financing of which the special
11 purpose revenue bonds are to be issued. Any project agreement
12 entered into by the department shall contain provisions
13 unconditionally obligating the project party:

14 (1) To pay to the department during the period or term of
15 the project agreement, exclusive of any renewal or
16 extension thereof and whether or not the project is
17 used or occupied by the project party, the sum or
18 sums, at time or times, and in amounts that will be at
19 least sufficient:

20 (A) To pay the principal and interest on all special
21 purpose revenue bonds issued with respect to the
22 project as and when the same become due,



- 1 including any premium payable upon any required
2 redemption of the bonds;
- 3 (B) To establish or maintain a reserve, if any, that
4 may be required by the instrument authorizing or
5 securing the special purpose revenue bonds;
- 6 (C) To pay all fees and expenses, including the fees
7 and expenses of the paying agents and trustees,
8 incurred in connection with the special purpose
9 revenue bonds; and
- 10 (D) To pay the expenses, direct or indirect, incurred
11 by the State, as determined by the department, in
12 administering the bonds or in carrying out the
13 project agreement; and
- 14 (2) To operate, maintain, and repair the project as long
15 as it is used, as provided in the project agreement,
16 and to pay all costs of the operation, maintenance,
17 and repair.

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

21 **§39A- Issuance of special purpose revenue bonds to**
22 **finance projects.** In addition to the other powers that it may



1 otherwise have, the department may issue special purpose revenue
2 bonds to finance or refinance, in whole or in part, the costs of
3 facilities of, or for, or to loan the proceeds of the bonds to
4 assist project parties. All revenue bonds issued under this
5 part are special purpose revenue bonds and the provisions of
6 part III of chapter 39 shall not apply thereto. All special
7 purpose revenue bonds shall be issued in the name of the
8 department and not in the name of the State.

9 In determining the cost of any project, the department may
10 also include the following:

- 11 (1) Financing charges, fees, and expenses of any trustee
12 and paying agents for special purpose revenue bonds
13 issued to pay the cost of the project;
- 14 (2) Interest on the bonds and the expenses of the State in
15 connection with the bonds and the project to be
16 financed from the proceeds of the bonds accruing or
17 incurred prior to and during the estimated period of
18 construction and for the period not exceeding twelve
19 months thereafter;
- 20 (3) Amounts necessary to establish or increase reserves
21 for the special purpose revenue bonds;



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

19 The legislature finds and determines that the exercise of
20 the powers vested in the department by this part constitutes
21 assistance to an agricultural enterprise and that the issuance
22 of special purpose revenue bonds to finance facilities of, or



1 for, or to loan the proceeds of the bonds to assist project
2 parties is in the public interest.

3 **§39A- Authorization of special purpose revenue bonds.**

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



1 the form of the special purpose revenue bonds, including any
2 interest coupons to be attached thereto, and the manner of
3 execution of the special purpose revenue bonds, and shall fix
4 the denomination or denominations of the special purpose revenue
5 bonds and the place or places of payment of principal and
6 interest that may be at any bank or trust company within or
7 without the State. The special purpose revenue bonds may be
8 issued in coupon or in registered form, or both, as the
9 department may determine. Provisions may be made for the
10 registration of any coupon bonds as to principal alone and also
11 as to both principal and interest and for the reconversion into
12 coupon bonds of any bonds registered as to both principal and
13 interest. The department may sell special purpose revenue bonds
14 either at public or private sale and for a price that it may
15 determine.

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

21 (c) Should any bond issued under this part or any coupon
22 appertaining thereto become mutilated or be lost, stolen, or



1 destroyed, the department may cause a new bond or coupon of like
2 date, number, and tenor to be executed and delivered in exchange
3 and substitution for, and upon the cancellation of the mutilated
4 bond or coupon, or in lieu of and in substitution for a lost,
5 stolen, or destroyed bond or coupon. The new bond or coupon
6 shall not be executed or delivered until the holder of the
7 mutilated, lost, stolen, or destroyed bond or coupon has:

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

9 (2) In the case of a lost, stolen, or destroyed bond or
10 coupon, filed with the department or its fiduciary
11 evidence satisfactory to the department or its
12 fiduciary that the bond or coupon was lost, stolen, or
13 destroyed and that the holder was the owner of the
14 bond; and

15 (3) Furnished indemnity satisfactory to the department.

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

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



1 (2) No liability shall attach to the department or any of
2 its officers or agents, including any fiscal agent,
3 paying agent, or registrar for the bonds, by reason of
4 the numbers or any use made thereof, including any use
5 made by the department, any officer, or any agent, or
6 by reason of any inaccuracy, error, or omission with
7 respect thereto or in any use.

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

14 **§39A- Special purpose revenue bond anticipation notes.**

15 Whenever the department has authorized the issuance of special
16 purpose revenue bonds under this part, special purpose revenue
17 bond anticipation notes of the department may be issued in
18 anticipation of the issuance of the bonds and of the receipt of
19 the proceeds of sale of the bonds, for the purposes for which
20 the bonds have been authorized. All special purpose revenue
21 bond anticipation notes shall be authorized by the department,
22 and the maximum principal amount of the notes shall not exceed



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

17 **§39A- Powers with respect to and security for special**
18 **purpose revenue bonds.** (a) To secure the payment of any of the
19 special purpose revenue bonds issued pursuant to this part and
20 interest thereon, or in connection with the bonds, the
21 department shall have the power:



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



- 1 (5) To covenant and prescribe as to what happenings or
2 occurrences shall constitute "events of default" and
3 the terms and conditions upon which any or all of the
4 bonds shall become or may be declared due before
5 maturity and as to the terms and conditions upon which
6 the declaration and its consequences may be waived;
- 7 (6) To covenant as to the rights, liabilities, powers, and
8 duties arising upon the breach by it of any covenant,
9 condition, or obligation;
- 10 (7) To designate a national or state bank or trust company
11 within or without the State, incorporated in the
12 United States, to serve as trustee for the holders of
13 the special purpose revenue bonds and to enter into a
14 trust indenture or trust agreement or indenture of
15 mortgage with the trustee. The trustee may be
16 authorized by the department to receive and receipt
17 for, hold, and administer the proceeds of the special
18 purpose revenue bonds issued for the project and to
19 apply the proceeds to the purposes for which the bonds
20 are issued, or to receive and receipt for, hold, and
21 administer the revenues derived by the department
22 under the project agreement and to apply the revenues



1 to the payment of the principal and interest on the
2 bonds, or both, and any excess revenues to the payment
3 of expenses incurred by the State in administering the
4 bonds or in carrying out the project agreement. If a
5 trustee is appointed, any trust indenture or trust
6 agreement or indenture of mortgage entered into by the
7 department with the trustee may contain whatever
8 covenants and provisions as may be necessary or
9 convenient or desirable to secure the bonds. The
10 department may pledge and assign to the trustee the
11 interest of the department under the project agreement
12 and other agreements related thereto and the rights,
13 duties, and obligations of the department thereunder,
14 including the right to receive revenues thereunder.
15 he department may appoint the trustee to serve as
16 fiscal agent for the payment of the principal and
17 interest, and for the purchase, registration,
18 transfer, exchange, and redemption of the special
19 purpose revenue bonds. The department may also
20 authorize and empower the trustee to perform these
21 functions with respect to the payment, purchase,
22 registration, transfer, exchange, and redemption, as



1 the department may deem necessary, advisable, or
2 expedient, including without limitation the holding of
3 the special purpose revenue bonds and coupons that
4 have been paid and the supervision of the destruction
5 thereof in accordance with law;

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

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

13 (b) The department shall have the power to do all things
14 in the issuance of the bonds and for their security that are
15 consistent with the Constitution of the State of Hawaii.

16 **§39A- Security for special purpose revenue bonds. (a)**

17 Special purpose revenue bonds shall be payable solely from the
18 revenues derived by the department from payments made to the
19 department under the project agreement or other supplemental
20 agreements entered into with respect to the project and shall be
21 secured solely by the bond revenues and by the pledges and
22 assignments authorized by this part. Subject to the prior and



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

19 (b) Notwithstanding any other provisions herein, all or
20 part of the property constituting the project and all interest
21 of the project party in the project and the revenues of the
22 project party therefrom may be subjected to the present and



1 future lien of any mortgage of the project party securing the
2 project party's bonds, and the rights of the department and any
3 trustee for the holders of the special purpose revenue bonds and
4 the holders of the special purpose revenue bonds in the project
5 and the revenues therefrom may be made subject to the prior lien
6 of the project party's mortgage.

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

21 **§39A- Validity of special purpose revenue bonds.** The
22 special purpose revenue bonds bearing the signature or facsimile



1 signature of officers in office on the date of the signing
2 thereof shall be valid and sufficient for all purposes,
3 notwithstanding that before the delivery thereof and payment
4 therefor, any or all the persons whose signatures appear thereon
5 shall have ceased to be officers of the department. Special
6 purpose revenue bonds shall contain a recital that they are
7 issued pursuant to this part, which recital shall be conclusive
8 evidence of their validity and of the regularity of their
9 issuance.

10 **§39A- Use of revenues derived from project agreement.**

11 The department shall have the right to appropriate, apply, or
12 expend the revenues derived with respect to the project
13 agreement for a project for the following purposes:

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

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



1 Unless and until adequate provision has been made for the
2 foregoing purposes, the department shall not transfer the
3 revenues derived from the project agreement to the general fund
4 of the State.

5 **§39A- Special purpose revenue bonds exempt from**
6 **taxation.** Special purpose revenue bonds and the income
7 therefrom issued pursuant to this part shall be exempt from all
8 state and county taxation except inheritance, transfer, and
9 estate taxes.

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



1 **§39A- Exemption from taxation of department property.**

2 All revenues derived by the department from any project or under
3 the project agreement pertaining thereto shall be exempt from
4 all state and county taxation. Any right, title, and interest
5 of the department in any project shall also be exempt from all
6 state and county taxation.

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

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



1 single issue of special purpose revenue bonds for the combined
2 purposes of:

- 3 (1) Financing or refinancing the cost of a project or
4 improvement or expansion thereof; and
5 (2) Refunding special purpose revenue bonds that shall
6 theretofore have been issued under this part and shall
7 then be outstanding, whether or not the outstanding
8 special purpose revenue bonds have matured or are then
9 subject to redemption.

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



1 with respect to the same, shall be governed by the foregoing
2 provisions of this part insofar as the same may be applicable.

3 **§39A- Status of special purpose revenue bonds under the**
4 **Uniform Commercial Code.** Notwithstanding any of the provisions
5 of this part or any recitals in any special purpose revenue
6 bonds issued under this part, all special purpose revenue bonds
7 shall be deemed to be investment securities under the Uniform
8 Commercial Code, chapter 490, subject only to the provisions of
9 the special purpose revenue bonds pertaining to registration.

10 **§39A- Special purpose revenue bonds as legal**
11 **investments and lawful security.** Special purpose revenue bonds
12 issued pursuant to this, part shall be and are declared to be
13 legal and authorized investments for banks, savings banks, trust
14 companies, savings and loan associations, insurance companies,
15 credit unions, fiduciaries, trustees, guardians, and for all
16 public funds of the State or other political corporations or
17 subdivisions of the State. The special purpose revenue bonds
18 shall be eligible to secure the deposit of any and all public
19 funds of the State and any and all public funds of counties or
20 other political corporations or subdivisions of the State, and
21 the bonds shall be lawful and sufficient security for public



1 fund deposits to the extent of their value when accompanied by
2 all unmatured coupons appertaining thereto.

3 **§39A- Access to and public disclosure of financial**
4 **records of project party.** (a) Each project party with a
5 project agreement with the department shall allow the department
6 full access to the project party's financial records. Upon the
7 request of the department for the examination of any financial
8 record, the project party shall allow the department to examine
9 the requested records within a reasonably prompt time from the
10 date of the request. If the department requests copies of the
11 records, the project party shall provide the copies.

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

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

21 **§39A- Estimate of benefits.** (a) Each project party
22 with a project agreement with the department shall estimate the



1 benefits derived from the use of the proceeds of special purpose
2 revenue bonds. The benefits estimated shall be based on the
3 creation of new jobs and potential effect on tax receipts. The
4 format of and method for determining the estimates shall be
5 established by the department and shall be uniform for each
6 project party.

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

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

14 **§39A- Construction of this part.** The powers conferred
15 by this part shall be in addition and supplemental to the powers
16 conferred by any other law. Insofar as the provisions of this
17 part are inconsistent with the provisions of any other law, this
18 part shall control."

19 SECTION 2. This Act shall take effect on July 1, 2013, and
20 upon the ratification of constitutional amendments authorizing

21



H.B. NO. 737

1 the State to issue special purpose revenue bonds and to use the
2 proceeds from the bonds to assist agricultural enterprises.
3

INTRODUCED BY:

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JAN 22 2013



H.B. NO. 737

Report Title:

Special Purpose Revenue Bonds; Agricultural Enterprises

Description:

Assists agricultural enterprises in the State by authorizing the State to issue special purpose revenue bonds for their benefit. Contingent upon ratification of constitutional amendment authorizing the State to issue special purpose revenue bonds and use the proceeds from the bonds to assist agricultural enterprises.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

