

**SB 1288**



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-NINTH LEGISLATURE, 2017**

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**ON THE FOLLOWING MEASURE:**

S.B. NO. 1288, RELATING TO SPECIAL PURPOSE REVENUE BONDS FOR HPC FOODS, LTD .

**BEFORE THE:**

SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

**DATE:** Monday, February 13, 2017 **TIME:** 1:15 p.m.

**LOCATION:** State Capitol, Room 224

**TESTIFIER(S):** Douglas S. Chin, Attorney General, or  
Randall S. Nishiyama, Deputy Attorney General

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Chair Gabbard and Members of the Committee:

This bill authorizes the issuance of an unspecified amount of special purpose revenue bonds ("SPRBs") to assist HPC Foods, Ltd., pursuant to part X, chapter 39A, Hawaii Revised Statutes. The purpose of this is to fund multi-project capital improvement programs and the construction of new facilities.

We have the following comments regarding this bill:

1. While the bill states that the SPRBs will be used to fund multi-project capital improvement programs and the construction of new facilities, we believe that additional detail is needed regarding the nature of these facilities. In particular, it would be helpful to specify the facilities being financed.

2. This bill states that the SPRBs will be issued pursuant to part X, assisting agricultural enterprises. It is not clear how HPC Foods qualifies as an agricultural enterprise. We note that depending on the nature of the proposed project, the issuance authority for the SPRBs may also be with the "manufacturing, processing or industrial enterprises" provisions of article VII, section 12, of the Hawaii State Constitution, and would be implemented by part III (assisting manufacturing enterprises), part IV (assisting processing enterprises) or part V (assisting industrial enterprises) of chapter 39A. Further information is needed to address which part of chapter 39A the SPRBs should be issued.

We will be happy to work with the Committee regarding our concerns.

Thank you for the opportunity to testify on this matter.

DAVID Y. IGE  
GOVERNOR



WESLEY K. MACHIDA  
DIRECTOR

LAUREL A. JOHNSTON  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
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**STATE OF HAWAII**  
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ADMINISTRATIVE AND RESEARCH OFFICE  
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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 AGRICULTURE AND ENVIRONMENT

ON SENATE BILL NO. 1288

**February 13, 2017**

**1:15 P.M.**

**Room 224**

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR  
HPC FOODS, LTD.

Senate Bill No. 1288 authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist the HPC Foods, LLC, to fund multi-project capital improvement programs and the construction of facilities 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>.

Thank you for the opportunity to provide testimony on this measure.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, January 30, 2017 5:17 PM  
**To:** AEN Testimony  
**Cc:** mendezj@hawaii.edu  
**Subject:** \*Submitted testimony for SB1288 on Feb 13, 2017 13:15PM\*

**SB1288**

Submitted on: 1/30/2017

Testimony for AEN on Feb 13, 2017 13:15PM in Conference Room 224

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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SHAN S. TSUTSUI  
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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 AGRICULTURE & ENVIRONMENT

FEBRUARY 13, 2017  
1:15 P.M.  
CONFERENCE ROOM 224

SENATE BILL NO. 1288  
RELATING TO SPECIAL PURPOSE REVENUE BONDS FOR HPC FOODS, LTD.

Chairperson Gabbard and Members of the Committee:

Thank for the opportunity to testify on Senate Bill No. 1288, relating to the issuance of special purpose revenue bond to assist HPC Foods, Ltd. The department supports this bill.

HPC Foods, Ltd. is one of Hawaii's largest produce processors and distributors, manufacturing fresh cut vegetables and fruits, and is well known for their mung bean, clover, soy, and radish sprouts. They earned Global Food Safety Initiative certification, which is a business-driven initiative for the continuous improvement of food safety management systems and considered the highest tier of food safety audits.

The department believes that bond financing will help HPC Foods Ltd. with their plans for a multi-project capital improvement program and the construction of new facilities.

Thank you for the opportunity to testify on this measure.



**LATE**

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 12, 2017 11:00 PM  
**To:** AEN Testimony  
**Cc:** brian@hfbf.org  
**Subject:** \*Submitted testimony for SB1288 on Feb 13, 2017 13:15PM\*

**SB1288**

Submitted on: 2/12/2017  
Testimony for AEN on Feb 13, 2017 13:15PM in Conference Room 224

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Randy Cabral	Hawaii Farm Bureau	Support	Yes

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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