
A BILL FOR AN ACT

RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST DIAMOND HEAD
RENEWABLE RESOURCES, LLC.

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

1 SECTION 1. The legislature finds and declares that the
2 issuance of special purpose revenue bonds under this Act is in
3 the public interest and for the public health, safety, and
4 general welfare. The legislature further finds that the
5 issuance of special purpose revenue bonds and refunding of
6 special purpose revenue bonds under this Act will assist Diamond
7 Head Renewable Resources, LLC in the planning, design, and
8 construction of an ethanol/alcohol fuel refinery and electrical
9 generation plant on Oahu. The issuance of special purpose
10 revenue bonds will also make the use of locally produced ethanol
11 and generation of electricity with renewable sources for
12 biofuels economically feasible and provide numerous benefits
13 including:
14 (1) Increasing Hawaii's fuel security by reducing
15 dependence on imported fossil fuels;



- 1 (2) Helping to meet Hawaii's renewable energy goals by
- 2 using existing generation assets with on-island
- 3 produced renewable ethanol and alcohol fuels;
- 4 (3) Reducing greenhouse-gas emissions with the use of
- 5 ethanol in auto fuels and reducing the amount of
- 6 methane released into the atmosphere;
- 7 (4) Providing significant reductions of hydrocarbon,
- 8 sulfur, toxic compounds, and particulate matter
- 9 emissions compared to burning petroleum fuel; and
- 10 (5) Eliminating the need to purchase and import more than
- 11 twelve million gallons of fuels per year.

12 SECTION 2. Pursuant to part V, chapter 39A, Hawaii Revised
13 Statutes, the department of budget and finance, with the
14 approval of the governor, is authorized to issue special purpose
15 revenue bonds in a total amount not to exceed \$144,000,000, in
16 one or more series, for the purpose of assisting Diamond Head
17 Renewable Resources, LLC with the planning, designing,
18 constructing, and equipping of an ethanol refinery on Oahu and
19 for renewable electric power generation. The legislature hereby
20 finds and determines that the planning, designing, constructing,
21 and equipping of such a facility constitutes a project as



1 defined in part V, chapter 39A, Hawaii Revised Statutes, and the
2 financing thereof is assistance to an industrial enterprise.

3 SECTION 3. The special purpose revenue bonds shall be
4 issued pursuant to part V, chapter 39A, Hawaii Revised Statutes,
5 relating to the power to issue special purpose revenue bonds to
6 assist industrial enterprises.

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



1 SECTION 5. As a condition precedent to the issuance of
2 special purpose revenue bonds under this Act, Diamond Head
3 Renewable Resources, LLC or its affiliates shall give priority
4 to utilizing Hawaii waste fuel stock when available and shall
5 not import fuel stock that is the product of agriculture from
6 out of the State. To receive bond financing under this Act,
7 Diamond Head Renewable Resources, LLC shall be required to
8 import fuel stock produced only from biomass sources; provided
9 that Diamond Head Renewable Resources, LLC and its affiliates
10 shall document that sustainable waste sources are utilized;
11 provided further that the documentation shall be transmitted or
12 otherwise made available to the department of business, economic
13 development, and tourism. The department of business, economic
14 development, and tourism shall certify the documentation
15 submitted and shall notify the department of budget and finance
16 in writing as to whether Diamond Head Renewable Resources, LLC
17 and its affiliates are in compliance with this section prior to
18 the issuance of any special purpose revenue bonds being issued
19 pursuant to this Act.

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



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

3 SECTION 8. This Act shall take effect on July 1, 2009.
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INTRODUCED BY: Barbara Manumato
Winnia Davis

JAN 27 2009



Report Title:

Special Purpose Revenue Bonds; Diamond Head Renewable Resources, LLC

Description:

Provides for the issuance of \$144,000,000 in special purpose revenue bonds to assist Diamond Head Renewable Resources, LLC.

