

ACT 111

H.B. NO. 2578

A Bill for an Act Relating to the Issuance of Special Purpose Revenue Bonds to Assist Honolulu Seawater Air Conditioning LLC Projects on the Island of Oahu.

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

SECTION 1. The legislature finds that support for the development of renewable and efficient energy systems in the State, which is geographically isolated from sources of oil, continues to be in the public interest.

The legislature further finds that Honolulu Seawater Air Conditioning LLC proposes to build a seawater air conditioning/thermal energy storage district cooling system on the island of Oahu.

The legislature finds that Honolulu Seawater Air Conditioning LLC is engaged in the planning, design, and construction of a seawater air conditioning/thermal energy storage district cooling facility and chilled water distribution system in downtown Honolulu using cold, deep seawater as the primary cooling source.

The legislature further finds that the issuance of special purpose revenue bonds under this Act to assist Honolulu Seawater Air Conditioning LLC in constructing that portion of the district cooling project consisting of its seawater system will make the development of such a seawater air conditioning/thermal energy storage district cooling system more economically feasible and provide numerous benefits, including the following:

- (1) Providing customers with reduced and stable cooling costs;

ACT 111

- (2) Using cold, deep seawater—an abundant, indigenous, renewable energy resource—to provide more than seventy per cent of the cooling load;
- (3) Eliminating the need for cooling towers and, as a result, reducing potable water use, toxic chemical use, and the production of sewage;
- (4) Greatly reducing the use of harmful chemicals (refrigerants) used in conventional cooling systems;
- (5) Providing energy savings of seventy per cent or more, compared to conventional air conditioning systems;
- (6) Having lower operating and maintenance costs than individual building air conditioning systems;
- (7) Eliminating the need for more than 0.75 kilowatts of electricity generation capacity for each ton of cooling capacity;
- (8) Generating millions of dollars in construction project spending. In addition to construction jobs, a significant number of long-term, well-paid jobs will also be created. Other local economic development benefits will accrue from money that stays in Hawaii and is not used to purchase oil; and
- (9) Helping the State, the city and county of Honolulu, and the federal government to meet the goals and mandates for energy efficiency and renewable energy use.

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

SECTION 2. Pursuant to part V, chapter 39A, Hawaii Revised Statutes, the department of budget and finance, with the approval of the governor, is authorized to issue special purpose revenue bonds in a total amount not to exceed \$32,000,000, in one or more series, for the purpose of assisting Honolulu Seawater Air Conditioning LLC, a Hawaii corporation, with one or more of the following:

- (1) The establishment of a cold seawater supply and warmed seawater disposal system, including but not limited to the seawater pipelines and pumping station, through which chilled water will be produced and moved to buildings that are to be connected to the seawater air conditioning/thermal energy storage district cooling system; and
- (2) The financing, refinancing, or both, of the costs related to the planning, design, and construction of the seawater system described above, including costs of construction, renovation, equipping, and purchasing tangible assets (including land and easements for the shoreline crossing, pumping facility, and other improvements) comprising such a seawater system.

SECTION 3. The legislature hereby finds and determines that the activity and facilities of Honolulu Seawater Air Conditioning LLC constitute a project as defined in part V, chapter 39A, Hawaii Revised Statutes, and the financing thereof is assistance to an industrial enterprise.

SECTION 4. The special purpose revenue bonds and the refunding special purpose revenue bonds issued under this Act shall be issued pursuant to part V, chapter 39A, Hawaii Revised Statutes, relating to the power to issue special purpose revenue bonds to assist industrial enterprises.

SECTION 5. The department of budget and finance is authorized, from time to time, including times subsequent to June 30, 2009, to issue special purpose

revenue bonds in whatever principal amounts the department shall determine to be necessary to refund the special purpose revenue bonds authorized in section 2 and to refund special purpose revenue bonds authorized in this section, regardless of whether the outstanding special purpose revenue bonds or refunding special purpose revenue bonds have matured or are the subject of redemption or whether the refunding special purpose revenue bonds shall be bonds for multi-project programs. In making this determination, the department shall comply with federal law relating to the exemption from federal income taxation of the interest on bonds of the nature authorized by this section.

SECTION 6. The authorization to issue special purpose revenue bonds under this Act shall lapse on June 30, 2009.

SECTION 7. This Act shall take effect on July 1, 2004.

(Approved June 10, 2004.)