

HB 427

WRITTEN TESTIMONY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 427, H.D. 1

April 2, 2009

RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST ONE PLANET
PACIFIC ENERGY, LLC, A PROCESSING ENTERPRISE.

House Bill No. 427, H.D. 1, authorizes the issuance of up to \$40,000,000 in special purpose revenue bonds to assist One Planet Pacific Energy, LLC in the planning, designing, constructing, and equipping of, and the acquisition of lands for, a gasification facility adjoining the construction and demolition material solid waste landfill located in Nanakuli, Oahu, Hawaii pursuant to Part IV, Chapter 39A, Hawaii Revised Statutes.

The Department has a technical comment on this bill. Under Section 144 of the Internal Revenue Code of 1986, as amended, tax exempt financing for processing projects are limited to \$10 million. We recommend that the project party consult with a bond counsel firm to determine if the project may qualify, under certain exemptions, for the full amount of tax-exempt financing.

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March 30, 2009

VIA HAND DELIVERY

Senator Donna Mercado Kim
Chair, Senate Committee on Ways and Means
Room 210, State Capitol
415 S. Beretania Street
Honolulu, Hawaii 96813

Re: House Bill 427 Relating to Special Purpose Revenue Bonds
to Assist One Planet Pacific Energy, LLC, A Processing Enterprise

Dear Senator Kim:

Our office represents One Planet Pacific Energy, LLC which is working in coordination with the operators of the PVT construction and demolition landfill in Nanakuli to construct an alternative energy project that would utilize the waste coming to the PVT landfill. In support of that project, we have proposed House Bill 427 which would authorize \$40,000,000 in special revenue bonds to support this project. House Bill 427 was recently reported from the Committee on Environment and Energy and is now before your Committee.

The project would use a low temperature technology that has been widely used in Japan to convert much of the waste that is brought to the PVT landfill into energy. In this particular instance, that energy would be in the form of a synthetic gas that would be sold to the gas company.

In addition to providing a source, a non-fossil source, of renewable energy, the project would also dramatically extend the life of the PVT landfill. Other legislation before the Legislature this session would impose a moratorium on any new landfills on the Leeward side. However, without a place to put construction and demolition debris, construction on Oahu could not go forward. Therefore, given the sensitivities to creating new landfills, the possibility of extending the life of this particular landfill serves an important community need. Accordingly, both because of the alternative energy that this project can produce as well as extending the life of the landfill, we would respectfully request that House Bill 427 be scheduled for hearing and passed by the Committee.

Senator Donna Mercado Kim
Chair, Senate Committee on Ways and Means
March 30, 2009
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As with any special purpose revenue bond funded project, the project would have to go through a rigorous engineering analysis as well as financial analysis before bonds could be sold. We are confident that this would occur but this provides additional assurances to the State.

Sincerely,



Gary M. Slovin

GMS:dtk