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WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 1456

February 15, 2023
10:30 A.M.
Room 211 and Videoconference

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
HONOKAA LAND COMPANY, LLC.

The Department of Budget and Finance offers the following comments on Senate Bill No. 1456 which authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist Honokaa Land Company, LLC, a Hawaii domestic limited liability company, with acquiring, developing, and renovating various facilities including rebuilding structures for a soil and earth products business based at Haina Mill; purchase of an agriculture consulting and research and development firm and farm to serve as a research and development facility; acquiring or building organic dairies; green and renewable energy initiatives; and developing affiliated agricultural employee housing pursuant to Part X, Chapter 39A, Hawaii Revised Statutes.

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 Act 182, SLH 2022 states “unless requested by the governor and approved by the legislature, no special purpose revenue bonds requiring an allocation of annual state ceiling under section 39B-2, Hawaii Revised Statutes, shall be authorized after June 30, 2022 and before December 31, 2028”. A Governor’s Message will be required to permit the authorization during this session for the issuance of SPRBs that require an allocation of annual state ceiling under section 39B-2, Hawaii Revised Statutes. 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.