

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

EMPLOYEES RETIREMENT SYSTEM
HAWAII EMPLOYER UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 1230, H.D. 1, S.D. 1

March 28, 2017

9:30 A.M.

Room 211

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST MAUIGROWN COFFEE, INC.

House Bill No. 1230, H.D.1, S.D. 1, authorizes the issuance of Special Purpose Revenue Bonds (SPRB) up to \$13,000,000 to assist MauiGrown Coffee, Inc. with the operation and expansion of its farm and mill pursuant to Part X, Chapter 39A, Hawaii Revised Statutes.

The Department is providing comments only to advise the Legislature and prospective SPRB parties that should the legislation be approved, approval of the SPRB issuance and conduit loan will require further review of the financing proposal to ensure compliance with all federal, state and credit underwriting requirements. For additional information, please consult our FAQ located at the following link:

<http://budget.hawaii.gov/wp-content/uploads/2012/11/SPRB-FAQ.pdf>.

The Department also recommends an amendment to Section 4 of the bill, as follows (new language underlined):

“SECTION 4. The department of budget and finance is authorized, from time to time, including times subsequent to June 30, 2022, to issue special purpose revenue bonds...”

The amendment to Section 4 will make the special purpose revenue bond authorization consistent with Section 39A-317, HRS, which states, among other things, that no authorization shall be made for a period exceeding five years of its enactment.

Thank you for your consideration of our comments.

DAVID Y. IGE
Governor

SHAN S. TSUTSUI
Lt. Governor



State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

SCOTT E. ENRIGHT
Chairperson, Board of Agriculture

PHYLLIS SHIMABUKURO-GEISER
Deputy to the Chairperson

**TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE SENATE COMMITTEE ON WAYS & MEANS

**MARCH 28, 2017
9:30 A.M.
CONFERENCE ROOM 211**

**HOUSE BILL NO. 1230 HD1 SD1
RELATING TO ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST
MAUIGROWN COFFEE INC.**

Chairperson Tokuda and Members of the Committee:

Thank for the opportunity to testify on House Bill No. 1230 HD1, relating to the issuance of special purpose revenue bond to assist MauiGrown Inc. The department supports this bill.

The department recognizes MauiGrown Inc. as a successful coffee operation, producing quality Maui-grown coffee for consumers. Having the opportunity to expand their operations will help with employment of displaced sugar workers and ensure that lands will continue to be utilized for agricultural production. With the threat of the Coffee Berry Borer and other invasive species plaguing the coffee industry, this bill will also help MauiGrown to incorporate best management practices to help protect their valuable crop.

Thank you for the opportunity to testify on this measure.



**HB 1230 SD1
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST MAUIGROWN COFFEE, INC.**

**PAUL T. OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.**

MARCH 28, 2017

Chair Tokuda and Members of the Senate Committee on Ways & Means:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) on HB 1230 SD1, “RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST MAUIGROWN COFFEE, INC.” We support this bill.

After more than 140 years in sugar cultivation, A&B is in the process of pursuing a diversified agricultural model for its 36,000 acres of agricultural land in Central Maui. Under the new diversified model, A&B envisions a comprehensive patchwork of compatible agricultural activities blanketing Central Maui—some farmed by HC&S, some by others. We see biofuel crops that could provide electricity or transportation fuel to support the state’s renewable energy goals; irrigated pastures for local ranchers so their cattle don’t have to be sent to the Mainland for finishing; food crops; evaluation of crops including, potentially, industrial hemp and bioenergy feedstocks; and an agricultural park open to community farmers.

A&B is presently in discussion with MauiGrown Coffee to lease a portion of our former sugar cane lands for the growing and cultivation of coffee. As a tax exempt means of financing qualified projects in the interest of the general public, we understand

that the special purpose revenue bonds authorized in this bill will provide important financial support to MauiGrown Coffee in their efforts to expand their present coffee farm. Established in 2003, MauiGrown Coffee is a credible and experienced Maui agricultural operation. The approval of this bill will provide valuable State assistance which will enable MauiGrown Coffee to expand their operations and to assist in keeping former Central Maui sugar cane lands in active agricultural production.

