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# A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. The legislature finds that it is in the public  
2 interest to encourage the development of cogeneration facilities  
3 that make electric energy available to the public from the sale  
4 of electricity to a utility company. The legislature further  
5 finds that Carbon Diversion, Incorporated is engaged in the  
6 development of cogeneration facilities that will sell  
7 electricity in this manner by processing non-fossil fuel  
8 feedstock, utilizing a material reduction process by pressurized  
9 pyrolysis and gasification for direct production of energy  
10 related carbon products and fuels and indirect production of  
11 electricity.

12       The legislature finds that the benefits of the development  
13 of cogeneration facilities include the:

- 14       (1) Reduction of greenhouse gas emissions;  
15       (2) Reduction of landfill waste streams;  
16       (3) Reduction of transportation and disposal costs;  
17       (4) Creation of local technical and semi-technical jobs;

18       and



1 (5) Renewable energy for local communities through  
2 distributed generation.

3 The legislature further finds that Carbon Diversion,  
4 Incorporated's work in creating alternative energy for the State  
5 is an industrial enterprise defined in part V, chapter 39A,  
6 Hawaii Revised Statutes, and may be assisted through the  
7 issuance of special purpose revenue bonds.

8 The legislature finds and declares that the issuance of  
9 special purpose revenue bonds under this Act is in the public  
10 interest and for the public health, safety, and general welfare.

11 SECTION 2. Pursuant to part V, chapter 39A, Hawaii Revised  
12 Statutes, the department of budget and finance, with the  
13 approval of the governor, is authorized to issue special purpose  
14 revenue bonds in a total amount not to exceed \$40,000,000, in  
15 one or more series, for the purpose of assisting Carbon  
16 Diversion, Incorporated or a partnership in which Carbon  
17 Diversion, Incorporated is a general partner, with the  
18 establishment of cogeneration and related energy production  
19 facilities at various locations in the State. The electrical  
20 output of this plant and facilities shall be made available for  
21 use by members of the general public by sale to electric  
22 utilities serving the public. Thermal fluid output of this



1 plant and related energy production facilities shall be made  
2 available for use by members of the general public by sale to  
3 existing and planned manufacturing and processing entrepreneurs  
4 in the area.

5 The legislature finds and determines that the activity and  
6 facilities of Carbon Diversion, Incorporated constitute a  
7 project as defined in part V, chapter 39A, Hawaii Revised  
8 Statutes, and the financing thereof is assistance to an  
9 industrial enterprise.

10 SECTION 3. The special purpose revenue bonds and the  
11 refunding special purpose revenue bonds issued under this Act  
12 shall be issued pursuant to part V, chapter 39A, Hawaii Revised  
13 Statutes, relating to the power to issue special purpose bonds  
14 to assist industrial enterprises.

15 SECTION 4. The department of budget and finance is  
16 authorized, from time to time, including times subsequent to  
17 June 30, 2014, to issue special purpose revenue bonds in  
18 whatever principal amounts the department shall determine to be  
19 necessary to refund the special purpose revenue bonds authorized  
20 in section 2 and to refund special purpose revenue bonds  
21 authorized in this section, regardless of whether the  
22 outstanding special purpose revenue bonds or refunding special



1 purpose revenue bonds have matured or are the subject of  
2 redemption or whether the refunding special purpose revenue  
3 bonds shall be bonds for the multi-project programs described in  
4 section 2. In making this determination, the department shall  
5 comply with federal law relating to the exemption from federal  
6 income taxation of the interest on bonds of the nature  
7 authorized by this section.

8 SECTION 5. The authorization to issue special purpose  
9 revenue bonds under this Act shall lapse on June 30, 2014.

10 SECTION 6. This Act shall take effect upon its approval.



**Report Title:**

Special Purpose Revenue Bonds; Carbon Diversion Incorporated

**Description:**

Authorizes special purpose revenue bonds for Carbon Diversion Incorporated for development of non-fossil fuel energy production. (HD1)

