

STAND. COM. REP. NO.

931

Honolulu, Hawaii

MAR 24 2011

RE: H.B. No. 1286  
H.D. 2  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Energy and Environment, to which was referred H.B. No. 1286, H.D. 2, 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 and intent of this measure is to help increase the availability of energy in the form of electricity or biofuels by amending Act 110, Session Laws of Hawaii 2009, which authorized the issuance of special purpose revenue bonds to assist BioEnergy Hawaii, LLC, to establish and operate one or more cogeneration facilities in the State to:

- (1) Broaden the scope of the project to include the production of biofuels, in addition to electricity; and
- (2) Authorize the sale of electric energy or biofuels to refineries serving the public, public agencies, or public facilities.

Your Committee received testimony in support of this measure from Guy Kaniho, BioEnergy Hawaii, LLC; and Dante Carpenter, Pacific Waste, Inc. Your Committee received comments on this measure from Kalbert K. Young, Department of Budget and Finance.

Your Committee finds that it is in the public interest to encourage the development of cogeneration facilities that make



energy available to members of the public by the sale of electricity or biofuels, or both, to an electric utility or refinery, or both, that serves the area in which the facility is located. Your Committee recognizes that under the Internal Revenue Code there is a limitation on the amount of tax-exempt financing for industrial projects and that BioEnergy Hawaii, LLC, may have to consult with a bond counsel firm to determine whether the project may qualify for the full amount of tax-exempt financing. Your Committee further finds that S.B. No. 1476, S.D. 2, contains all of the same provisions as this measure but more comprehensively updates the purposes of Act 110, Session Laws of Hawaii 2009.

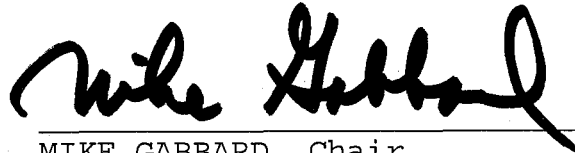
Accordingly, your Committee has amended this measure by:

- (1) Deleting its contents and replacing them with provisions from S.B. No. 1476, S.D. 2, which authorizes the issuance of special purpose revenue bonds in an amount not to exceed \$100,000,000 to assist BioEnergy Hawaii, LLC, to establish a cogeneration facility and related energy production facilities for electrical output or biofuels energy, or both;
- (2) Adding a section to repeal Act 110, Session Laws of Hawaii 2009, as that Act will no longer be necessary; and
- (3) Changing the effective date to upon approval.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1286, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1286, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committee on Energy and  
Environment,



MIKE GABBARD, Chair



The Senate  
 Twenty-Sixth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Energy and Environment**  
**ENE**

Bill / Resolution No.:* <b>HB 1286, HD 2</b>	Committee Referral: <b>ENE, WAM</b>	Date: <b>3/22/11</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	✓			
ENGLISH, J. Kalani (VC)				✓
GREEN, M.D., Josh	✓			
IHARA, Jr., Les	✓			
SLOM, Sam				✓
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes