

JAN 27 2016

A BILL FOR AN ACT

AUTHORIZING THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST BIG ISLAND DAIRY, LLC.

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

1 SECTION 1. The legislature finds that the issuance of
2 special purpose revenue bonds pursuant to this Act is in the
3 public interest and for the public health, safety, and general
4 welfare.

5 SECTION 2. Pursuant to part X, chapter 39A, Hawaii Revised
6 Statutes, the department of budget and finance, with the
7 approval of the governor, is authorized to issue special purpose
8 revenue bonds in a total not to exceed \$10,000,000 in one or
9 more series, for the purpose of assisting Big Island Dairy, LLC,
10 to finance, refinance, and reimburse costs related to the
11 planning, design, and construction of a new milk processing
12 facility, related appurtenances, and any costs that are
13 necessarily or advisably incurred in order to provide such
14 assistance or that are directly or indirectly related to any of
15 the foregoing items. The legislature hereby finds and
16 determines that the aforementioned activities and facilities
17 constitute a project as defined in part X, chapter 39A, Hawaii

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1 Revised Statutes, and the financing thereof is assistance to a
2 private corporation whose projects serve the general public.

3 SECTION 3. The special purpose revenue bonds and the
4 refunding special purpose revenue bonds issued under this Act
5 shall be issued pursuant to part X, chapter 39A, Hawaii Revised
6 Statutes, relating to the power to issue special purpose revenue
7 bonds to assist an agricultural enterprise project with any
8 combination of land, buildings, and other improvements hereon,
9 including without limitation irrigation systems and
10 infrastructure including without limiting the generality of the
11 foregoing, machinery, equipment, furnishings, and apparatus that
12 are deemed necessary, suitable, or useful to the enterprise.

13 SECTION 4. The department of budget and finance is
14 authorized, from time to time, including times subsequent to
15 June 30, 2020, to issue special purpose revenue bonds in
16 whatever principal amounts the department shall determine to be
17 necessary to refund the special purpose revenue bonds authorized
18 in section 2 and to refund special purpose revenue bonds
19 authorized in this section, regardless of whether the
20 outstanding special purpose revenue bonds or refunding special
21 purpose revenue bonds have matured or are the subject of
22 redemption or whether the refunding special purpose revenue

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1 bonds shall be bonds for the multi-project programs described in
2 section 2. In making this determination, the department shall
3 comply with federal law relating to the exemption from federal
4 income taxation of the interest on bonds of the nature
5 authorized by this section.

6 SECTION 5. The authorization to issue special purpose
7 revenue bonds under this Act shall lapse on June 30, 2020.

8 SECTION 6. This Act, upon its approval, shall take effect
9 on July 1, 2016.

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INTRODUCED BY:



BY REQUEST

S .B. NO. 2804

Report Title:

Special Purpose Revenue Bonds; Big Island Dairy LLC

Description:

Authorizes the issuance of special purpose revenue bonds up to \$10,000,000 to assist Big Island Dairy LLC for the planning, design, and construction of new milking facilities.

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

JUSTIFICATION SHEET

DEPARTMENT: Agriculture

TITLE: A BILL FOR AN ACT AUTHORIZING THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST BIG ISLAND DAIRY, LLC.

PURPOSE: Authorize the issuance of special revenue bonds for the purpose of financing, refinancing, and reimbursing costs related to the planning, design and construction of a new milk processing facility at Big Island Dairy.

MEANS: Other.

JUSTIFICATION: Fresh milk has long been considered a nutritional and dietary mainstay, and a constant supply was often considered a necessity. Milk is highly perishable and cannot be stored for substantial periods. The majority of Hawaii's milk sold to the consumer is shipped in from the mainland and is double-pasteurized; once when it is shipped bulk from the mainland and again before it is packaged for consumer sale. The milk from the mainland is estimated to be at least 7 to 10 days old before it is packaged in Hawaii. Double pasteurization extends the "sell by" date for milk to be sold up to 20 to 27 days.

Currently there is only one milk processor in the State. This creates a tremendous disadvantage and hardship for our local milk producers. If the milk processor does not agree to purchase the milk, the producers have no other option but to dump their milk.

A new milk processing facility will ensure that the consumers are provided the freshest milk possible and help to provide economic stability for the local milk industry.

Impact on the public:

Help to ensure that the public is provided the freshest milk possible and increase local food availability.

Impact on the department and other agencies:

The Department of Health would have an additional milk facility to inspect.

GENERAL FUND: None.

OTHER FUNDS: \$10,000,000.

PPBS PROGRAM
DESIGNATION: AGR 151.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: July 1, 2016.