

ACT 183

H.B. NO. 1942

A Bill for an Act Relating to the Issuance of Special Purpose Revenue Bonds to Assist with the Planning, Design, Construction, Equipping, Land Leases, and Other Tangible Assets for a Renewable Energy Project with Energy Storage Technology on the Island of Molokai.

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

SECTION 1. The legislature finds that support for the development of renewable energy projects in Hawaii, which is geographically isolated from sources of oil, continues to be in the public interest. This is especially true given the high cost of electricity in Hawaii, particularly on the island of Molokai.

The legislature further finds that Princeton Energy Group is engaged in the planning, design, and construction process to develop a multi-megawatt renewable energy project with energy storage technology near Kaunakakai to exclusively serve the island of Molokai.

The issuance of special purpose revenue bonds and refunding special purpose revenue bonds under this Act to assist Princeton Energy Group in the planning, design, and construction of its renewable energy project will make the development of such a project more economically feasible and provide numerous benefits. Among other benefits, it is expected that such a project will:

- (1) Eliminate or greatly reduce the carbon footprint of the island of Molokai;
- (2) Provide substantial energy cost savings to the residents and businesses on the island of Molokai;
- (3) Stabilize the electrical grid on the island of Molokai;
- (4) Extend the life of existing electrical equipment on the island of Molokai;
- (5) Increase the robustness of electrical service on the island of Molokai in the event of an emergency;
- (6) Generate millions of dollars in construction project spending and also create long-term jobs on the island of Molokai; and
- (7) Help the State, counties, and federal government meet their goals to reduce their consumption of fossil fuels and mandates for renewable energy.

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 \$50,000,000 in one or more series, for the purpose of assisting Princeton Energy

Group, a Nevada limited liability company, or Princeton Energy Group's related entity, Ikehū Molokai LLC, in financing and refinancing the costs relating to the planning, designing, construction, equipping, land leases, and other tangible assets for a renewable energy project with energy storage technology. The legislature hereby finds and determines that the construction of a renewable energy project with energy storage technology 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, 2019, 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, 2019.

SECTION 6. This Act shall take effect on July 1, 2014.
(Approved July 1, 2014.)