

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



SHARON HURD
Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

State of Hawai'i
DEPARTMENT OF AGRICULTURE
KA 'OIHANA MAHI'AI
1428 South King Street
Honolulu, Hawai'i 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF SHARON HURD
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEE ON
AGRICULTURE AND FOOD SYSTEMS**

**FRIDAY, FEBRUARY 10, 2023
10:00 AM
CONFERENCE ROOM 325 &
VIDEOCONFERENCE**

**HOUSE BILL NO. 1455
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST MAUIGROWN COFFEE, INC.**

Chairperson Gates and Members of the Committee:

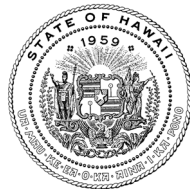
Thank you for the opportunity to testify on House Bill 1455. This bill reauthorizes and renews the issuance of special purpose revenue bonds to MauiGrown Coffee, Inc., to expand the operation of its coffee farm and mill in Puukolii, Maui. The Hawaii Department of Agriculture (HDOA) supports the intent of this measure provided it does not impact the priorities set in the Governor's executive biennium budget.

The department supports bona fide attempts to grow agriculture in the state. The authorization of special purpose revenue bonds will allow the development of new infrastructure with minimal impact to the State's finances. The company proposes to expand its operation which would positively help the State move toward better food security.

Thank you for the opportunity to testify on this measure.



JOSH GREEN, M.D.
GOVERNOR



LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
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
Ka 'Oihana Mālama Mo'ohelu a Kālā
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

WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS
ON
HOUSE BILL NO. 1455

February 10, 2023
10:00 A.M.
Room 325 and Videoconference

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

The Department of Budget and Finance offers the following comments on House Bill No. 1455 which authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist MauiGrown Coffee, Inc., a Hawaii corporation, to expand the operation of its coffee farm and mill in Puukolii, Maui 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. 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.



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

February 10, 2023

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

TESTIMONY ON HB 1455
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST MAUIGROWN COFFEE, INC.

Conference Room 325 & Videoconference
10:00 AM

Aloha Chair Gates, Vice-Chair Kahaloa, 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 HB 1455, which authorizes a new issuance of special purpose revenue bonds in the amount of \$30 million, 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 its capacity to grow and expand a business and has 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 a new issuance of the authorization to issue SPRBs to assist Maui Grown Coffee Inc.

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



Testimony in support of HB-1455, House AGR committee 2/10/2023

Aloha, Chair Gates, Vice-Chair Kahaloa and members of the House AGR Committee,

Thank you for hearing this bill. My name is Kimo Falconer, President of MauiGrown Coffee, Inc. We are a 400-acre coffee farm located in 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. Act 116 (2017) expired on July 1, 2022. During the 2022 legislature, through a new bill SB-1297, we asked for Act 116 to be extended an additional 3 years to 2025. Unfortunately, SPRB bills are not allowed to exceed 5 years, even though the bill made it through to the Governors desk where due to this technicality, it was vetoed.

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 was 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. This was what we were doing when Covid happened and derailed the original plan.

Bond funding is a slow process that includes securing numerous commitments and agreements that eventually get summarized into a working business plan to find investors to purchase the investment package. It can take several years to complete the offering. This bill revises the original SPRB package accounting for budget alterations, vendor availability (most of which are international), coffee marketing revisions and numerous other specifics that narrowed the scope of possibilities that changed as a result of Covid 19.

Therefore, I humbly ask for your support by passing HB-1455 and allow us to reboot this great agricultural project for Maui.

Mahalo for the opportunity to testify.