

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

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

**WRITTEN ONLY**

TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NO. 2357

**February 24, 2022**

**10:00 A.M.**

**Via Videoconference**

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

The Department of Budget and Finance (the "Department") offers the following comments on Senate Bill No. 2357 which extends the authorization to issue Special Purpose Revenue Bonds (SPRB) to assist MauiGrown Coffee, Inc., a Hawaii corporation, to expand operation of its coffee farm and mill pursuant to Act 116, Session Laws of Hawaii 2017.

The Department would like to inform 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. Additionally, the Department would like to note that Senate Bill No. 2812 specifies that the State's allocation of the bond ceiling cap and all returned bond ceiling cap from the counties, shall be entirely used for housing related projects. Should the legislation be approved, all SPRBs subject to the bond ceiling cap will be prohibited from issuance by the Department for the next five years. Furthermore, House Bill No. 1829, H.D. 1 specifies

that the entire allocation of the state bond ceiling cap shall be used for housing related projects for the next six years provided that the allocations authorized, but not issued before July 1, 2022 shall not be affected. An authorization to issue a SPRB does not allocate the state bond ceiling. The allocation of the state bond ceiling is made at the closing of the bonds. Since the bill specifies that the entire state bond ceiling shall be used for housing related projects, all authorized and not issued SPRBs subject to the bond ceiling cap will be prohibited from issuance by the Department for the next six years regardless of the authorization received prior to July 1, 2022. 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 your consideration of our comments.

DAVID Y. IGE  
Governor

JOSH GREEN  
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER  
Chairperson, Board of Agriculture

MORRIS ATTA  
Deputy to the Chairperson

State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
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**TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER  
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS**

**FEBRUARY 24, 2022  
10:00 A.M.  
VIA VIDEOCONFERENCE**

**SENATE BILL NO. 2357  
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO  
ASSIST MAUIGROWN COFFEE, INC.**

Chairperson Dela Cruz and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2357. This bill extends the authorization to issue special purpose revenue bonds to assist MauiGrown Coffee, Inc., with the operation and expansion of its farm and mill. The Department supports this bill.

The department recognizes MauiGrown Inc. as a successful coffee operation, producing quality Maui-grown coffee for consumers. With the threat of the Coffee Berry Borer and recently Coffee Leaf Rust plaguing the coffee industry, this bill will also help MauiGrown to incorporate best management practices to help protect their valuable crop.

Thank you again for the opportunity to testify on this measure.





Hawaii Coffee Association  
PO Box 168, Kealahou, HI 96750

SENATE COMMITTEE ON WAYS AND MEANS  
February 24, 2022

**RE: Testimony in Support for SB2357**

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and Senators,

I am Chris Manfredi, Executive Director of Hawaii Coffee Association (HCA) testifying in support of SB2357.

SB 2357 extends funding appropriated in the 2017 Legislature's ACT 116. This project was stalled due to complications from COVID.

Please lend your support to one of the most innovative and respected among Hawaii's coffee producers.

This investment in agriculture will pay dividends to the citizens of Maui in the years and decades to come.

Please pass this measure.

Thank you for the opportunity to testify and for your support for Hawaii's coffee.



### **Testimony in support of SB-2357, Senate Ways and Means Committee 2/24/2022**

Aloha, Chair Dela Cruz, Vice-Chair Keith-Agaran and members of the Senate Ways and Means Committee

My name is Kimo Falconer, President of MauiGrown Coffee, Inc. We are a 400-acre coffee farm located at Ka'anapali at West Maui. In 2017, we were successful in passing HB-1230 as Act 116, in an effort to secure Special Purpose Revenue Bond (SPRB) funding for an expansion of our coffee operation. This expansion includes building a milling facility to meet the processing needs of the Maui coffee growing industry, it will meet the public interest as a Hawaii brand builder and further diversify Maui County's productivity. As Act 116 (2017) currently expires in June of 2022, SB-2357 (2022) is intended to extend Act 116 five years to 2027.

At the time, Act 116 was the only SPRB funding vehicle designated for Agriculture to make it through to signing by Governor Ige. To that end, Act 116 is the only Agricultural SPRB awaiting review through the Finance Administration Division (FAD) so that we may be appointed a Bond counsel and then move further to the banking institutions.

It is a rather slow process that includes securing numerous commitments and agreements, that eventually get summarized in a working business plan to move forward. By the time we were ready to approach FAD with the next step proposal, the State was sent into disarray from COVID-19. Now all of those commitments need to be revised as each and every vendor entity that is providing bids is reevaluating their own business structure. We remain in a holding pattern at least until our potential vendors become comfortable enough to give us solid commitments.

Therefore, I humbly ask for your support in allowing us the necessary extension to this SPRB bill by approving SB-2357 and give us the extension to the year 2027.

Mahalo for the opportunity to testify.





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February 24, 2022

HEARING BEFORE THE  
SENATE COMMITTEE ON WAYS AND MEANS

**TESTIMONY ON SB 2357**  
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO  
ASSIST MAUIGROWN COFFEE, INC.

Room 211 & Videoconference  
10:00 AM

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

**The Hawai'i Farm Bureau supports SB 2357**, which extends the authorization to issue 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. MauiGrown 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 Hawai'i's economy.

For these reasons, HFB respectfully requests your support for the extension of the authorization to issue SPRBs to assist Maui Grown Coffee Inc.

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

**SB-2357**

Submitted on: 2/21/2022 4:07:55 PM

Testimony for WAM on 2/24/2022 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
David Bateman	Individual	Support	No

Comments:

Stongly support SB2357, and the extension of time for the SPRB for Maui Grown Coffee.



**LATE**

**SB-2357**

Submitted on: 2/23/2022 4:28:15 PM

Testimony for WAM on 2/24/2022 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
David Gridley	Individual	Support	No

Comments:

The Maui Coffee Association strongly supports SB2357 to aid in the expansion and development of high grade, quality coffee on Maui. Maui Grown has proven itself to be a high integrity partner and integral part of the development of coffee on Maui - which is separately in need of an expansion of a quality supply of coffee!