

ACT 112

H.B. NO. 1627

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:

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

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

- (1) Reduction of greenhouse gas emissions;
- (2) Reduction of landfill waste streams;
- (3) Reduction of transportation and disposal costs;
- (4) Creation of local technical and semi-technical jobs; and
- (5) Production of renewable energy for local communities through distributed generation.

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

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 \$40,000,000, in one or more series, for the purpose of assisting Carbon Diversion Inc., or a partnership in which Carbon Diversion Inc., is a general partner, with the establishment of cogeneration and related energy-production facilities at various locations in the state. The electrical output of this plant and facilities shall be made available for use by members of the general public by sale to electric utilities serving the public. Thermal fluid output of this plant and related energy-production facilities shall be made available for use by members of the general public by sale to existing and planned manufacturing and processing entrepreneurs in the area.

The legislature finds and determines that the activity and facilities of Carbon Diversion Inc. 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, 2014, 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, 2014.

SECTION 6. This Act shall take effect on July 1, 2009.

(Approved June 11, 2009.)