

# LATE TESTIMONY

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
HOUSE BILL NO. 855

February 28, 2011

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST PACIFIC POWER AND WATER COMPANY, INC., IN THE DEVELOPMENT OF HYDROPOWER FACILITIES IN HAWAII

House Bill No. 855 authorizes the issuance of up to \$25,000,000 in special purpose revenue bonds to assist Pacific Power and Water Company, Inc. (PPWC), with the planning, permitting, designing, constructing, equipping and operating hydropower plants at locations throughout Hawaii pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department has a technical comment on this bill. Under Section 144 of the Internal Revenue Code of 1986, as amended, tax exempt financing for industrial projects may be limited to \$10 million. The Department staff met with representatives of PPWC and they stated that they have consulted with a bond counsel firm and believe that their project is eligible for the \$25,000,000 of special purpose revenue bond financing.

The Department also recommends amendments to two Sections of the bill, as follows (new language underlined):

“SECTION 4. The department of budget and finance is authorized, from time to time, including times subsequent to June 30, 2016, to issue special purpose revenue bonds...”

“SECTION 5. The authorization to issue special purpose revenue bonds under this Act shall lapse on June 30, 2016.”

The amendments to Sections 4 and 5 will allow this authorization for a period of five years, which will be consistent with Section 39A-117, HRS, and provides for a maximum authorization period of five years from its enactment.

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 27, 2011 10:12 PM  
**To:** FINTestimony  
**Cc:** thirr33@gmail.com  
**Subject:** Testimony for HB855 on 2/28/2011 10:00:00 AM  
**Attachments:** Dragon Fly.jpg; Ishikawa Goemon.jpg

Testimony for FIN 2/28/2011 10:00:00 AM HB855

Conference room: 308  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Arvid Tadao Youngquist  
Organization: The Mestizo Association  
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Phone:  
E-mail: [thirr33@gmail.com](mailto:thirr33@gmail.com)  
Submitted on: 2/27/2011

# **LATE TESTIMONY**

Comments:  
Chair, House Finance Committee  
Honorable Members of the Committee

We oppose HB 855.

I recommend that the measure be held. In this time of austerity, the State should not be the middle man for these entities. This is no different that a piece meal bail out by the citizens.

Mahalo nui loa,

Arvid Tadao Youngquist  
Chair and Editor  
The Mestizo Association