
A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS.

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 and efficient energy systems in the
3 State, which is geographically isolated from sources of oil,
4 continues to be in the public interest. The legislature further
5 finds that LifeGrid Solutions, LLC, proposes to build and
6 operate biofuel production and research facilities on the island
7 of Oahu. LifeGrid Solutions, LLC is engaging in the planning,
8 design, and construction of a biofuel refinery capable of
9 producing approximately one hundred million gallons of ethanol
10 and approximately forty million gallons of biodiesel per year.
11 The continuous production of alternative biofuels will allow the
12 island of Oahu to replace a significant portion of the
13 petroleum-based feedstocks currently used for things such as
14 transportation and electric generation. In addition to the
15 reduction of imported petroleum, LifeGrid Solutions, LLC will
16 also have a positive impact on Hawaii's municipal solid waste.
17 Currently, Hawaii's landfills are operating at maximum capacity,
18 requiring a large percentage of municipal solid waste to be



1 transported to foreign locations for proper disposal. LifeGrid
2 Solutions, LLC's facilities will be capable of using Hawaii's
3 municipal solid waste as feedstock to produce renewable biofuels
4 on the island of Oahu.

5 In addition, LifeGrid Solutions will co-locate a research
6 center with the production facility for further development of
7 alternative biofuel technologies. The initial research will
8 focus on the large-scale growth of algae used for alternative
9 biofuel production. The research and development performed by
10 LifeGrid Solutions, LLC on the island of Oahu will serve to
11 establish Hawaii as a center of excellence for the research,
12 development, and production of renewable alternative biofuels.

13 The production of ethanol and biodiesel from renewable
14 alternative sources coupled with an extensive research and
15 development capability will:

- 16 (1) Reduce the current dependence on imported fossil fuels
17 for things such as transportation and electric
18 generation, increasing Hawaii's domestic wealth, self-
19 sufficiency, and energy security;
- 20 (2) Reduce the current strain on Hawaii's landfills by
21 using up to one million tons annually, which is
22 seventy-five per cent of Hawaii's current annual



- 1 municipal solid waste output, of municipal solid waste
2 as a feedstock for biofuel production;
- 3 (3) Provide a long term solution for the disposal of waste
4 water treatment sludge by converting it into clean
5 burning biofuels;
- 6 (4) Help to meet Hawaii's renewable energy goals by
7 coupling existing infrastructure with on island
8 production of renewable ethanol and biodiesel;
- 9 (5) Reduce greenhouse-gas emissions through a renewable
10 closed loop carbon system;
- 11 (6) Provide significant reductions of hydrocarbon, sulfur,
12 toxic compounds, and particulate matter emissions
13 compared as opposed to energy produced from burning
14 petroleum diesel;
- 15 (7) Make Hawaii the center of excellence for the research
16 and development of future biofuel technologies through
17 collaborations with both industry and academic
18 partners such as the university of Hawaii; and
- 19 (8) Begin the process of construction of a facility
20 capable of reducing Hawaii's need to import up to one
21 hundred million gallons per year of ethanol and



1 further to produce forty million gallons per year of
2 diesel.

3 The benefits from the LifeGrid Solutions, LLC, project will
4 include:

- 5 (1) Encouraging local agricultural research, development,
6 and cultivation of renewable energy feedstock crops in
7 Hawaii to stimulate locally grown biodiesel feedstock
8 crops, such as palm and jatropha, bringing fallow
9 agricultural lands back into production;
- 10 (2) Providing ethanol and biodiesel at competitive prices
11 as compared to imported alternatives;
- 12 (3) Increasing the efficiency of municipal solid waste
13 disposal by using this waste as a feedstock for the
14 production of biofuel;
- 15 (4) Increasing Hawaii's ability to dispose of waste water
16 treatment sludge for which currently there is no
17 useful application;
- 18 (5) Having a positive environmental impact by reducing the
19 overall carbon footprint by producing fuels for
20 transportation and electric generation;
- 21 (6) Increasing construction project spending over a period
22 of multiple years;



1 (7) Solidifying Hawaii as the leader in biofuel research
2 and development, further making Hawaii the preferred
3 biofuel proving ground; and

4 (8) Assisting the State, county of Oahu, and the federal
5 government to meet their goals and mandates for energy
6 efficiency and renewable energy use.

7 The legislature finds and declares that the issuance of
8 special purpose revenue bonds under this Act is in the public
9 interest and for the public health, safety, and general welfare.

