
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. (a) 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 as
13 opposed to energy produced from burning petroleum
14 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 construction of a facility capable of reducing
20 Hawaii's need to import up to one hundred million
21 gallons per year of ethanol and further to produce
22 forty million gallons per year of diesel.

1 (b) The benefits from the LifeGrid Solutions, LLC, project
2 will include:

3 (1) Encouraging local agricultural research, development,
4 and cultivation of renewable energy feedstock crops in
5 Hawaii to stimulate locally grown biodiesel feedstock
6 crops, such as palm and jatropha, bringing fallow
7 agricultural lands back into production;

8 (2) Providing ethanol and biodiesel at competitive prices
9 as compared to imported alternatives;

10 (3) Increasing the efficiency of municipal solid waste
11 disposal by using the waste as a feedstock for the
12 production of biofuel;

13 (4) Increasing Hawaii's ability to dispose of waste water
14 treatment sludge that has no useful application;

15 (5) Having a positive environmental impact by reducing the
16 overall carbon footprint by producing fuels for
17 transportation and electric generation;

18 (6) Increasing construction project spending over a period
19 of multiple years;

20 (7) Solidifying Hawaii as the leader in biofuel research
21 and development, further making Hawaii the preferred
22 biofuel proving ground; and

1 (8) Assisting the State, the city and county of Honolulu,
2 and the federal government to meet their goals and
3 mandates for energy efficiency and renewable energy
4 use.

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

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

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

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

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

21 SECTION 3. The special purpose revenue bonds and the
22 refunding special purpose revenue bonds issued under this Act

1 shall be issued pursuant to part V, chapter 39A, Hawaii Revised
2 Statutes, relating to the power to issue special purpose revenue
3 bonds to assist industrial enterprises.

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

19 SECTION 5. As a condition precedent to the issuance of
20 special purpose revenue bonds under this Act, LifeGrid
21 Solutions, LLC, or its affiliates, shall give priority to
22 utilizing Hawaii grown fuel stock when available and shall not

1 import fuel stock that comes from farms where forests have been
2 cleared to accommodate the growing of such crops. To receive
3 bond financing under this Act, LifeGrid Solutions, LLC, shall be
4 required to import fuel stock produced only from sustainable
5 sources; provided that LifeGrid Solutions, LLC, and its
6 affiliates shall document that sustainable sources are utilized;
7 provided further that the documentation shall be transmitted or
8 otherwise made available to the department of business, economic
9 development, and tourism. The department of business, economic
10 development, and tourism shall certify the documentation
11 submitted and shall notify the department of budget and finance
12 in writing as to whether LifeGrid Solutions, LLC, and its
13 affiliates are in compliance with this section prior to the
14 issuance of any special purpose revenue bonds being issued
15 pursuant to this Act.

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

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

21 SECTION 8. This Act shall take effect on July 1, 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. Effective July 1, 2009. (SD1)