

SB 2926

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
ON
SENATE BILL NO. 2926

February 4, 2010

RELATING TO SPECIAL PURPOSE REVENUE BONDS

Senate Bill No. 2926 authorizes the issuance of up to \$40,000,000 in special purpose revenue bonds to assist Carbon Bio-Engineers, Inc., or a partnership in which Carbon Diversion Inc., is a general partner, with the establishment of cogeneration and related energy-production facilities at various locations in Hawaii pursuant to Part V, 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 industrial 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.

‘Oiwi Lokahi O ka Mokupuni O Keawe

C/o P. O. Box 437342

Kamuela, Hi 96743

February 3, 2010

TO: Senator Mike Gabbard, Chair
Senator J Kalani English, Vice Chair
COMMITTEE ON ENERGY AND ENVIRONMENT

FROM: Edward Stevens, Vice President

RE: **SB 2926**
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS
Authorizes issuance of special purpose revenue bonds for Carbon Bio-Engineers, Inc. for development of non-fossil fuel energy production

Date/Time: Thursday, February 4, 2010 3:00p.m.
Place: Conference Room 225
State Capitol, 415 So. Beretania St.

We write to **SUPPORT** this bill.

Carbon Bio-Engineers, Inc. will, with your support, be able to help us realize our vision for “beneficiary stewardship of Hawaiian Homes Trust Lands” at Humu‘ula, North Hilo, Hawaii. ‘Oiwi has, in 2005, presented two reports for beneficiary stewardship to the Department of Hawaiian Home Lands, *Humu‘ula Rural Villages and Landscape Restoration Plan*, and *Assessment of Pi‘ihonua, a Brief Assessment for Beneficiary Ranching Leases at Pu‘u O‘o Ranch*.

We look forward as a partner with Carbon Bio-Engineers, Inc., to bring this project to fruition, as a steward organization providing access to the feedstock, ready for harvest. We had determined in 2006, that this feedstock, the gorse plant, did have a potential as a revenue stream, and consequently, did approach the Department of Hawaiian Home Lands to allow us to research and develop the concept.

We write to **request full support for passage of this bill**, to authorize the issuance of a special purpose revenue bond to Carbon Bio-Engineers, Inc.

We thank you, in advance, and appreciate this opportunity to participate.

Phone: (808) 329-9255
Email: taputimu@hawaii.rr.com

WAIMEA HAWAIIAN HOMESTEADERS' ASSOCIATION, INC.

P. O. Box 6753

Kamuela, Hawaii 96743

February 3, 2010

M KANANI KAPUNIAI

Pu'ukapu-Pastoral '90+

Director- **President**

BETTY LAU

Kuhio Village

Director – **Vice-President**

MAXINE KAHAULELIO

Pu'u Pulehu

Director – **Secretary**

A HOPPY BROWN

Pu'ukapu Pastoral '90+

Director – **Treasurer**

Kamoku/WaikoloaNienie

Director

Pauahi

Director

ROBERT TERUKINA

Kuhio Village

Director

BERNARD ALANI, JR

Pu'ukapu-Farm>'85

Director

JOSEPH KEALOHA

Pu'ukapu-Farm '85+

Director

HENRY "SOLI" NIHEU

Pu'ukapu-Farm '85+

Director

TIARE FLORES

Pu'ukapu-Pastoral <90

Director

TO: Senator Mike Gabbard, Chair
Senator J Kalani English, Vice Chair
Committee on Energy & Environment

FROM: M Kapuniai, President

RE: SB2926
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS
Authorizes issuance of special purpose revenue bonds for Carbon Bio-Engineers, Inc., for development of non-fossil fuel energy production

Date/Time: Thursday, February 4, 2010 3:00 p.m.

Place: Conference Room 225
State Capitol
415 South Beretania Street

We **SUPPORT** this bill.

The issuance of this revenue bond will serve to:

- 1) Clear Hawaiian Homes trust lands of gorse, an invasive plant covering approximately 13,000 acres at Humu'ula, Hawaii
- 2) Provide jobs for beneficiaries, highly skilled and trainees
- 3) Turn an otherwise non-productive plant into a revenue stream
- 4) Prepare trust lands for beneficiary stewardship

We look forward to more stewardship of Hawaiian homes trust lands by beneficiaries and seek your assistance in passage of this bill to assist in meeting this goal. Thank you, very much!

We appreciate the opportunity to participate in this process.

Phone: (808) 890-2311 (Res) 936-0157(Cell)

Email: duke@sandwichisles.net

Pacific Crane & Equipment, Inc

P. O. Box 6753

Kamuela, Hawaii 96743

February 3, 2010

TO: Senator Mike Gabbard, Chair
Senator J. Kalani English, Vice Chair
COMMITTEE ON ENERGY & ENVIRONMENT

FROM: N Duke Kapuniai,
President & CEO

RE: **SB 485**
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE
REVENUE BONDS

Authorizes issuance of special purpose revenue bonds for Carbon Bio-Engineers, Inc., for development of non-fossil fuel energy production.

Date/Time: Thursday, February 4, 2010 3:00 p.m.
Place: Conference Room 225
State Capitol, 415 So. Beretania St.

We write to **SUPPORT** this bill.

Carbon Bio-Engineers, Inc. will be utilizing a patented technology developed at the Hawaii Natural Energy Institute (HNEI) University of Hawaii, to reduce various waste streams to useful, high-yield marketable products; the thermal fluid to be processed will greatly contribute to the standards projected for co-generation facilities by the "*Hawaii Clean Energy Initiative*".

We look forward as a partner with Carbon Bio-Engineers, Inc., to bring this project to fruition by delivering the harvested and ground feedstock for processing, and managing the processing component.

