

ACT 72

S.B. NO. 159

A Bill for an Act Relating to Third-Party Financing Arrangements for Public Facilities.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Chapter 36, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**“§36- Third-party financing for public facilities.** (a) Any agency may enter into any third-party financing arrangement for the purpose of implementing energy conservation, cogeneration, or alternative energy measures in public facilities. These innovative financing arrangements with third parties may include, but not be limited to, options such as leasing joint ventures, shared-savings plans, or energy service contracts, or any combination thereof; provided that in due course a state agency shall receive title to the energy system being financed. The department of accounting and general services shall review and approve third-party financing arrangements for state facilities.

(b) For purposes of this section:

“Energy service contract” means the investor undertakes to engineer, install, operate, and maintain improvements to the customer’s facilities to supply all or a specified portion of the customer’s energy requirements at a fixed

aggregate or unit price set below the corresponding costs in the absence of improvements.

“Shared-savings plan” means the investor undertakes to engineer, install, operate, and maintain improvements to the customer’s facilities and the customer agrees to pay a contractually specified amount of measured energy cost savings.

“Third-party financing arrangement” means any arrangement in which a private sector investor finances, designs, constructs, owns, and operates an energy-conserving or energy-producing system in a public facility.”

SECTION 2. New statutory material is underscored.<sup>1</sup>

SECTION 3. This Act shall take effect upon its approval.

(Approved April 22, 1986.)

**Note**

1. Edited pursuant to HRS §23G-16.5.