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# A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR  
ELECTRICAL GENERATION ON THE ISLAND OF MAUI.

**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 BlueEarth Maui  
6 Biodiesel, LLC, proposes to build biodiesel transesterification  
7 plants on the island of Maui. BlueEarth Maui Biodiesel, LLC, is  
8 engaged in the planning, design, and construction of a biodiesel  
9 refinery on Maui to supply a renewable source of electrical  
10 generation fuel replacing a portion of the petroleum based  
11 feedstocks presently being used.

12           SECTION 2. (a) The legislature finds and declares that  
13 the issuance of special purpose revenue bonds under this Act is  
14 in the public interest and for the public health, safety, and  
15 general welfare. The legislature further finds that the  
16 issuance of special purpose revenue bonds and refunding of  
17 special purpose revenue bonds under this Act to assist BlueEarth



1 Maui Biodiesel, LLC, in the planning, design, and construction  
2 of a biodiesel refinery on Maui will make the generation of  
3 electricity with renewable biofuels economically feasible and  
4 provide numerous benefits. Electrical generation with biodiesel  
5 fuel will:

- 6 (1) Reduce dependence on imported fossil fuels for  
7 electrical generation increasing Hawaii's energy  
8 security;
- 9 (2) Help to meet Hawaii's renewable energy goals by  
10 utilizing existing generation assets with on-island  
11 produced renewable biodiesel;
- 12 (3) Reduce green house gas emissions via a renewable  
13 closed loop carbon system;
- 14 (4) Provide significant reductions of hydrocarbon, sulfur,  
15 toxic compounds, and particulate matter emissions  
16 compared to burning petroleum diesel; and
- 17 (5) Eliminate with the completion of phase one of the  
18 project the need to purchase and import up to forty  
19 million gallons of diesel per year. This amount will  
20 increase as phases two and three are completed.

21 (b) Benefits from the BlueEarth Maui Biodiesel, LLC,  
22 project will include:



- 1 (1) Encouraging local agricultural research, development,  
2 and cultivation of renewable energy feedstock crops on  
3 Hawaii to be used by the project that will stimulate  
4 locally grown biodiesel feedstock crops, such as palm  
5 and jatropha, bringing fallow agricultural lands back  
6 into production;
- 7 (2) Providing biodiesel at competitive prices as compared  
8 to importation alternatives;
- 9 (3) Stimulating locally produced ethanol for use as a  
10 renewable component in the transesterification of  
11 vegetable oils into biodiesel;
- 12 (4) Generating substantial moneys in construction project  
13 spending over a period of multiple years as each of  
14 the three phases (approximately forty million gallon  
15 capacity added with each phase) is built; and
- 16 (5) Assisting the State, county of Maui, and the federal  
17 government to meet their goals and mandates for energy  
18 efficiency and renewable energy use.

19 SECTION 3. Pursuant to part V, chapter 39A, Hawaii Revised  
20 Statutes, the department of budget and finance, with the  
21 approval of the governor, is authorized to issue special purpose  
22 revenue bonds in a total amount not to exceed \$59,000,000, in



1 one or more series, for the purpose of assisting BlueEarth Maui  
2 Biodiesel, LLC, or a partnership in which BlueEarth Maui  
3 Biodiesel, LLC, is a general partner, or a newly formed LLC in  
4 which BlueEarth Maui Biodiesel, LLC, is a managing member or the  
5 successor in interest or assignee of BlueEarth Maui Biodiesel,  
6 LLC, with the construction of a biodiesel refinery on Maui with  
7 primary production volumes designated as fuel for electrical  
8 generation.

9       The legislature finds and determines that BlueEarth Maui  
10 Biodeisel, LLC's planning, design, and construction of a  
11 biodiesel refinery to supply a renewable source of electrical  
12 generation fuel constitutes a project as defined in part V,  
13 chapter 39A, Hawaii Revised Statutes, and the financing thereof  
14 is assistance to an industrial enterprise.

15       SECTION 4. The special purpose revenue bonds and the  
16 refunding special purpose revenue bonds issued under this Act  
17 shall be issued pursuant to part V, chapter 39A, Hawaii Revised  
18 Statutes, relating to the power to issue special purpose revenue  
19 bonds to assist industrial enterprises.

20       SECTION 5. The department of budget and finance is  
21 authorized, from time to time, including times subsequent to



1 June 30, 2011, to issue special purpose revenue bonds in  
2 whatever principal amounts the department shall determine to be  
3 necessary to refund the special purpose revenue bonds authorized  
4 in section 3 and to refund special purpose revenue bonds  
5 authorized in this section, regardless of whether the  
6 outstanding special purpose revenue bonds or refunding special  
7 purpose revenue bonds have matured or are the subject of  
8 redemption or whether the refunding special purpose revenue  
9 bonds shall be bonds for the multi-project programs described in  
10 section 2.

11 In making this determination, the department shall comply  
12 with federal law relating to the exemption from federal income  
13 taxation of the interest on bonds of the nature authorized by  
14 this section.

15 SECTION 6. The authorization to issue special purpose  
16 revenue bonds under this Act shall lapse on June 30, 2012.

17 SECTION 7. This Act shall take effect upon its approval.



**Report Title:**

SPRB; Renewable Energy; Biodiesel; BlueEarth Maui Biodiesel LLC

**Description:**

Authorizes special purpose revenue bonds to BlueEarth Maui Biodiesel, LLC, for construction of a biodiesel refinery on Maui. (HD1)

