
A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST SEAWATER AIR CONDITIONING PROJECTS ON THE ISLAND OF OAHU.

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

1 SECTION 1. The legislature finds that support for the
2 development of renewable energy systems and efficient energy
3 systems in the State, which is geographically isolated from
4 sources of oil, continues to be in the public interest.

5 The legislature further finds that Honolulu Seawater Air
6 Conditioning LLC proposes to build seawater air conditioning
7 district cooling systems on the island of Oahu. Honolulu
8 Seawater Air Conditioning LLC is engaged in the planning,
9 design, and construction of a seawater air conditioning district
10 cooling facility and chilled water distribution system in
11 downtown Honolulu using cold, deep seawater as the primary
12 cooling source.

13 The legislature finds and declares that the issuance of
14 special purpose revenue bonds under this Act is in the public
15 interest and for the public health, safety, and general welfare.
16 The legislature further finds that the issuance of special



1 purpose revenue bonds and refunding special purpose revenue
2 bonds under this Act to assist Honolulu Seawater Air
3 Conditioning LLC, in constructing the portion of this district
4 cooling project consisting of its chilled water distribution
5 system and balance-of-system components and structures, will
6 make the development of such a seawater air conditioning system
7 more economically feasible and provide numerous benefits,
8 including the following:

- 9 (1) Seawater air conditioning systems provide customers
10 with reduced and stable cooling costs;
- 11 (2) Seawater air conditioning systems use an abundant,
12 infinite, renewable energy resource - cold, deep
13 seawater - to provide more than ninety per cent of the
14 cooling load;
- 15 (3) Seawater air conditioning systems eliminate the need
16 for cooling towers and, as a result, reduce potable
17 water use, toxic chemical use, and the production of
18 sewage;
- 19 (4) Seawater air conditioning systems greatly reduce the
20 use of harmful chemicals (refrigerants) used in
21 conventional cooling systems;



- 1 (5) Seawater air conditioning systems can provide energy
2 savings of seventy per cent, or more, compared to
3 conventional air conditioning systems;
- 4 (6) Seawater air conditioning systems have lower operating
5 and maintenance costs than individual building air
6 conditioning systems;
- 7 (7) Seawater air conditioning systems eliminate the need
8 for up to 0.63 kilowatts of electricity generation
9 capacity for each ton of cooling capacity;
- 10 (8) Seawater air conditioning systems will generate
11 millions of dollars in construction project spending.
12 In addition to construction jobs, a significant number
13 of long-term, well-paid jobs will also be created.
14 Other local economic development benefits will accrue
15 from money that stays in Hawaii, and is not used to
16 purchase oil; and
- 17 (9) Seawater air conditioning systems will help the State
18 of Hawaii, the city and county of Honolulu, and the
19 federal government to meet goals and mandates for
20 energy efficiency and renewable energy use.

21 SECTION 2. Pursuant to part V, chapter 39A, Hawaii Revised
22 Statutes, the department of budget and finance, with the



1 approval of the governor, is authorized to issue special purpose
2 revenue bonds in a total amount not to exceed \$20,000,000, in
3 one or more series, for the purpose of assisting Honolulu
4 Seawater Air Conditioning LLC, in the design and construction of
5 this district cooling project.

6 The legislature finds and determines that the activity and
7 facilities of Honolulu Seawater Conditioning LLC constitute a
8 project as defined in part V, chapter 39A, Hawaii Revised
9 Statutes, and the financing thereof is assistance to an
10 industrial enterprise.

11 SECTION 3. The special purpose revenue bonds and the
12 refunding special purpose revenue bonds issued under this Act
13 shall be issued pursuant to part V, chapter 39A, Hawaii Revised
14 Statutes, relating to the power to issue special purpose revenue
15 bonds to assist industrial enterprises.

16 SECTION 4. The department of budget and finance, from time
17 to time, including times subsequent to June 30, 2012, may issue
18 special purpose revenue bonds in whatever principal amounts the
19 department determines to be necessary to refund the special
20 purpose revenue bonds authorized in section 2 and to refund
21 special purpose revenue bonds authorized in this section,
22 regardless of whether the outstanding special purpose revenue



1 bonds or refunding special purpose revenue bonds have matured or
2 are the subject of redemption or whether the refunding special
3 purpose revenue bonds shall be bonds for the multi-project
4 programs described in section 2.

5 In making this determination, the department shall comply
6 with federal law relating to the exemption from federal income
7 taxation of the interest on bonds of the nature authorized by
8 this section.

9 SECTION 5. The authorization to issue special purpose
10 revenue bonds under this Act shall lapse on June 30, 2012.

11 SECTION 6. This Act shall take effect on July 1, 2007.



Report Title:

Special Purpose Revenue Bonds; Honolulu Seawater Air
Conditioning LLC

Description:

Authorizes issuance of special purpose revenue bonds to Honolulu
Seawater Air Conditioning LLC for the purpose of design and
construction of a seawater air conditioning district cooling
system in downtown Honolulu. (HB870 HD1)

