

ACT 79

H.B. NO. 1238

A Bill for an Act Relating to the Issuance of Special Purpose Revenue Bonds to Assist Seawater Air Conditioning 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 energy systems 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 seawater air conditioning district cooling systems on the island of

Oahu. Honolulu Seawater Air Conditioning LLC is engaged in the planning, design, and construction of a seawater air conditioning district cooling facility and chilled water distribution system in downtown Honolulu using cold, deep seawater as the primary cooling source.

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. The legislature further finds that the issuance of special purpose revenue bonds and refunding special purpose revenue bonds under this Act to assist Honolulu Seawater Air Conditioning LLC, in constructing the portion of this district cooling project consisting of its chilled water distribution system and balance-of-system components and structures, will make the development of the seawater air conditioning system more economically feasible and provide numerous benefits. Seawater air conditioning systems:

- (1) Provide customers with reduced and stable cooling costs;
- (2) Use an abundant, infinite, renewable energy resource - cold, deep seawater - to provide more than seventy per cent of the cooling load;
- (3) Eliminate the need for cooling towers and, as a result, reduce potable water use, toxic chemical use, and the production of sewage;
- (4) Greatly reduce the use of harmful chemicals (refrigerants) used in conventional cooling systems;
- (5) Can provide energy savings of seventy per cent, or more, compared to conventional air conditioning systems;
- (6) Have lower operating and maintenance costs than individual building air conditioning systems;
- (7) Eliminate the need for up to 0.68 kilowatts of electricity generation capacity for each ton of cooling capacity;
- (8) Will generate 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) Will help the State of Hawaii, the city and county of Honolulu, and the federal government to meet goals and mandates for energy efficiency and renewable energy use.

SECTION 2. Pursuant to part V, chapter 39A, Hawaii Revised Statutes, the department of budget and finance is hereby authorized, with the approval of the governor, to issue special purpose revenue bonds in a total amount not to exceed \$48,000,000 in one or more series, for the purpose of assisting Honolulu Seawater Air Conditioning LLC (or a partnership in which Honolulu Seawater Air Conditioning LLC is a general partner, or the successor in interest or assignee of Honolulu Seawater Air Conditioning LLC), with one or more of the following:

- (1) The establishment of a chilled water distribution system and balance-of-system components and structures; and
- (2) The financing, refinancing, or both, of the costs related to the planning, design, and construction of the chilled water distribution system and balance-of-system components and structures for the seawater air conditioning district cooling system in downtown Honolulu, including costs of constructing, renovating, equipping, and purchasing tangible assets (including land and easements for the chilled water distribution system, and other improvements) for the chilled water distribution system.

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 3. 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 4. The department of budget and finance is authorized, from time to time, including times subsequent to June 30, 2010, 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 the multi-project programs described in section 2.

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 5. The authorization to issue special purpose revenue bonds under this Act shall lapse on June 30, 2010.

SECTION 6. This Act shall take effect on July 1, 2005.

(Approved May 26, 2005.)