

JAN 25 2006

S.B. NO. 3166

A BILL FOR AN ACT

AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR ENERGY USE IN
STATE FACILITIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. (a) The legislature finds that section 9 of
2 Act 77, Session Laws of Hawaii 2002, now codified as part II of
3 chapter 196, Hawaii Revised Statutes, requires state agencies
4 to:

5 (1) Reduce greenhouse gas emissions attributed to facility
6 energy use by thirty per cent by January 2012, compared to
7 emission levels in calendar year 1990;

8 (2) Reduce the energy consumption of facilities by twenty
9 per cent by January 2007, and thirty per cent by January 2012,
10 relative to calendar year 1990;

11 (3) Expand the use of renewable energy by implementing
12 renewable energy projects and by purchasing electricity from
13 renewable energy sources; and

14 (4) Reduce the use of petroleum-generated energy by
15 switching to alternative fuels or renewable energy sources, or
16 by eliminating unnecessary fuel use.



1 The goal of Act 77, which is both pragmatic and idealistic,
2 is to save taxpayer dollars and reduce emissions that contribute
3 to air pollution and global climate change by improving energy
4 management in state facilities.

5 (b) The legislature further finds that:

6 (1) Energy efficiency and renewable energy systems and
7 equipment provide a viable means to help satisfy the energy
8 requirements of various agencies, departments, and enterprises
9 of the State;

10 (2) Energy efficiency and renewable energy technologies
11 provide increased energy independence and diminish the
12 vulnerability of state facilities to rolling blackouts or other
13 failures of the electric grid;

14 (3) Energy efficiency and renewable energy offer a clean,
15 cost-effective, and reliable source of energy and reduce energy
16 requirements during peak utility demand periods;

17 (4) It is desirable to finance the acquisition,
18 construction, rehabilitation, installation, and improvement of
19 energy efficiency and renewable energy systems and equipment for
20 various agencies, departments, and enterprises of the State;

21 (5) There is a need to protect the State from price
22 volatility in energy markets and to provide for diversity in



1 sources and fuels used to provide electricity and thermal energy
2 requirements while providing predictable State energy budgets;

3 (6) It is in the best interests of the State to authorize
4 the issuance of revenue bonds and other forms of revenue
5 financing by the State, or one of its agencies, departments, or
6 enterprises, in the principal amount not to exceed \$25,000,000
7 to finance the acquisition, construction, rehabilitation,
8 installation, and improvement of energy efficiency and renewable
9 energy systems and equipment for various agencies, departments,
10 and enterprises of the State; and

11 (7) Energy efficiency and renewable energy systems and
12 equipment to be considered include, but are not limited to: (A)
13 seawater air conditioning (SWAC) district cooling systems; (B)
14 wind energy; (C) solar thermal; (D) photovoltaics; (E) no-cost
15 operational changes that can provide energy saving in excess of
16 15%; (F) more efficient lighting (including daylighting); (G)
17 more efficient air conditioning (including SWAC); (H) more
18 efficient motors; (I) reduced plug loads (more efficient
19 computer and office equipment); (J) energy management systems;
20 (K) electric and hybrid vehicles for State fleets; and (L)
21 building commissioning (where buildings are evaluated to ensure

1 that existing energy systems are operating properly and most
2 efficiently).

3 Accordingly, the purpose of this Act is to authorize the
4 issuance of revenue bonds in a principal amount not to exceed
5 \$25,000,000, to finance the acquisition, construction,
6 rehabilitation, installation, and improvement of energy
7 efficiency and renewable energy systems and equipment for
8 various agencies, departments, and enterprises of the State.

9 SECTION 2. Pursuant to chapter 39, part III, the
10 department of budget and finance, with the approval of the
11 governor, may issue in one or more series revenue bonds in a
12 total amount not to exceed \$25,000,000 for the purpose of
13 financing the acquisition, construction, rehabilitation,
14 installation, and improvement of energy efficiency and renewable
15 energy systems and equipment for various agencies, departments,
16 and enterprises of the State in accordance with this Act.

17 SECTION 3. (a) The department of accounting and general
18 services shall identify, evaluate, and prioritize qualifying
19 projects proposed to be funded from the bonds. Those projects
20 with the highest benefit-to-cost ratio shall be given priority
21 access to these funds, subject to the consent of those state
22 departments, agencies, or enterprises that own or control the



1 facilities or lands on which the energy efficiency and renewable
2 energy systems and equipment are proposed to be sited.

3 (b) The principal of and interest on the revenue bonds
4 issued pursuant to section 2 shall be payable solely from and
5 secured solely by the revenues produced and any costs avoided
6 from the energy efficiency and renewable energy systems and
7 equipment financed by the bonds.

8 (c) The proposed improvements and facilities financed by
9 the revenue bonds shall constitute a single, unified, integrated
10 enterprise, and only the revenue produced and any costs avoided
11 by the energy efficiency and renewable energy systems and
12 equipment shall be pledged to the repayment of the revenue
13 bonds.

14 (d) The cost that state departments, agencies, and
15 enterprises incur over the life of the technologies shall not
16 exceed the amount that those entities would have otherwise paid
17 absent the energy efficiency and renewable energy systems and
18 equipment to be financed with the proposed revenue bonds.

19 (e) The revenue bonds may also be used to finance
20 capitalized interest on the bonds and any other expenses
21 incidental thereto or connected therewith, including



1 engineering, inspection, legal, and fiscal agent fees and costs
2 of the issuance of the revenue bonds.

3 (f) The rate of interest on the bonds shall not exceed
4 twelve per cent a year, may be fixed or variable, and shall be
5 payable at such times and in such manner as the department shall
6 hereafter determine.

7 (g) The bonds shall be special, limited obligations of the
8 State, payable exclusively from and secured by a lien on the
9 revenues of the energy efficiency and renewable energy systems
10 and equipment financed by the bonds and such other funds as may
11 be legally available and pledged for that purpose.

12 (h) The revenue bonds shall not be secured by the taxing
13 power of the State. The principal of and interest on the bonds
14 and any premiums upon the redemption thereof shall not
15 constitute or evidence a debt of the State, nor a legal or
16 equitable pledge, charge, lien, or encumbrance upon any of its
17 property, or upon any of its income, receipts, or revenues,
18 except the revenues of the energy efficiency and renewable
19 energy systems and equipment financed by the bonds and such
20 other funds as may be legally available and pledged for that
21 purpose.



1 SECTION 4. The authorization to issue revenue bonds under
2 this Act shall lapse on June 30, 2011.

3 SECTION 5. This Act shall take effect on July 1, 2006.
4

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SB. NO. 3166

Report Title:

Revenue Bonds, Energy Use, State Facilities

Description:

Authorizes the issuance of revenue bonds for energy efficiency and renewable energy use in state facilities.

