

## ACT 113

H.B. NO. 426

A Bill for an Act Relating to the Issuance of Special Purpose Revenue Bonds to Assist Seawater Air Conditioning Projects on 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 and efficient energy systems and use of sustainable energy 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 a seawater air conditioning system more economically feasible and provide numerous benefits, including the following:

- (1) Providing customers with reduced and stable cooling costs;
- (2) Using an abundant, infinite, sustainable energy resource – cold, deep seawater – to provide more than ninety 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) Potentially 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 up to 0.63 kilowatts of electricity generation capacity for each ton of cooling capacity;
- (8) Potentially generating millions of dollars in construction project spending that will result in the creation of construction jobs and many other long-term, well-paid jobs;
- (9) Reducing the flow of moneys out of the state for oil and retaining those funds in Hawaii’s economy. Other local economic development benefits will accrue from money that stays in Hawaii and is not used to purchase oil; and
- (10) Helping 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, with the approval of the governor, is authorized to issue special purpose revenue bonds in a total amount not to exceed \$77,000,000, in one or more series, for the purpose of assisting Honolulu Seawater Air Conditioning, LLC, a Hawaii company, in designing and constructing the district cooling project. The legislature hereby finds and determines that the design and construction of this district cooling project constitutes 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.)