
A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST A SEAWATER AIR CONDITIONING PROJECT IN WAIKIKI.

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

1 SECTION 1. The legislature finds that support for the
2 development of efficient energy systems in Hawaii, which is
3 geographically isolated from sources of oil, continues to be in
4 the public interest.

5 The legislature further finds that Kaiuli Energy LLC
6 proposes to build a seawater air conditioning district cooling
7 system to serve Waikiki and nearby areas on the island of Oahu.
8 Kaiuli Energy LLC is engaged in the planning, design, and
9 construction of such a system that includes a seawater air
10 conditioning district cooling facility and chilled water
11 distribution system, using cold, deep seawater as the primary
12 cooling source.

13 The legislature further finds that the issuance of special
14 purpose revenue bonds and refunding special purpose revenue
15 bonds under this Act to assist Kaiuli Energy LLC in constructing
16 its seawater air conditioning district cooling system will make
17 the development of such a system more economically feasible and



1 provide numerous benefits. Among other benefits, it is expected
2 that the seawater air conditioning district cooling system will:

- 3 (1) Provide customers with reduced and stable cooling
4 costs;
- 5 (2) Use an abundant, infinite, renewable energy resource -
6 cold, deep seawater - to provide more than ninety per
7 cent of the cooling load;
- 8 (3) Eliminate the need for cooling towers and, as a
9 result, reduce potable water use, toxic chemical use,
10 and sewage;
- 11 (4) Greatly reduce the use of harmful chemicals, such as
12 refrigerants, used in conventional cooling systems;
- 13 (5) Provide substantial energy cost savings compared to
14 conventional air conditioning systems;
- 15 (6) Have lower operating and maintenance costs than
16 individual building air conditioning systems;
- 17 (7) Generate millions of dollars in construction project
18 spending and also create long-term jobs relating to
19 the operation of the system; and
- 20 (8) Help the State, the city and county of Honolulu, and
21 the federal government meet their goals and mandates
22 for energy efficiency.



1 SECTION 2. 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.

5 SECTION 3. Pursuant to part V, chapter 39A, Hawaii Revised
6 Statutes, the department of budget and finance, with the
7 approval of the governor, is authorized to issue special purpose
8 revenue bonds in a total amount not to exceed \$, in one
9 or more series, for the purpose of assisting Kaiuli Energy LLC,
10 for financing or refinancing the costs relating to the planning,
11 design, and construction of its seawater air conditioning
12 district cooling system, including costs of renovating,
13 equipping of, and acquiring land (including easements or other
14 interests therein) and other tangible assets for, this seawater
15 air conditioning district cooling system. The legislature
16 hereby finds and determines that the activity and facilities of
17 Kaiuli Energy LLC in the development of a seawater air
18 conditioning district cooling system constitute a project as
19 defined in part V, chapter 39A, Hawaii Revised Statutes, and the
20 financing thereof is assistance to an industrial enterprise.

21 SECTION 4. The special purpose revenue bonds and the
22 refunding special purpose revenue bonds issued under this Act



1 shall be issued pursuant to part V, chapter 39A, Hawaii Revised
2 Statutes, relating to the power to issue special purpose revenue
3 bonds to assist industrial enterprises.

4 SECTION 5. The special purpose revenue bonds issued under
5 this Act may be issued in one or more series for a single
6 project, multiple projects, a single-project party, or multiple-
7 project parties pursuant to the authority of this Act or the
8 combined authority of this Act and any one or more other
9 separate Acts of the legislature pursuant to part V, chapter
10 39A, Hawaii Revised Statutes, and the department of budget and
11 finance may combine into a single issue of special purpose
12 revenue bonds, in one or more series, two or more proposed
13 issues of special purpose revenue bonds to be issued pursuant to
14 part V, chapter 39A, Hawaii Revised Statutes, separately
15 authorized, in the total amount not to exceed the aggregate of
16 the proposed separate issues of special purpose revenue bonds.

17 SECTION 6. The department of budget and finance is
18 authorized, from time to time, including times subsequent to
19 June 30, 2018, to issue special purpose revenue bonds in
20 whatever principal amounts the department shall determine to be
21 necessary to refund the special purpose revenue bonds authorized
22 in section 3 and to refund special purpose revenue bonds



1 authorized in this section, regardless of whether the
2 outstanding special purpose revenue bonds or refunding special
3 purpose revenue bonds have matured or are the subject of
4 redemption or whether the refunding special purpose revenue
5 bonds shall be bonds for the multi-project programs described in
6 section 3. In making this determination, the department shall
7 comply with federal law relating to the exemption from federal
8 income taxation of the interest on bonds of the nature
9 authorized by this section.

10 SECTION 7. The authorization to issue special purpose
11 revenue bonds under this Act shall lapse on June 30, 2018.

12 SECTION 8. This Act shall take effect on July 1, 2030.



Report Title:

Kaiuli Energy LLC; Seawater Air Conditioning District Cooling System; Waikiki; Special Purpose Revenue Bonds

Description:

Authorizes the issuance of special purpose revenue bonds of up to an unspecified amount, for Kaiuli Energy LLC for the planning, design, and construction of its seawater air conditioning district cooling system in and around Waikiki, Oahu. Effective July 1, 2030. (HB338 HD2)

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