Based on the aforementioned, we respectfully request your favorable consideration on this bill. Thank you for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 26, 2017 3:45 AM
To: WAM Testimony
Cc: tominmaui@icloud.com
Subject: Submitted testimony for HB1230 on Mar 28, 2017 09:30AM

HB1230

Submitted on: 3/26/2017

Testimony for WAM on Mar 28, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Tom Blackburn-Rodriguez	Go Maui, Inc.	Support	No

Comments: Go Maui, Inc. strongly supports this legislation that will be of critical help in expanding the coffee business on Maui, creating jobs and providing a sustainable use for former HC&S sugar cane land.

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 25, 2017 2:07 PM
To: WAM Testimony
Cc: maria@millhousemaui.com
Subject: Submitted testimony for HB1230 on Mar 28, 2017 09:30AM

HB1230

Submitted on: 3/25/2017

Testimony for WAM on Mar 28, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Maria Holmes	Mill House Roasting Co.	Support	No

Comments: Aloha: The Mill House Roasting Company in Waikapu, Maui recognizes MauiGrown Inc. as a successful coffee operation, producing quality Maui-grown coffee for roasters and consumers. Having the opportunity to expand their operations will help with employment of displaced sugar workers and ensure that lands are continued in agricultural production. With the threat of the Coffee Berry Borer and other invasive species plaguing the coffee industry, this bill will also help MauiGrown to incorporate best management practices to help protect their valuable crop. - Mahalo

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RE: Request for Support of HB 1230 HD1 SD1

Chair Tokuda and members of the Senate Ways and Means Committee:

My name is Kimo Falconer and I am the President and owner of MauiGrown Coffee, Inc. We are famers of specialty coffee on over 400 acres of former sugar land in West Maui. Our goal through this legislative measure is to expand coffee operations through bond funding to the upper elevations of some of the former sugar lands of HC&S.

Currently MauiGrown Coffee is the second largest coffee farm in the State providing green Maui origin specialty coffee throughout Hawaii, the continental U.S. and many countries abroad. In the coffee industry, there will be a worldwide shortage to keep up with the specialty coffee market growth due to emerging economies and their acquired tastes for good coffee. As an example, it was recently announced that Starbucks Coffee is opening a new store in China daily to surpass 2,600 new stores by 2020. There is no reason the Hawaiian coffee industry should not participate in this opportunity.

My vision, in cooperation with A&B, is to plant enough acreage to support a new processing plant where it could benefit others who wish to begin larger scale coffee farming. MauiGrown could provide the market credibility and infrastructure to allow further growth. The fallowing of sugar lands at HC&S punctuates a long dialog of what is to become of our empty agricultural lands. This closure was not any old sugar plantation shutting down. This was the largest in the history of Hawaii. It will take a lot of support to get new replacement crops going. There will be a need for larger Ag components to do this. Coffee can easily be one of those solutions. It is clean with plant longevity, non-perishable for export, low in chemical use and a good job source. It will have a positive reach into the community, and it will be profitable.

Regrettably, I will not be present at the hearing this Tuesday as I am traveling abroad, but we will have representation present should there be questions. I wish to thank you in taking the time to consider this and would be honored to have your support.

Mahalo,

James 'Kimo' Falconer, President

MauiGrown Coffee, Inc.

HAWAII COFFEE COMPANY™

1555 Kalani Street
Honolulu, Hawaii 96817
Ph: 808-847-3600
Fax: 808-847-7900
www.hicoffeeco.com



Written Testimony of
Daniel Dinell
President, Hawaii Coffee Company
before the
Senate Committee on Ways & Means
March 28 2017; 9:30 a.m.
State Capitol, Conference Room 211

RE: HB1230 HD 1 SD1 RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST MAUIGROWN COFFEE, INC.

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee:

Hawaii Coffee Company (HCC) **supports** this bill, which authorizes the issuance of special purpose revenue bonds to assist MauiGrown Coffee, Inc. with the operation and expansion of its farm and mill.

HCC has been in the coffee roasting business since 2000. Our 100 plus employees at our plant in Kalihi and other locations around the state, earn a livelihood milling, roasting, packing, distributing, and retailing coffee. We have a major retail presence throughout Hawaii, are a leading provider of coffee to Hawaii hotels and restaurants as well as an exporter of products around the globe.