10 The legislature further finds that LifeGrid Solutions,
11 LLC's work in creating alternative energy for the State is an
12 industrial enterprise defined in part V, chapter 39A, Hawaii
13 Revised Statutes, and may be assisted through the issuance of
14 special purpose revenue bonds.

15 SECTION 2. Pursuant to part V, chapter 39A, Hawaii Revised
16 Statutes, the department of budget and finance, with the
17 approval of the governor, is authorized to issue special purpose
18 revenue bonds in a total amount not to exceed \$80,000,000, in
19 one or more series, for the purpose of assisting LifeGrid
20 Solutions, LLC or a partnership in which LifeGrid Solutions, LLC
21 is a general partner, with the planning, design, and
22 construction of a biofuel refinery and research facility on the



1 island of Oahu with primary production volumes of forty million
2 gallons per year of biodiesel and future capability of one
3 hundred gallons per year of ethanol. LifeGrid Solutions, LLC
4 will build, operate, and maintain either three separate
5 facilities or a single consolidated facility for the production
6 and research of both ethanol and biodiesel in the aforementioned
7 volumes on the island of Oahu. This initial biofuel production
8 will be used for both transportation and electric generation,
9 helping Hawaii meet its goals and mandates for energy efficiency
10 and renewable energy use as well as reducing Hawaii's burden of
11 municipal solid waste disposal. These benefits, along with
12 continued research and development of alternative biofuels, will
13 ensure that Hawaii becomes and remains the leader in biofuel
14 technologies.

15 The legislature finds and determines that LifeGrid
16 Solutions, LLC's planning, design, and construction of a biofuel
17 refinery and research facility to supply a renewable source of
18 ethanol and biodiesel for transportation, electric generation,
19 and to foster continued research on biofuel technology
20 constitute a project as defined in part V, chapter 39A, Hawaii
21 Revised Statutes, and the financing thereof is assistance to an
22 industrial enterprise.



1 SECTION 3. The special purpose revenue bonds and the
2 refunding special purpose revenue bonds issued under this Act
3 shall be issued pursuant to part V, chapter 39A, Hawaii Revised
4 Statutes, relating to the power to issue special purpose bonds
5 to assist industrial enterprises.

6 SECTION 4. The department of budget and finance is
7 authorized, from time to time, including times subsequent to
8 June 30, 2014, to issue special purpose revenue bonds in
9 whatever principal amounts the department shall determine to be
10 necessary to refund the special purpose revenue bonds authorized
11 in section 2 and to refund special purpose revenue bonds
12 authorized in this section, regardless of whether the
13 outstanding special purpose revenue bonds or refunding special
14 purpose revenue bonds have matured or are the subject of
15 redemption or whether the refunding special purpose revenue
16 bonds shall be bonds for the multi-project programs described in
17 section 2. In making this determination, the department shall
18 comply with federal law relating to the exemption from federal
19 income taxation of the interest on bonds of the nature
20 authorized by this section.

21 SECTION 5. As a condition precedent to the issuance of
22 special purpose revenue bonds under this Act, LifeGrid



1 Solutions, LLC, or its affiliates, shall give priority to
2 utilizing Hawaii grown fuel stock when available and shall not
3 import fuel stock that comes from farms where forests have been
4 cleared to accommodate the growing of such crops. To receive
5 bond financing under this Act, LifeGrid Solutions, LLC, shall be
6 required to import fuel stock produced only from sustainable
7 sources; provided that LifeGrid Solutions, LLC, and its
8 affiliates shall document that sustainable sources are utilized;
9 provided further that the documentation shall be transmitted or
10 otherwise made available to the department of business, economic
11 development, and tourism. The department of business, economic
12 development, and tourism shall certify the documentation
13 submitted and shall notify the department of budget and finance
14 in writing as to whether LifeGrid Solutions, LLC, and its
15 affiliates are in compliance with this section prior to the
16 issuance of any special purpose revenue bonds being issued
17 pursuant to this Act.

18 SECTION 6. Notwithstanding any law to the contrary, the
19 interest in bonds issued under this Act shall be subject to
20 state and federal income tax laws.

21 SECTION 7. The authorization to issue special purpose
22 revenue bonds under this Act shall lapse on June 30, 2014.



1 SECTION 8. This Act shall take effect upon its approval.

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INTRODUCED BY:

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JAN 28 2009



Report Title:

Special Purpose Revenue Bonds; LifeGrid Solutions, LLC

Description:

Authorizes special purpose revenue bonds for LifeGrid Solutions, LLC for development of non-fossil fuel energy production.