Your favorable support will:

- 1) Provide employment opportunities
- 2) Convert a waste stream into a useful marketable products
- 3) Convert unproductive Hawaiian Homes Trust Lands to productivity

We write to **request full support for passage of this bill**, to authorize the issuance of a special purpose revenue bond to Carbon Bio-Engineers, Inc.

Thank you!

Phone: (808)890-2311 Cell: (808)936-1042
E Mail: duke@sandwichisles.net

CARBON BIO-ENGINEERS, INC.
94-1221 Ka Uka Blvd., Unit 108-317
Waipahu, Hawaii 96797

STATE SENATE – REGULAR SESSION 2010
COMMITTEE ON ENERGY AND ENVIRONMENT

February 4, 2010
3:00 p.m., Conference Room 225

SB 2926 –RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS

Chair Sen. Mike Gabbard, V.C. Sen. Kalani English and Committee Members:

Good Afternoon. My name is Dante Carpenter, Secretary on the Board of Directors of Carbon Bio-Engineers, Inc. (CBEI). Carbon Bio-Engineers, Inc. strongly supports SB 2926 Relating to the issuance of Special Purpose Revenue Bonds to help develop and expand its operations statewide. (Companion is HB 2497). CBEI is a local Hawaiian company incorporated on October 23, 2009, to replace a previous similar enterprise which became a victim of a hostile takeover in August 2009.

CBEI has developed a hybrid gasification carbonization process which can reduce various organic feedstock and tires (non-fossil fuel) into carbon products and synthetic gas. The CBEI process has a negligible effect on the environment by outperforming the minimum allowed for EPA's Emission Standards.

Moreover, the process epitomizes the Hawaiian Culture's respect for the 'aina and principles of caring for the land – Malama 'Aina – with one of the most sustainable and clean technologies available in the world today. This results in lessened dependency on fossil fuels, landfills, transportation and disposal costs, and can indirectly provide lower priced electrical energy to the grid via local distributed generation.

As previously stated, CBEI continues working directly with its associates and DHHL, to engage in essential projects on the Island of Hawaii. These projects will process a range of organic streams from biomass green-wastes to tires and macadamia nut shells, among others. CBEI principals and associates participated in early 2009 in "Ground Breaking Ceremonies" with other Hawaiian Organizations to process the invasive species, known as "gorse," to help clear thousands of acres of infested pasture land in the ahupua'a known as Humu'ula on Mauna Kea. Further, mobility and portability of the process facility equipment allows for maximum flexibility of operations with the least possible negative environmental impact(s) to the surrounding area(s) in which reduction of the various organic feedstock materials are being processed.

In addition to sales of electrical power to the local utilities, the use of thermal fluid output from the cogeneration facility would be utilized by existing and planned businesses for both manufacturing and processing enterprises with economic benefits to the surrounding community. Finally, the use of special purpose revenue bonds does comport with the provisions of Part V, Chapter 39A, HRS.

We strongly recommend passage of SB 2926.

Thank you very much for your consideration.

CARBON BIO-ENGINEERS, INC.
94-1221 Ka Uka Blvd., Unit 108-317
Waipahu, Hawaii 96797

STATE SENATE – REGULAR SESSION 2010
COMMITTEE ON ENERGY AND ENVIRONMENT

February 4, 2010
3:00 p.m., Conference Room 225

SB 2926 –RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS

Chair Sen. Mike Gabbard, V.C. Sen. Kalani English and Committee Members:

Good Afternoon. My name is Michael Lurvey, Technology Consultant to and Member of the Board of Directors of Carbon Bio-Engineers, Inc. (CBEI). Carbon Bio-Engineers, Inc. strongly supports SB 2926 Relating to the issuance of Special Purpose Revenue Bonds to help develop and expand its operations statewide. (Companion is HB 2497). CBEI is a local Hawaiian company incorporated on October 23, 2009, to replace a previous similar enterprise which became a victim of a hostile takeover in August 2009.

CBEI has developed a low energy polygeneration hybrid gasification carbonization process which can reduce various organic and hydrocarbon feedstocks into carbon products and synthetic fuels. The CBEI process has a negligible effect on the environment by outperforming the minimum allowed for EPA's Emission Standards.

Moreover, the process epitomizes the Hawaiian Culture's respect for the 'aina and principles of caring for the land – Malama 'Aina – with one of the most sustainable and clean technologies available in the world today. This results in lessened dependency on fossil fuels, reduction of landfills and their waste streams, transportation and disposal costs, and can indirectly provide lower priced electrical energy to the grid via local distributed generation.

As previously stated, CBEI continues working directly with its associates and DHHL, to engage in essential projects on the Island of Hawaii. These projects will process a range of organic streams from invasive species, biomass green-wastes to tires and macadamia nut shells, among others. CBEI principals and associates participated in early 2009 in "Ground Breaking Ceremonies" with other Hawaiian Organizations to do controlled harvesting and processing of the invasive species, known as "gorse," to help clear thousands of acres of infested pasture land in the ahupua'a known as Humu'ula on Mauna Kea. The systems are designed to be mobile, portable, or stationary, thus giving the project the maximum flexibility to meet its specific requirements and to maximize the projects operations. The system is designed to have as small a footprint as possible with the least possible negative impact to the surrounding area and the overall environment and ecology.

Further the system has been designed to do more than just reduce wastes; it is designed to convert those wastes into value added products as mentioned above. In addition to sales of electrical power to the local utilities, the use of thermal fluid output from the polygeneration facility would be utilized by existing and planned businesses for both manufacturing and processing enterprises with economic benefits to the surrounding community.

Finally, the use of special purpose revenue bonds does comport with the provisions of Part V, Chapter 39A, HRS. We strongly recommend passage of SB 2926. Thank you for your consideration.