

Honolulu, Hawaii

May 1, 2007

RE: S.B. No. 1718
H.D. 2
C.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1718, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR ELECTRICAL GENERATION ON THE ISLAND OF MAUI,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to support the development of renewable and efficient energy systems in the State by authorizing the issuance of special purpose revenue bonds to assist BlueEarth Maui Biofuels, LLC, with the construction of a biodiesel refinery on Maui for the purpose of producing fuel for electrical generation.

Your Committee on Conference finds that this measure will help meet Hawaii's goals for energy efficiency and renewable energy use by reducing dependency on imported fossil fuels, providing biodiesel at competitive prices, and stimulating the local production of ethanol. This measure will also provide encourage to local



agricultural research, development, and cultivation of renewable energy feedstock crops.

Your Committee on Conference amended this measure by:

- (1) Requiring, as a condition precedent to the issuance of special purpose revenue bonds, that BlueEarth Maui Biodiesel, LLC, or its affiliates give priority to utilizing Hawaii grown fuel stock when available and ensure that no import fuel stock is used that is the product of growth on farms where forest have been cleared to accommodate the growing of such crops;
- (2) Requiring that BlueEarth Maui, in order to receive bond financing, shall import fuel stock produced only from sustainable sources;
- (3) Requiring BlueEarth Maui Biodiesel, LLC, and its affiliates to document that sustainable sources are utilized and requiring the documentation to be transmitted and otherwise made available to the Department of Business, Economic Development, and Tourism;
- (4) Requiring the Department of Business, Economic Development, and Tourism to certify the documentation submitted and to notify the Department of Budget and Finance in writing as to whether BlueEarth Maui Biodiesel, LLC, and its affiliates will comply with the fuel stock and other requirements prior to the issuance of any special purpose revenue bonds;
- (5) Inserting the amount of special purpose revenue bonds authorized as \$59,000,000;
- (6) Making the bonds taxable under state and federal income tax laws; and
- (7) Changing the effective date from July 1, 2020, to July 1, 2007.


As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1718, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1718, H.D. 2, C.D. 1.



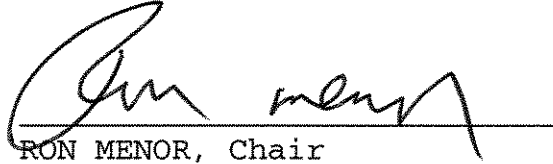
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

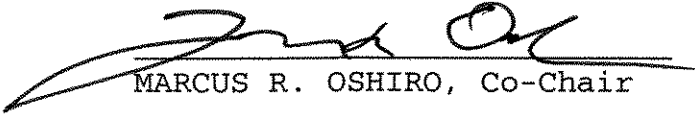
ON THE PART OF THE SENATE



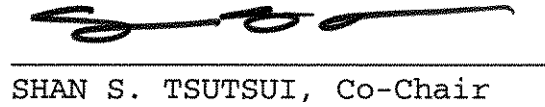
HERMINA MORITA, Co-Chair



RON MENOR, Chair



MARCUS R. OSHIRO, Co-Chair



SHAN S. TSUTSUI, Co-Chair



Hawaii State Legislature

Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: SB 1718, HD 2	Date/Time: 4/27/07
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

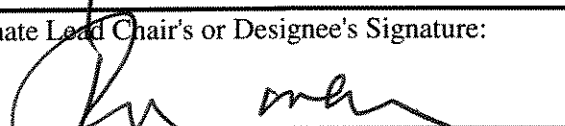
The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
MENOR, Ron, Chr.	X				MORITA, Hermina M., Co-Chr.	X			
TSUTSUI, Shan S., Co-Chr.	X				OSHIRO, Marcus R., Co-Chr.	X			
HOOSER, Gary L.	X				CHONG, Pono				X
TRIMBLE, Gordon				X	WARD, Gene, Ph.D.	X			
TOTAL	3			1	TOTAL	3			1

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is:
 Adopted Not Adopted

House Recommendation is:
 Adopted Not Adopted

Senate Lead Chair's or Designee's Signature:


House Lead Chair's or Designee's Signature:


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