

STAND. COM. REP. NO.

29

Honolulu, Hawaii

Feb 3, 2011

RE: H.B. No. 1286

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 1286 entitled:

"A BILL FOR AN ACT RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST BIOENERGY HAWAII, LLC,"

begs leave to report as follows:

The purpose of this measure is to amend Act 110, Session Laws of Hawaii 2009, which authorized the issuance of special purpose revenue bonds to assist BioEnergy Hawaii, LLC, in establishing and operating one or more cogeneration facilities in the State, by modifying the purposes of the project and extending the Department of Budget and Finance's authority to issue special purpose revenue bonds.

Specifically, the measure broadens the scope of the project to include the production of biofuels, in addition to electricity, and to allow the sale of electric energy or biofuels to refineries, in addition to electric utilities. The measure also extends the lapse date by which the Department of Budget and Finance may issue special purpose revenue bonds by one year, to 2015

Testimony in support of this measure was submitted by BioEnergy Hawaii, LLC, North Shore Consultants, LLC, and Pacific Waste, Inc. The Department of Budget and Finance commented on the measure.

HB1286 HD1 HSCR LRB 11-1595.doc



Your Committee finds that modifying the purpose of BioEnergy Hawaii, LLC's cogeneration facility project to include the production of biofuels and the sale of electric energy and biofuels to public refineries is consistent with the energy self-sufficiency goals of the State. However, your Committee finds that the extension of the lapse date for issuing special purpose revenue bonds is unnecessary. The current lapse date of June 30, 2014, provides BioEnergy Hawaii, LLC, ample time to secure funding through the issuance of special purpose revenue bonds. If the company fails to secure funding within the allotted time, the company will have sufficient time prior to June 30, 2014, to justify an extension of the lapse date.

Your Committee further notes the comment submitted by the Department of Budget and Finance that Section 144 of the Internal Revenue Code of 1986, as amended, provides a \$10,000,000 limit on tax exempt financing for industrial projects.

Your Committee has amended the measure by deleting the one-year extension of the Department of Budget and Finance's authority to issue special purpose revenue bonds and the corresponding one-year lapse date extension.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1286, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1286, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,

Hermina Morita

HERMINA MORITA, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 29

Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: HR 1286	Committee Referral: EEP, FIN	Date: 2-1-2011		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. MORITA, Hermina M. (C)	✓			
2. COFFMAN, Denny (VC)	✓			
3. CABANILLA, Rida T.R.	✓			
4. CARROLL, Mele				✓
5. CHANG, Jerry L.	✓			
6. CHONG, Pono	✓			
7. HAR, Sharon E.	✓			
8. HERKES, Robert N.	✓			
9. ITO, Ken	✓			
10. NAKASHIMA, Mark M.	✓			
11. RIVIERE, Gil	✓			
12. THIELEN, Cynthia	✓			
TOTAL (12)	11	0	0	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u><i>Denny Coffman</i></u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				