

July 13, 2005

The Honorable Robert Bunda, President
and Members of the Senate
Twenty-Third State Legislature
State Capitol, Room 003
Honolulu, Hawaii 96813

Dear Mr. President and Members of the Senate:

Re: House Bill No. 1556 HD1 SD1 CD1

On July 12, 2005, House Bill No. 1556, entitled "Relating to the Issuance of Special Purpose Revenue Bonds to Assist Industrial Enterprises" became law without my signature, pursuant to Section 16 of Article III of the State Constitution.

This bill authorizes \$25 million in special purpose revenue bonds to PLK Services to plan, design, and construct a coffee and macadamia nut processing plant.

This bill raises questions about the intended public purpose these special purpose revenue bonds will address. Special purpose revenue bonds are supposed to be issued for projects in the public interest and for public health, safety, and the general welfare of the State. Over time, the Hawaii courts have ruled that what constitutes a public purpose is generally a question for the Legislature to decide, and the legislation has taken wide discretion in interpreting "public purpose."

This bill also raises the question regarding the impact this project will have on ongoing private agricultural operations in the Kona area. A number of prominent businesses expressed concern that there is already an excess of processing capacity for both macadamia nuts and coffee beans. They are rightly concerned that another processing plant will encourage wholesale importation of foreign beans and nuts, destroying their marketplace.

Therefore, I allowed House Bill No. 1556 HD1 SD1 CD1 to become law as Act 237 effective July 12, 2005 without my signature.

Sincerely,

LINDA LINGLE