HCC does not own or operate any coffee farms, but we support coffee farmers by buying millions of dollars of Hawaiian coffee annually – in Kona pulping and milling coffee cherry, in other districts, such as with Maui coffee, buying it as green coffee and then roasting/distributing the product. We are excited to see the highly successful MauiGrown Coffee desire to expand its operations. We see this as an excellent way to promote Hawaii agriculture and add to the state's economic vitality. We understand the planned use of the SPRB funds is for expansion by MauiGrown on former A&B sugar lands in Maui so there is an additional benefit in keeping a portion of that land in agricultural production.

Mahalo for the opportunity to provide this testimony.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 27, 2017 9:10 AM
To: WAM Testimony
Cc: mike@mauicoffeeroasters.com
Subject: *Submitted testimony for HB1230 on Mar 28, 2017 09:30AM*

HB1230

Submitted on: 3/27/2017

Testimony for WAM on Mar 28, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Okazaki	Maui Coffee Roasters	Support	No

Comments:

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PO Box 168, Kealahou, HI 96750

HAWAII STATE SENATE
COMMITTEE ON WAYS AND MEANS

Tuesday, March 28, 2017
9:30 AM
Conference Room 211

RE: Testimony in support of HB1230 HD1 SD1: THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST MAUI-GROWN COFFEE, INC

Aloha Chair Tokuda, Vice Chair Dela Cruz and members of the Committee,

I am Chris Manfredi, President of Hawaii Coffee Association.

The Hawaii Coffee Association's (HCA) mission is to represent all sectors of the Hawaiian coffee industry including growers, millers, wholesalers, roasters and retailers located throughout the State of Hawaii. The HCA's primary objective is to increase awareness and consumption of Hawaiian coffees. A major component of HCA's work is the continuing education of members and consumers.

The HCA strongly supports HB1230.

Maui Grown Coffee is a successful, vibrant, and innovative contributor to the agricultural community and the economy on Maui. As Maui transitions its land tenure and stewardship to a future that is somewhat unclear, support for the expansion of this proven entity is entirely appropriate.

Maui Grown Coffee products are successfully marketed around the globe, enhancing Maui's and The State of Hawaii's overall brand and serve to highlight Maui's rich agricultural heritage.

We respectfully ask you to approve HB1230.

Thank you.



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

March 28, 2017

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON HB 1230, HD1, SD1
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST
MAUIGROWN COFFEE, INC.

Room 211
9:30 AM

Aloha Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee:

I am Randy Cabral, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interests of our diverse agricultural community.

HFB strongly supports HB 1230, HD1, SD1, authorizing the issuance of SPRBs to assist MauiGrown Coffee, Inc. with the operation and expansion of its farm and mill.

Coffees grown by Maui Grown Coffee Inc. on former Pioneer Mill sugarcane lands have become established and varieties such as their Mokka have become well known for their quality. Maui Grown Coffee Inc. has demonstrated their capacity to grow and expand a business and have a model that is now ready to be transferred to the lands in Central Maui. This operation will provide a basis for other value added products and is a good example of agriculture acting as an economic engine to grow Hawaii's economy.

For these reasons, HFB respectfully requests your **strong support of authorizing SPRBs to assist Maui Grown Coffee Inc.** Thank you for the opportunity to provide testimony on this measure.

The Twenty-Ninth Legislature
Regular Session of 2017

THE SENATE

Committee on Ways and Means
Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair
State Capital, Conference Room 211
Tuesday, March 28, 2017; 9:30 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 1230 HD 1 SD 1
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE
REVENUE BONDS TO ASSIST MAUIGROWN COFFEE, INC.**

The ILWU Local 142 strongly supports H.B. 1230 HD 1 SD 1, which authorizes the issuance of special purpose revenue bonds to assist MauiGrown Coffee, Inc. with the operation and expansion of its farm and mill.

H.B. 1230 HD 1 SD 1 allows the State to support a successful coffee business to expand on Maui and further the State's goals of greater sustainability and keeping land in agriculture. In addition, the expansion of MauiGrown Coffee would create additional good paying agricultural jobs and possibly provide a new life line to sugar workers who were displaced with the recent closure of HC&S.

