



GOV. MSG. NO. 662

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

July 6, 2010

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fifth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

I am transmitting herewith HB2497 SD1 CD1, without my approval, and with the statement of objections relating to the measure.

HB2497 SD1 CD1

A BILL FOR AN ACT
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE
REVENUE BONDS.

Sincerely,



LINDA LINGLE

EXECUTIVE CHAMBERS

HONOLULU

July 6, 2010

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 2497

Honorable Members
Twenty-Fifth Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 2497, entitled "A Bill for an Act Relating to the Issuance of Special Purpose Revenue Bonds."

The purpose of this bill is to authorize the issuance of special purpose revenue bonds under part V, chapter 39A, Hawaii Revised Statutes, in a total amount not to exceed \$40,000,000, for the purpose of assisting Carbon Bio-Engineers, Inc., or a partnership in which Carbon Bio-Engineers, Inc., is a general partner.

This bill is objectionable because the firm in question and members of its management have not satisfactorily resolved issues associated with the patent and licensing of a process developed by the University of Hawaii. After resolving these issues, Carbon Bio-Engineers, Inc., may approach the Legislature to request authorization of special purpose revenue bonds.

For the foregoing reasons, I am returning House Bill No. 2497 without my approval.

Respectfully,



LINDA LINGLE
Governor of Hawaii

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 it is in the public
2 interest to encourage the development of cogeneration facilities
3 that make electric energy available to the public from the sale
4 of electricity to a utility company. The legislature further
5 finds that Carbon Bio-Engineers Inc. is engaged in the
6 development of cogeneration facilities that will sell
7 electricity in this manner by processing non-fossil fuel
8 feedstock, using a material reduction process by pressurized
9 pyrolysis and gasification, for direct production of energy-
10 related carbon products and fuels and an indirect production of
11 electricity.

12 The legislature finds that the benefits of the development
13 of cogeneration facilities include the:

- 14 (1) Reduction of greenhouse gas emissions;
15 (2) Reduction of landfill waste streams;
16 (3) Reduction of transportation and disposal costs;
17 (4) Creation of local technical and semi-technical jobs;

18 and



1 (5) Production of renewable energy for local communities
2 through distributed generation.

3 The legislature further finds that Carbon Bio-Engineers
4 Inc.'s work in creating alternative energy for the State is an
5 industrial enterprise defined in part V, chapter 39A, Hawaii
6 Revised Statutes, and may be assisted through the issuance of
7 special purpose revenue bonds.

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

11 SECTION 2. Pursuant to part V, chapter 39A, Hawaii Revised
12 Statutes, the department of budget and finance, with the
13 approval of the governor, is authorized to issue special purpose
14 revenue bonds in a total amount not to exceed \$40,000,000, in
15 one or more series, for the purpose of assisting Carbon Bio-
16 Engineers Inc., or a partnership in which Carbon Bio-Engineers
17 Inc., is a general partner, with the establishment of
18 cogeneration and related energy-production facilities at various
19 locations in the state. The electrical output of this plant and
20 facilities shall be made available for use by members of the
21 general public by sale to electric utilities serving the public.
22 Thermal fluid output of this plant and related energy-production



1 facilities shall be made available for use by members of the
2 general public by sale to existing and planned manufacturing and
3 processing entrepreneurs in the area.

4 The legislature finds and determines that the activity and
5 facilities of Carbon Bio-Engineers Inc. constitute a project as
6 defined in part V, chapter 39A, Hawaii Revised Statutes, and the
7 financing thereof is assistance to an industrial enterprise.

8 SECTION 3. The special purpose revenue bonds and the
9 refunding special purpose revenue bonds issued under this Act
10 shall be issued pursuant to part V, chapter 39A, Hawaii Revised
11 Statutes, relating to the power to issue special purpose revenue
12 bonds to assist industrial enterprises.

13 SECTION 4. The department of budget and finance is
14 authorized, from time to time, including times subsequent to
15 June 30, 2015, to issue special purpose revenue bonds in
16 whatever principal amounts the department shall determine to be
17 necessary to refund the special purpose revenue bonds authorized
18 in section 2 and to refund special purpose revenue bonds
19 authorized in this section, regardless of whether the
20 outstanding special purpose revenue bonds or refunding special
21 purpose revenue bonds have matured or are the subject of
22 redemption or whether the refunding special purpose revenue



1 bonds shall be bonds for the multi-project programs described in
2 section 2. In making this determination, the department shall
3 comply with federal law relating to the exemption from federal
4 income taxation of the interest on bonds of the nature
5 authorized by this section.

6 SECTION 5. The authorization to issue special purpose
7 revenue bonds under this Act shall lapse on June 30, 2015.

8 SECTION 6. This Act shall take effect on July 1, 2010.