The recent closure of the last plantation in Hawaii was a sad event from many different perspectives. The impact of the sugar workers losing their jobs and losing their means of providing for their families, was a fundamental concern that raised many uncertainties for the workers and their loved ones. The opportunity for the creation of new agricultural jobs, possibly one that they could secure, would help to boost their spirits, and keep hope alive.

The ILWU urges passage of H.B. 1230 HD 1 SD 1. Thank you for the opportunity to share our views on this matter.

From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 24, 2017 3:44 PM
To: WAM Testimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB1230 on Mar 28, 2017 09:30AM*

HB1230

Submitted on: 3/24/2017

Testimony for WAM on Mar 28, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 25, 2017 1:55 PM
To: WAM Testimony
Cc: mauioma@maui.net
Subject: Submitted testimony for HB1230 on Mar 28, 2017 09:30AM

HB1230

Submitted on: 3/25/2017

Testimony for WAM on Mar 28, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
David Gridley	Individual	Support	No

Comments: I strongly support the State issuing revenue bonds in support of Maui Grown Coffee and the expansion of a strong agricultural crop like coffee on Maui. The State should embrace this opportunity to recapture some of the void left by the closing of HC&S on Maui.

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From: [Alberta De Jetley](#)
To: [WAM Testimony](#)
Subject: HB 12230 HD1 SD1
Date: Saturday, March 25, 2017 3:43:22 PM

Please support this bill so we can grow more coffee in Maui County.

We need all the help we can get to make coffee a viable crop on Maui, and in turn, Lanai and Molokai.

Alberta de Jetley
P. O. Box 630601
Lanai, HI 96763

Lanai farmer

Jeff Ferguson
277 Lahainaluna Road
Lahaina, Maui, HI 96761
coffeecreations@att.net fax: 808-661-7107
March 25, 2017

WAM Committee
Senator Jill Tokuda

TESTIMONY in SUPPORT OF HB 1230 HD1 SD1

Aloha Senator Tokuda

I support HB1230. Maui grows GREAT coffee. The problem is that we cannot grow enough coffee to create a bigger impact on the market. We need to grow more coffee. Using HCS former sugar cane fields is a perfect opportunity. Kimo Falconer has the experience, and the market. He has the relationships with smaller Maui Coffee growers as well. His vision to grow more coffee will help the small growers as well as his MauiGrown Coffee. His project will create jobs, create sales for Maui coffee to the Mainland and foreign markets.

I have been involved in the Specialty Coffee Business for over 40 years....20 of them on Maui. We have seen Maui Coffee rise from obscurity to being considered one of the top regions in the world. The funding resource that HB1230 can provide will help Kimo continue to build the notoriety of Maui Coffee as an origin and increase production and sales for Maui Coffee. Several Maui Coffee growers, including Kimo's famous Maui Mokka® have taken first place as well as continuing to score in the top ten coffees in State competitions.

I support HP1230 HD1 SD1

Mahalo
Jeff Ferguson
808-661-2728

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 27, 2017 7:10 AM
To: WAM Testimony
Cc: Gbiven@aol.com
Subject: *Submitted testimony for HB1230 on Mar 28, 2017 09:30AM*

HB1230

Submitted on: 3/27/2017

Testimony for WAM on Mar 28, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Gloria Biven	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 26, 2017 7:27 PM
To: WAM Testimony
Cc: mck0714@yahoo.com
Subject: *Submitted testimony for HB1230 on Mar 28, 2017 09:30AM*

HB1230

Submitted on: 3/26/2017

Testimony for WAM on Mar 28, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Maggie Kramp	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 28, 2017 6:08 AM
To: WAM Testimony
Cc: billdwyerjr@gmail.com
Subject: *Submitted testimony for HB1230 on Mar 28, 2017 09:30AM*

HB1230

Submitted on: 3/28/2017

Testimony for WAM on Mar 28, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Bill Dwyer	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 27, 2017 2:59 PM
To: WAM Testimony
Cc: mwan@harc-hspa.com
Subject: *Submitted testimony for HB1230 on Mar 28, 2017 09:30AM*

HB1230

Submitted on: 3/27/2017

Testimony for WAM on Mar 28, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Ming-Li Wang	Individual	Support	No

Comments:

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